

Official Statement Dated September 28, 2016

REFUNDING/NEW ISSUE – Book-Entry Only

MOODY'S RATING: Aa2
(See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.

TOWN OF EAST HARTFORD, CONNECTICUT

\$21,060,000

GENERAL OBLIGATION BONDS, ISSUE OF 2016

Dated: Date of Delivery

Due: October 15, 2018-2026, as shown below

The Bonds will be general obligations of the Town of East Hartford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable on April 15, 2017 and semi-annually thereafter on October 15 and April 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

The Bonds ARE subject to optional redemption prior to maturity (see "Optional Redemption" herein).

The Certifying Bank, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

Maturity	Amount	Interest Rate	Yield	CUSIP ¹	Maturity	Amount	Interest Rate	Yield	CUSIP ¹
2018	\$1,635,000	3.000 %	0.910 %	272839TH4	2023	\$1,650,000	4.000 %	1.380 %	272839TN1
2019	3,545,000	4.000	1.000	272839TJ0	2024	1,650,000	2.125	1.560	272839TP6
2020	3,545,000	4.000	1.080	272839TK7	2025	1,650,000	2.250	1.650 *	272839TQ4
2021	3,550,000	4.000	1.150	272839TL5	2026	1,650,000	4.000	1.640 *	272839TR2
2022	2,185,000	4.000	1.270	272839TM3					

* - Priced assuming redemption of October 15, 2024; however any such redemption is at the option of the Town (see "Optional Redemption" herein).

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The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Pullman & Comley, LLC, of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company, New York, New York on or about October 12, 2016.

¹ Copyright, American Bankers Association CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bond. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town of East Hartford, Connecticut (the "Town"), to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than matters expressly set forth in Appendix A – "Financial Statements" herein, the independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth in Appendix B – "Form of Legal Opinion of Bond Counsel" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5).

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

BOND COUNSEL

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INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
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SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside cover and appendices, is provided for the purpose of presenting certain information relating to the Town of East Hartford, Connecticut (the "Town") in connection with the issuance and sale of \$21,060,000 General Obligation Bonds, Issue of 2016 ("the Bonds") of the Town.

All quotations from the summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other areas presented herein as provided by the Town.

Description of the Bonds

The Bonds will be issued in the aggregate amount of \$21,060,000 of which \$14,835,000 (the "Capital Project Bonds") will be used to finance new projects of the Town (see "Authorization and Use of Proceeds for the Capital Projects Bonds" herein). Bonds in the amount of \$6,225,000 (the "Refunding Bonds") will be used to advance refund all or a portion of the outstanding maturities of the Town's General Obligation Refunding Bonds, Issue of 2009, dated September 15, 2009, and General Obligation Bonds, Issue of 2011, Series A, dated July 1, 2011 (collectively, the "Refunded Bonds") (see "Plan of Refunding" herein). The Capital Project Bonds and the Refunding Bonds will collectively be referred to as "the Bonds".

The Bonds will be dated the date of delivery, and will mature in annual installments on October 15 in each of the years and in the principal amounts as set forth on the cover page hereof. Interest on the Bonds will be payable April 15, 2017 and semiannually thereafter on October 15 and April 15 in each year until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable to the registered owner as of the close of the last business day of March and September in each year.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants (See "Book-Entry Transfer System" herein). The Bonds will be payable at the principal office of the U.S. Bank National Association, in Hartford, Connecticut. The legal opinions on the Bonds will be rendered by Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds described herein. The Bonds ARE subject to redemption prior to maturity (see "Optional Redemption" herein.).

Optional Redemption

The Bonds maturing on or before October 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2024, at any time, either in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity, but by lot within a maturity, as the Town may determine, at the redemption prices (expressed as a percentage of the par amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
October 15, 2024 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days and no more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting the Bonds for redemption, each bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to The Depository Trust Company, or a successor securities depository, or DTC nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of the Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose of the Capital Project Bonds

Authorization: The Capital Project Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of East Hartford and bond resolutions adopted by the Town Council and approved by the legal voters of the Town at referendum.

Purpose: Proceeds of the Capital Project Bonds will be used to finance various capital projects undertaken by the Town as follows:

<u>Project</u>	<u>Total Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>The Capital Project Bonds (This Issue)</u>
Road Improvements 2012	\$ 10,000,000	\$ 5,161,000	\$ 4,839,000
Road Improvements 2014	15,000,000	-	9,996,000
	<u>\$ 25,000,000</u>	<u>\$ 5,161,000</u>	<u>\$ 14,835,000</u>

Plan of Refunding

The Refunding Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and a resolution adopted by the Town Council on August 16, 2016 authorizing the issuance of refunding bonds in an amount not to exceed \$8,000,000 to refund all or a portion of the outstanding maturities of the Town's \$8,370,000 General Obligation Refunding Bonds, Issue of 2009, dated September 15, 2009, and \$11,000,000 General Obligation Bonds, Issue of 2011, Series A, dated July 1, 2011, as set forth herein (the "Refunded Bonds"). The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Amount Outstanding	Interest Rate	Redemption Date	Redemption Price
2009A	9/15/2009	5/1/2017	\$ 150,000	4.000%	N/A	N/A
2009A	9/15/2009	5/1/2018	15,000	5.000	N/A	N/A
2009A	9/15/2009	5/1/2019	15,000	5.000	N/A	N/A
2009A	9/15/2009	5/1/2020	530,000	4.000	5/1/2019	100.00%
2009A	9/15/2009	5/1/2021	530,000	4.000	5/1/2019	100.00
2009A	9/15/2009	5/1/2022	525,000	4.000	5/1/2019	100.00
2009A	9/15/2009	5/1/2023	525,000	4.000	5/1/2019	100.00
			<u>2,290,000</u>			
2011A	7/1/2011	7/1/2019	1,375,000	5.000	7/1/2018	100.00
2011A	7/1/2011	7/1/2020	1,375,000	3.000	7/1/2018	100.00
2011A	7/1/2011	7/1/2021	1,375,000	3.125	7/1/2018	100.00
			<u>4,125,000</u>			
			<u><u>\$ 6,415,000</u></u>			

Upon delivery of the Bonds, a portion of the proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of October 12, 2016 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable United States Treasury State and Local Government Series ("SLGS") securities (the "Escrow Securities"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Refunding Bonds will be used to pay a portion of the costs of issuance and the Underwriter's discount.

Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of: (1) the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

Sources and Uses of Bond Proceeds

Sources:	The Bonds
Par Amount	\$ 21,060,000.00
Net Original Issue Premium	2,345,009.95
Total Sources	<u><u>\$ 23,405,009.95</u></u>
Uses:	
Deposit to Escrow Deposit Fund	\$ 6,887,498.56
Deposit to Project Fund	14,835,000.00
Deposit to Debt Service Fund (1)	1,495,085.03
Underwriter's Discount	70,542.50
Costs of Issuance	116,883.86
Total Uses	<u><u>\$ 23,405,009.95</u></u>

(1) Related to the Capital Project Bonds only.

Ratings

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed by Moody's as "Aa2". Such rating reflects only the views of such rating agency and any explanation of the significance of such rating may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a government officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the

express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

**THE TOWN OF EAST HARTFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

Qualification for Financial Institutions

The Bonds shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Replacement Bonds

The determination of the Town officials authorizing the issuance of the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry only system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$23,334,467.45 (consisting of the principal amount of \$21,060,000.00, plus net original issue premium of \$2,345,009.95, and less underwriter's discount of \$70,542.50). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

SECTION II - THE ISSUER

Description of the Town

The Town's Charter was granted by the General Assembly on October 9, 1793 and was last revised in 2004. The Town is located directly east of the Capitol City of Hartford on the east bank of the Connecticut River, encompassing a land area of 18.7 square miles. The Town is bordered by Glastonbury on the South, Manchester on the East, and South Windsor on the North. East Hartford is situated halfway between New York City and Boston. The Town is served by regional and national rail lines and Bradley International Airport is twenty miles to the northwest. The Connecticut River provides water access to Long Island Sound 30 miles to the south. The Town's population from the 2014 U.S. Census Bureau is 51,211.

East Hartford is the home of over 77 diversified manufacturing plants and 1,850 small businesses. Principal products include: aircraft engines, soda bottling, optical character recognition systems, machine tools, dies, precision parts, aircraft engine parts, winches, sheet metal fabrications, pneumatic valves, photo processing, printing paper products, shotgun chokes, marking machines, electronic test equipment, and storage racks.

The Town serves as the corporate and general headquarters for the Pratt and Whitney Division of United Technologies Corporation, which employs just less than 35,000 people worldwide and 7,000 people in East Hartford. Other significant employers include The Town of East Hartford, Bank of America, Coca Cola of N.Y., Goodwin College, United Technologies Research Center, Quest Global, Xerox, Hoffman Auto Group, Gengras Auto Group, Riverside Health and Rehabilitation Center, Cabela's, CSC Financial, and Connecticut Natural Gas.

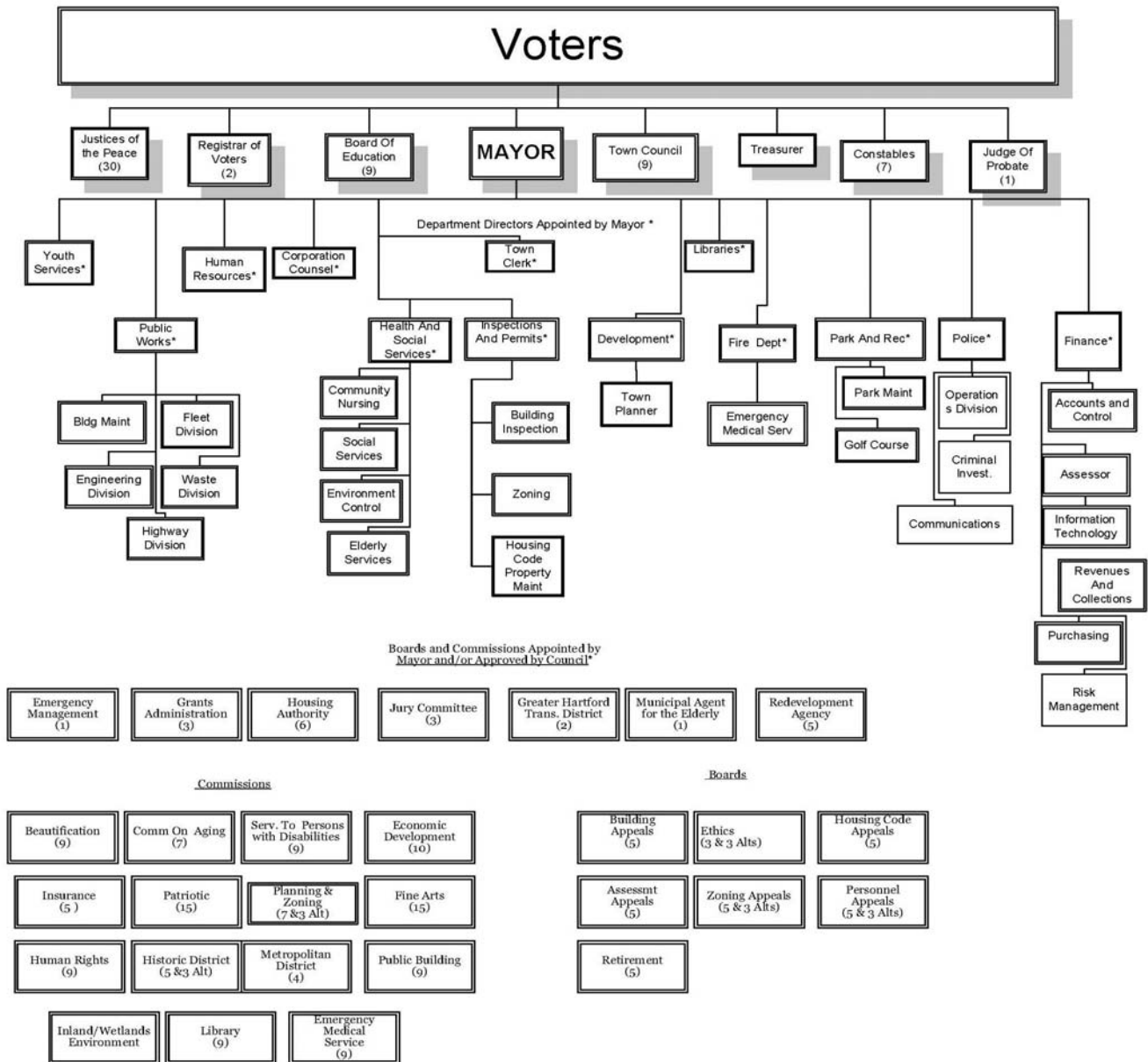
The Town's proximity to Hartford, easy access to major transportation routes, and affordable office space make it a prime location for economic expansion. Major public and private investment by the East Hartford community, the State of Connecticut and others has energized East Hartford and the entire region. The completion of the Connecticut Convention Center and Marriott Hotel at Adrian's Landing, the opening of Cabela's Outdoor retail store and the ongoing development of Rentschler Field are providing the momentum for further development.

Form of Government

The Town functions under the Mayor-Town Council form of government with the Mayor acting as the Chief Executive Officer. All legislative authority of the Town is vested exclusively in the nine member Town Council. The Chairman of the Town Council is also the Deputy Mayor and is empowered to exercise the powers and duties of the Office of the Mayor in the event of the Mayor's death, disability, resignation or removal from office. In general, the Town Council's chief powers include the power to approve and adopt the annual budget, the power to enact ordinances, the power to fix penalties and fines and the powers of subpoena and investigation.

On December 9, 2003, the Town Council adopted a resolution establishing a Charter Revision Commission to perform a review of the Town Charter and provide recommendations regarding changes, if any. On June 30, 2004, the Charter Revision Commission produced a report to the Town Council with recommendations for various amendments to the Charter. The most significant recommendation was the addition of a provision allowing for a Budget Referendum to be called by the Town Council upon receipt of a petition signed by not less than fifteen (15) percent of the qualified electors of the Town. Accordingly, the time table for the budgetary approval process was moved forward to allow for the possibility of a referendum. Under the revised Charter, the Town Council must hold one or more public hearings by March 11th, and must subsequently adopt a budget by March 21st. Please see "Budgetary Procedure" herein for more information.

Table of Organization



Municipal Officials

Office	Name	Manner of Selection & Term	Years of Service
Mayor	Marcia A. Leclerc	Elected - 2 Years	5 years
Town Council:			
Chairman	Richard F. Kehoe	Elected - 2 Years	25 years
Vice Chairman	William P. Horan, Jr.	Elected - 2 Years	17 years
Majority Leader	Linda A. Russo	Elected - 2 Years	7 years
Minority Leader	Esther Clarke	Elected - 2 Years	4 years
Councilman at Large	Marc I. Weinberg	Elected - 2 Years	13 years
Councilman at Large	Ram Aberasturia	Elected - 2 Years	5 years
Councilman at Large	Joseph Carlson	Elected - 2 Years	1 year
Councilman at Large	Patricia Harmon	Elected - 2 Years	7 years
Councilman at Large	Michael Kurker	Elected - 2 Years	1 year
Town Clerk	Robert Pasek	Appointed - Indefinite	5 years
Tax Collector	Iris Laurenza	Appointed - Indefinite	8 years
Treasurer	Donald M. Currey	Elected - 2 Years	1 year
Corporation Counsel	Scott Chadwick	Appointed - Indefinite	9 years
Director of Finance	Michael P. Walsh	Appointed - Indefinite	19 years
Director of Public Works	Tim Bockus	Appointed - Indefinite	5 years
Fire Chief	John Oates	Appointed - Indefinite	8 years
Chief of Police	Scott Sansom	Appointed - Indefinite	3 years
Chairman, Board of Education	Brian Hall	Elected - 4 Years	2 years
Superintendent of Schools	Nathan Quesnal	Appointed - 3 Years	3 years
Assessor	Brian Smith	Appointed - Indefinite	16 years

Source: Town Officials

Summary of Municipal Services

The Town provides a full range of municipal services as directed by State Statutes and the Town Charter. These include police and fire protection, parks and recreation activities, street construction and maintenance, planning and zoning, health and social services, education and general administrative services.

Fire Department: The East Hartford Fire Department has a staff of 132 firefighters. Staffing includes a Chief, two Assistant Chiefs, and four groups of 29 firefighters. A Deputy Chief, Captain and four Lieutenants supervise each group of firefighters.

Line operations are supported by eleven staff positions that contribute to maintaining a high degree of efficiency in the delivery of fire services. Under the direction of the Chief Training Officer, the department continually updates its firefighters on fire suppression methods, apparatus and equipment utilization, hazardous materials response, rescue scenarios, arrangement of streets and hydrant locations and a variety of other subjects all designed to reduce loss. The Fire Prevention Division, consisting of a Fire Marshal and three Deputy Fire Marshals, is responsible for code enforcement, fire cause and origin investigation, public fire education and the tracking of hazardous materials. The Apparatus and Equipment Repair Division, staffed by a Master Mechanic and an Assistant Mechanic, is responsible for maintaining a fleet of over twenty vehicles as well as a variety of emergency response equipment. The Fire Alarm Division ensures that the Municipal Fire Alarm system is ready to receive and transmit hazardous condition information from more than 90 locations throughout the community, including schools, nursing homes, commercial establishments and churches. A Superintendent of Alarms and an assistant staffs that division.

The Fire Department plays a major role in the delivery of Emergency Medical Services to the community. Firefighters are trained to provide medical care at the advanced life support level and to respond in a timely fashion from the five strategically located fire stations. The Chief Medical Officer and Assistant Medical Officer manage the medical program in the department, constantly striving to deliver the highest quality of patient care possible to those in need.

The Department's resources include five fire stations, an apparatus repair facility and an office for the Fire Prevention Division. The five fire stations house five paramedic engines, one 95-foot Tower/Ladder truck, a 100-foot Ladder truck, one Heavy Rescue vehicle and a Command vehicle. In addition, the department maintains one spare engine, one spare ladder truck, and one spare Heavy Rescue vehicle. The department also has a variety of other support vehicles assigned to staff officers.

Police Department: The Police Department is a full service department that has a complement of 125 sworn officers consisting of the Chief of Police, 4 Deputy Chiefs, 11 Lieutenants, 16 Sergeants, 10 Detectives, 2 Investigators and 81 Sworn Police Officers. In addition, there are 19 full time civilian Public Safety and 4 civilian Communication Supervisor positions. The department has 1 full time and 2 part time Animal Control Officers. There are also 11 civilian clerical positions that support the Police Department.

The Police Department is divided into four major bureaus: Field Operations Bureau, Support Services Bureau, Criminal Investigations Bureau and the Professional Standards Bureau. Each Bureau is supervised by a Deputy Chief.

Field Operations Bureau – The Field Operations Bureau is the largest Bureau within the Department. The Field Operations Bureau consists of the Patrol Division, supplemented by the following special units supporting the mission of the Police Department: Traffic Unit; Motorcycle Unit; Animal Control Unit; K-9 Unit; TRT SWAT Team; TRT Crisis Negotiating Team; Marine Patrol; Dive Team; Bomb Squad; Honor Guard; Bicycle Unit.

Support Services Bureau – The Support Services Bureau mission is to provide the resources necessary for the daily operation of the Department. The main contact for citizens is the Communications Center which provides 24 hours a day, 7 days a week coverage for citizens in need of assistance. Tele-communicators are responsible for dispatching Police, Fire and Emergency Medical Services within the Town of East Hartford. Each shift is staffed with one Police Dispatcher, one Fire Dispatcher, call takers and one Communications Supervisor to oversee the shift. A Police Lieutenant oversees operations and projects. Divisions within the Support Services Bureau: Management Information (MIS); Records; Fleet; Property; Budget / Finance; Payroll / Permits; Administrative Scheduling; Quartermaster & Supplies.

Criminal Investigations Bureau – The Criminal Investigations Bureau reviews all case reports and assigns Detectives to the most serious incidents. Detectives collaborate with patrol supervisors in order to supply technical assistance and/or expertise in certain areas and assume investigations that patrol officers may not have the time or experience to bring to a conclusion. Detectives also respond to and process crime scenes for collectible evidence. Detectives initiate investigations that fall outside the normal complaint procedure such as Sexual Offender registration laws, certain firearms violations and conduct many vice and narcotics investigations.

Public Works: The Department of Public Works consists of six divisions employing 71 people and using 189 vehicles of various types. The Administration Division oversees the five operations divisions.

Engineering Division – The Engineering Division reviews technical design plans, surveys for design and construction, inspects utility, subdivision and municipal construction projects, engineers and drafts the designs of various complex municipal improvement projects and also acts as the liaison to other departments, commissions, contractors, agencies and citizens.

Street Division – The Street Division provides for the maintenance of 151 miles of Town roads, bridges, public buildings, storm sewers, five cemeteries, flood control facilities, bus shelters, pavement markings, 5,114 street lights and traffic signs. This division is also responsible for snow removal and eviction pick-ups.

Waste Services Division – The duties of the Waste Services Division include the collection of 14,500 tons of rubbish annually as well as the operation of the Town Transfer Station.

Facilities Management Division – The Facilities Management Division provides basic daily maintenance and is responsible for continuous monitoring of all public buildings to ensure that all electrical, mechanical and structural systems are in order. This division maintains 44 buildings, totaling 282,000 square feet.

Garage Division – The Garage Division provides maintenance for 404 Town vehicles and equipment.

Parks and Recreation: The Department employs 26 full-time employees and over 175 temporary, part time and seasonal employees.

It is the responsibility of the Parks and Recreation Department to provide attractive well-maintained areas for active and passive leisure pursuits as well as to offer structured activities that are recreational, social, cultural, creative and physical in nature. The Department consists of three divisions: Administration-Recreation, Park Maintenance and Facilities.

The Parks and Recreation Department operates and maintains 23 parks and playgrounds totaling over 650 acres. The Town Green at Alumni Park serves as a focal point for Main Street with a basketball court, walkways, sculpture and the newly constructed playscape. The Town has available eight tennis courts with new lighting at East Hartford High School as well as nine picnic pavilions throughout Town parks. Martin Park has a pool and wading area, playscape, restroom facilities, three historic buildings, youth football field, two basketball courts, skatepark and one baseball stadium. The Department also maintains 5 other baseball fields (one lighted), eight softball (one lighted), nine soccer fields, eight little league fields, two football and two flag football fields. The Parks and Recreation Department has installed and maintains 11 additional playscapes throughout the Town. Swimmers may use 5 outdoor pools, two indoor pools and two wading pools. Winter sports enthusiasts enjoy sledding at the Veteran's Memorial Clubhouse hill. Tennis players can play on 6 lighted courts. Basketball players can play on 17 courts (6 lighted). The Town provides walkers with two nature areas, one wildlife area and an 18-hole public golf course on 102 acres. A boat launch facility, a linear park trail and amphitheater offer diversions along the Connecticut River at Great River Park. The Hockanum River Linear Park Trail connects the Connecticut River with the Hockanum River up to Labor Field which includes a new parking lot. Plans to extend the trail beyond Mayberry Village are underway. Rental facilities for various receptions and events are held at Veterans Memorial Clubhouse and the historic Selden Brewer House. The jewel of the Department is the East Hartford Community Cultural Center (the "EHCCC"), formerly Center School, which hosts concerts and cultural events throughout the year. At EHCCC classes are held by Manchester Community College as well as being home to the non-profit Circle of Life Arts for All and 24 studio apartments for artists.

Recycling: East Hartford's goal is to recycle 25% of waste generated from within the Town. To reach this goal, the materials designated for recycling are glass, metal and # 1 and # 2 plastic food and beverage containers, newspaper, cardboard, scrap metal, leaves, auto batteries, office paper and waste oil.

The Town presently recycles all of the designated materials. Waste oil and auto batteries are collected at the municipal landfill-garage on Ecology Drive off Burnside Avenue. High-grade office paper is collected in eighteen municipal buildings including Town Hall, the Police Station, Fire Headquarters and all public schools. Scrap metal, tires, brush and leaves are also collected at the Ecology Drive Site. The Town contracts with a private firm to collect the following items weekly at curbside from Town residences: glass, metal and #1 and #2 plastic food and beverage containers, newspaper and cardboard. In addition, the State container deposit law supplements municipal recycling.

Municipal recycling efforts to date have developed an infrastructure from which current programs may expand and new areas of recycling can begin. For example, the collection of residentially generated junk mail has recently begun.

On July 1, 2010, the Town converted to single stream recycling for all residents. In order to make the conversion, the Town provided a single 90 gallon recycling roll away container to each resident (a total of approximately 17,000 containers) and they now accept a wide variety of plastic and paper products for recycling. Using automated trucks, the containers are picked up curbside every other week. This has resulted in dramatic increases in the amount of tonnage being recycled which benefits the waste stream as those tons are removed from incineration, thereby avoiding the \$69 per ton tipping fee. The Town is projected to save approximately \$150,000 per fiscal year based on this trend.

Solid Waste: The Town has executed a Service Contract (the "Service Contract") with Covanta for disposal of solid waste. The Service Contract became effective in mid-November 2012 and includes an original three year term with the ability to extend the contract for two more three year periods or a total of nine years.

The Town expects to deliver 14,500 tons per year of solid waste for processing at a rate of \$63 per ton. The annual rate will increase by the rate of inflation with such increase being no lower than 1.5% and no higher than 2.5% per year.

Water Services: Water is provided by the Metropolitan District Commission on a user fee basis.

Electric Services: The Eversource Energy provides electric service.

Financial Institutions: The Town has 13 financial institutions available to residents including 5 credit unions which are: American Eagle Federal Credit Union, Connecticut Natural Gas Federal Credit Union, East Hartford Federal Credit Union, Finex Federal Credit Union and Hartford Municipal Employees Federal Credit Union. In addition, there are 9 financial institutions which include: Bank of America, Farmington Bank, First Niagara Bank, People's United Bank, Santander Bank, TD Bank, United Bank, Webster Bank and Wells Fargo Bank.

Education: The Town of East Hartford public school system provides comprehensive educational programs to students in grades kindergarten through grade twelve as well as a comprehensive program of special education courses and extracurricular activities. The schools are governed by a nine-member Board of Education.

The Town's school system consists of nine elementary schools for pupils in grades K through 6; one school which contains a Head-Start/Pre K program; one elementary school for alternative education (TEP); one elementary school for pupils in grades 4 through 6; one middle school for pupils in grades 6-8 and four high schools for pupils in grades 9-12.

Educational Facilities

School	Grades	Date of Construction (Additions, Renovations)	Number of Classrooms	Enrollment 10/1/2015	Capacity
Goodwin	K-6	1968	23	298	575
Hockanum	K-6	1949 (1952)	23	336	575
Langford	K-6	1972 (1998)	29	322	725
Mayberry	K-6	1959 (1996)	26	356	650
Norris	K-6	1957 (1962, '96)	21	312	525
O'Brien	K-6	1961 (1962, '67)	29	475	725
O'Connell	K-6	1959 (1967)	26	509	650
Pitkin	K-6	1966	23	344	575
Silver Lane	K-6	1928 (1955, '98)	21	274	525
Woodland	TEP	1929 (1949)	19	182	475
Willowbrook Early Childhood	Head Start/Pre-K	1955	12	229	380
Sunset Ridge	4-6	1949 (1951, 2000)	30	204	750
East Hartford Middle School	6-8	1954 (1959, '68, '72)	52	1,074	1,350
Connecticut IB Academy (1)	9-12	2004	16	192	400
Stevens – Synergy Alternative High School	9-12	1966	15	110	375
East Hartford High School	9-12	1962 (1963, '68, '72, 2003)	126	1,649	3,150
Out of District/Magnet Schools (2)	n/a	n/a	n/a	777	n/a
				<u>7,643</u>	<u>13,645</u>

(1) Serves East Hartford, Bolton, Ellington, Hartford, Manchester, Andover, Hebron, Marlborough, Somers and Vernon students. Table reflects East Hartford students only.

(2) Open Choice, outplaced students.

School Enrollments

Actual Enrollments

<u>As of October 1</u>	<u>Pre-K-6</u>	<u>7 - 8</u>	<u>9 - 12</u>	<u>Outplaced (1)</u>	<u>Total</u>
2006-07	4,053	911	2,426	710	8,100
2007-08	3,866	936	2,035	718	7,555
2008-09	3,822	897	2,011	733	7,463
2009-10	3,814	906	2,085	719	7,524
2010-11	3,688	1,021	1,941	773	7,423
2011-12	3,810	950	2,160	319	7,239
2012-13	3,832	1,125	2,158	319	7,434
2013-14	4,060	983	2,089	650	7,782
2014-15	3,946	998	2,090	698	7,732
2015-16	3,860	951	2,055	777	7,643

Projected Enrollments

<u>As of October 1</u>	<u>Pre-K-6</u>	<u>7 - 8</u>	<u>9 - 12</u>	<u>Outplaced (1)</u>	<u>Total</u>
2016-17	3,319	1,374	2,055	710	7,458
2017-18	3,308	1,365	2,043	706	7,422
2018-19	3,262	1,219	2,000	700	7,181
2019-20	3,186	1,345	2,170	700	7,401

(1) Includes outplaced/magnet school students.

Source: Superintendent's Office, Town of East Hartford Public Schools.

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Municipal Employment

<u>Fiscal Year</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Board of Education (1)	1,447	1,447	1,318	1,296	1,214
General Government	484	483	483	484	487
Total	<u>1,931</u>	<u>1,930</u>	<u>1,801</u>	<u>1,780</u>	<u>1,701</u>

(1) Includes positions funded through a combination of Alliance District designation, Hartford Foundation grants and Commissioner's Network grants.

Source: Town Officials

Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u> (1)
General Government	
Administration	47
Police	164
Public Works	71
Inspection and Permits	11
Civil Preparedness	1
Fire	133
Library	14
Parks and Recreation	25
Youth Services	5
Health and Social Services	13
Subtotal	<u>484</u>
Board of Education	
Administration and Principals	52
Teachers	633
Other (1)	762
Subtotal	<u>1,447</u>
Total Town Employees	<u>1,931</u>

(1) Includes full and permanent part time.

Source: Town Officials

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees Covered</u>	<u>Current Contract Expiration Date</u>
General Government			
Clerical	East Hartford Municipal Employees Union, CEA	92	6/30/2017
Firefighters	International Firefighters	129	6/30/2015 (1)
Police	East Hartford Police Officers Association	123	6/30/2017
Public Works	AFSCME Local 1174	59	6/30/2017
Dispatchers	Teamsters Local 559	19	6/30/2016 (2)
Supervisors	AFSME Local 818	27	6/30/2016 (2)
Sub-Total		449	
Non-Union (3)		35	
Subtotal - General Government		484	
Board of Education			
Teachers	East Hartford Education Association	633	6/30/2019
Administrators	East Hartford Educational Administrative Unit	52	6/30/2017
Custodial / Maintenance	AFSCME Local 1933, Council 4	70	6/30/2017
Office Employees / Information Technology / Security	AFSCME-AFL-CIO, Council 4, Local 2727	84	6/30/2017
Paraprofessionals	East Hartford Federation of Paraprofessionals	138	6/30/2018
Nurses	East Hartford Registered Nurses Association	20	6/30/2018
Behavioral Managers	AFSCME, Council 4, Local 1950	61	6/30/2017
Sub-Total		1,058	
Non-Union (4)		389	
Subtotal -Board of Education		1,447	
Total Town Employees		<u>1,931</u>	

(1) In arbitration.

(2) In negotiations.

(3) Does not include 17 elected officials and 270 part-time employees.

(4) Includes central office administrators, confidential secretaries, central office support personnel, crossing guards, tutors, LPNs and day care providers. Does not include substitute teachers.

Source: Town Officials.

Note: Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a through 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for the payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Economic Development

The Development Department coordinates planning and zoning, revitalization efforts, and the capital planning activities of the Town in order to maintain existing assets and to promote economically, socially, and aesthetically desirable development in East Hartford.

United Technologies has reaffirmed its commitment to the Town and is adding state-of-the-art infrastructure at its 900-acre campus, adjacent to Rentschler Field. The company is constructing a new 425,000 square foot, \$150 million headquarters building for its Pratt & Whitney aircraft subsidiary. It is also undertaking a \$50 million expansion of its United Technologies Research Center building by adding 100,000 square feet to serve as an aerospace innovation hub. These buildings are currently under construction and set to be completed in early 2017.

The Rentschler Field property is already home to the UTC campus, University of Connecticut football at Pratt & Whitney Stadium, and Cabela's outdoor store. The Planning & Zoning Commission recently granted approval for The Outlet Shoppes at Rentschler Field, a 10-building, 425,000 square foot retail destination. Developers are planning a \$100 million shopping center with up to 100 retailers. Another major proposal in the Silver Lane area involves a new casino at the former Showcase Cinemas property. The Town has submitted a proposal to the MMCT joint venture of the Mohegan and Mashantucket Pequot tribes as they seek to build a casino in the north-central Connecticut region. The Town has also received a combined \$400,000 in grant funding from the state and federal governments to assess brownfield sites and to develop a comprehensive plan to revitalize the Silver Lane corridor.

Goodwin College is a private, nonprofit, four-year college located along the Connecticut River and Route 2. A number of ambitious improvements are planned for its campus. Goodwin plans to construct a marina on the river with space for 50 vessels as large as 75 feet. Water taxis could take students from the campus to other points of interest along the river. This will complement a new mixed-use development along the river featuring upscale retail, restaurant, and residential space. Additional mixed-use development will be located along Main Street. This will create a riverfront destination for Goodwin students, East Hartford residents, and visitors to the area. Construction is expected to begin in 2018. Goodwin College is also home to two magnet schools, an elementary school and a high school, both of which are being expanded to accommodate more students and to build upon course offerings in the STEM fields. Goodwin opened a 27,000-square-foot Business and Manufacturing Center in 2015. It features programs that train and educate students with the advanced skills that Connecticut manufacturers require for today's high-tech jobs.

The Town continues to have one of the strongest industrial bases in the region. Clarcor Engine Mobile group recently relocated from Windsor to East Hartford's Prestige Park, a thriving industrial area. On nearby School Street, United Steel added a 20,000-square-foot addition to their 125,000-square-foot facility. The Arthur J. Hurley Company, a Boston-based wire-cable distributor, invested \$1.5 million in a 52,000-square-foot facility on Meadow Street. The Coca-Cola Bottling Company is a long-time fixture on Main Street and has upgraded their production facility to incorporate modern automated technology. The Enterprise Zone and Railroad Depot Zone programs continue to attract manufacturers to Town through a five-year, 80% local property tax abatement and a ten-year, 25% state corporate business tax credit for qualifying participants.

Retail has been rapidly expanding in recent years. The Putnam Bridge Plaza recently became home to Michael's Arts and Crafts, Olympia Sports, and Nardelli's Grinder Shoppe. The School Street Square plaza has been revitalized with the additions of Cardio Express, Grossman's Bargain Outlet, O'Reilly Auto Parts, and Dunkin' Donuts. Dollar Tree and Family Dollar both recently opened stores on Burnside Avenue. The Town is working to beautify its commercial districts through façade improvements (currently at Chuck's Auto on Burnside Avenue) and streetscaping improvements on Main Street.

The Town strives to be a business-friendly community, and recent changes to zoning regulations help to make starting or growing a business in Town more efficient. Land-use applications are now accepted digitally, saving money and effort for applicants and the Town. Regulations also have been revised to eliminate overbearing and unnecessary parking requirements for manufacturers. The Town Planner and the Planning and Zoning Commission continue to review and improve the zoning regulations to ensure they are in line with the Plan of Conservation and Development and do not create undue burdens for businesses.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of East Hartford</u>	<u>Hartford County</u>	<u>State of Connecticut</u>
1980	52,563	807,766	3,107,576
1990	50,452	851,783	3,287,116
2000	49,575	857,183	3,405,565
2010	51,252	894,014	3,574,097
2014	51,211	897,374	3,592,053

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	2,834	5.5	49,447	5.5	194,338	5.4
5 - 9	3,410	6.7	55,631	6.2	217,491	6.1
10 - 14	2,837	5.5	57,038	6.4	234,666	6.5
15 - 19	3,481	6.8	61,419	6.8	255,499	7.1
20 - 24	3,146	6.1	56,867	6.3	234,482	6.5
25 - 34	7,207	14.1	114,250	12.7	433,145	12.1
35 - 44	7,299	14.3	113,809	12.7	459,130	12.8
45 - 54	7,857	15.3	137,549	15.3	563,772	15.7
55 - 59	3,387	6.6	63,786	7.1	253,952	7.1
60 - 64	2,918	5.7	52,498	5.9	214,499	6.0
65 - 74	3,233	6.3	69,552	7.8	280,541	7.8
75 - 84	2,597	5.1	41,816	4.7	162,971	4.5
85 and over	1,005	2.0	23,712	2.6	87,567	2.4
Total	<u>51,211</u>	<u>100.0</u>	<u>897,374</u>	<u>100.0</u>	<u>3,592,053</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2014)</u>	<u>(2000)</u>	<u>(2014)</u>
Town of East Hartford	\$50,540	\$60,350	\$21,763	\$25,509
Hartford County	62,144	82,740	26,047	35,307
Connecticut	65,521	88,217	28,766	38,480
United States	49,600	65,443	21,690	28,555

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Income Distribution

	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 to 9,999	854	6.6	9,145	4.0	30,584	3.4
10,000 to 14,999	309	2.4	5,729	2.5	18,591	2.1
15,000 to 24,999	988	7.6	13,423	5.9	46,537	5.2
25,000 to 34,999	1,416	10.9	14,886	6.5	56,473	6.3
35,000 to 49,999	1,605	12.3	22,129	9.7	85,206	9.5
50,000 to 74,999	2,813	21.6	37,781	16.6	140,776	15.6
75,000 to 99,999	2,524	19.4	33,191	14.6	129,656	14.4
100,000 to 149,999	1,764	13.6	45,939	20.2	184,327	20.5
150,000 to 199,999	476	3.7	22,344	9.8	93,100	10.3
200,000 or more	259	2.0	23,086	10.1	114,307	12.7
	<u>13,008</u>	<u>100.0</u>	<u>227,653</u>	<u>100.0</u>	<u>899,557</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Educational Attainment
Years of School Completed, Age 25 & Over

	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	2,338	6.6	29,265	4.7	106,784	4.3
9th to 12th grade	3,373	9.5	41,364	6.7	150,227	6.1
High School Graduate	11,994	33.8	169,470	27.5	677,887	27.6
Some college - no degree	7,956	22.4	109,691	17.8	431,807	17.6
Associate degree	3,115	8.8	47,726	7.7	180,321	7.3
Bachelor's degree	4,418	12.4	124,696	20.2	506,662	20.6
Graduate or professional degree	2,309	6.5	94,760	15.4	401,889	16.4
Totals	35,503	100.0	616,972	100.0	2,455,577	100.0
Total high school graduate or higher		83.9%		88.6%		89.5%
Total bachelor's degree or higher		18.9%		35.6%		37.0%

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Employment by Industry

<u>Employment Sector</u>	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	33	0.1	1,064	0.2	7,413	0.4
Construction	756	3.0	20,160	4.6	97,974	5.5
Manufacturing	2,880	11.6	46,596	10.7	191,057	10.8
Wholesale Trade	991	4.0	11,410	2.6	44,195	2.5
Retail Trade	3,214	13.0	46,979	10.8	191,267	10.8
Transportation, Warehousing & Utilities	1,553	6.3	17,291	4.0	65,068	3.7
Information	607	2.4	10,502	2.4	41,905	2.4
Finance, Insurance & Real Estate	2,389	9.6	49,546	11.3	161,926	9.2
Professional, Scientific & Management	2,466	9.9	46,055	10.5	197,880	11.2
Educational Services & Health Care	5,686	22.9	114,301	26.2	467,574	26.5
Arts, Entertainment, Recreation & Food Services	1,918	7.7	34,395	7.9	154,005	8.7
Other Service (including nonprofit)	1,281	5.2	18,384	4.2	80,179	4.5
Public Administration	1,035	4.2	19,925	4.6	66,491	3.8
Total	24,809	100.0	436,608	100.0	1,766,934	100.0

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
United Technologies Corp., Pratt & Whitney Division (1)	Jet Engine Manufacturer	7,000
Town of East Hartford	Municipality	1,931
Goodwin College	Education Institution	613
Coca-Cola Bottling Company	Beverage Mfg. and Distributor	600
Bank of America	Financial Services	500
Riverside Health Center	Medical Care and Rehabilitation	440
United Technologies Corp.	Research Laboratory	400
Quest Global	Engineering Software	350
Xerox	Office Equipment	300
Connecticut Natural Gas (CNG)	Energy Utility	294
Hoffman Auto Group	Automotive	290
Gengras Auto Group	Automotive	259
Cabela's	Outdoor Experience Retail	250
CSC Financial, Inc.	Software Services	190
United Steel	Steel Manufacturer	180
Dunn Paper	Paper Manufacturer	150
Red Thread	Office Furniture Retailer	140

- (1) On September 16, 2016 Pratt & Whitney announced that it would be hiring approximately 25,000 people worldwide over the next decade. The announcement stated that approximately 8,000 employees were expected to be hired for Connecticut facilities, including 1,000 engineers within the next year. The exactly number of employees to be added at the East Hartford facility was not disclosed.

Source: Commissioner of Planning and Development, Town of East Hartford

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of East Hartford</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2006	5.9%	4.6%	4.4%	4.6%
2007	6.1%	4.7%	4.6%	4.6%
2008	7.1%	5.7%	5.6%	5.8%
2009	10.6%	8.1%	8.0%	9.3%
2010	11.3%	9.2%	9.1%	9.6%
2011	11.1%	8.8%	8.8%	9.0%
2012	10.7%	8.4%	8.3%	8.1%
2013	10.0%	7.8%	7.8%	7.4%
2014	8.5%	6.6%	6.6%	6.2%
2015	7.2%	5.6%	5.6%	5.3%
<u>2016 Monthly</u>				
January	7.4%	6.0%	6.0%	5.3%
February	7.4%	6.0%	6.0%	5.2%
March	7.7%	6.2%	6.2%	5.1%
April	7.8%	5.7%	5.6%	4.7%
May	6.8%	5.7%	5.4%	4.5%
June	7.7%	6.1%	5.9%	5.1%
July	7.6%	5.8%	5.6%	5.1%
August	7.6%	5.7%	5.6%	5.0%

Source: State of Connecticut, Department of Labor.

Number and Value of Building Permits

Fiscal Year	Residential		Commercial/ Industrial		All Other		Total	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2016	2,274	\$15,728,098	718	\$253,578,637 (1)	141	\$12,009,941	3,133	\$281,316,676
2015	1,681	11,364,164	614	27,409,960	124	2,465,880	2,419	41,240,004
2014	1,908	9,420,194	598	33,210,263	124	8,214,471	2,630	50,844,928
2013	1,694	10,505,780	674	29,005,680	161	547,550	2,529	40,059,010
2012	1,963	10,640,581	526	67,462,166 (2)	338	2,191,282	2,827	80,294,029
2011	533	7,500,000	101	25,500,000	1,497	14,967,143	2,131	47,967,143
2010	751	4,250,000	151	17,057,162	2,102	8,300,000	3,004	29,607,162
2009	616	8,575,988	134	28,909,091	1,671	6,143,072	2,421	43,628,151
2008	751	24,060,137	209	56,622,345	1,557	22,600,158	2,517	103,282,640

(1) Includes \$200 million for Pratt & Whitney Headquarters and United Technologies Research Center buildings.

(2) Includes \$56.8 million for three (3) Magnet Schools and improvements at Goodwin College.

Source: Building Department, Town of East Hartford.

Number of Dwelling Units

2014	2010	2000	1990	1980	% Increase 2010-2014	% Increase 1980-2014
21,731	21,328	21,273	21,274	20,210	2.2%	7.5%

Source: U.S. Census Bureau

East Hartford Housing Inventory

Type	Units	Percent
1-unit detached	11,283	51.9
1-unit attached	970	4.5
2 to 4 units	3,974	18.3
5 to 9 units	933	4.3
10 or more units	4,020	18.5
Mobile home, trailer, other	551	3
Total Inventory	21,731	100.0

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Characteristics of Housing Units (Owner Occupied)

Value of Owner Occupied	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	706	6.1	6,418	2.8	24,122	2.6
50,000 to 99,999	789	6.8	7,107	3.1	26,438	2.9
100,000 to 149,999	2,422	20.9	22,356	9.9	72,756	8.0
150,000 to 199,999	4,079	35.2	44,468	19.6	137,797	15.1
200,000 to 299,999	3079	26.6	77,022	34.0	257,364	28.2
300,000 to 499,999	321	2.8	53,555	23.6	243,882	26.7
500,000 to 999,999	162	1.4	13,885	6.1	109,918	12.0
1,000,000 and over	28	0.2	1,746	0.8	40,766	4.5
Total	11,586	100.0	226,557	100.0	913,043	100.0
Median Value	\$169,900		\$238,600		\$274,500	

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Age Distribution of Housing

Year Structure Built	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	3,273	15.1	72,945	19.5	334,290	22.4
1940 to 1949	2,360	10.9	32,106	8.6	104,523	7.0
1950 to 1959	5,747	26.4	68,165	18.2	232,682	15.6
1960 to 1969	4,668	21.5	53,745	14.4	199,413	13.4
1970 to 1979	2,439	11.2	48,951	13.1	200,288	13.4
1980 to 1989	2,219	10.2	49,366	13.2	193,794	13.0
1990 to 1999	550	2.5	25,214	6.7	113,875	7.6
2000 to 2004	468	2.2	22,873	6.1	104,093	7.0
2005 or later	7	0.0	1,090	0.3	7,423	0.5
Total housing units	21,731	100.0	374,455	100.0	1,490,381	100.0

Source: U. S. Census Bureau, American Community Survey, 2010-2014.

Breakdown of Land Use

Category	Total Area	
	# of Acres	% of Total
Residential	4,343	36.2
Commercial	977	8.1
Industrial	1,474	12.3
Institutional (Town, Federal, State, Utility)	1,739	14.5
Other (Roads, Rail Road, Parking)	1,951	16.2
Open Land (Parks, Recreation Areas, Cemetery, Agriculture)	527	4.4
Vacant Land	1,002	8.3
Total	12,013	100.0

Source: Assessor's Office.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit (In Thousands)

As of October 12, 2016 (Pro Forma)

Total fiscal year 2016 tax collections (including interest and lien fees)(unaudited estimate)	\$ 126,825,517
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	-
Base for Establishing Debt Limit	<u>\$ 126,825,517</u>

Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$ 285,357,413					
(4.50 times base)		\$ 570,714,827				
(3.75 times base)			\$ 475,595,689			
(3.25 times base)				\$ 412,182,930		
(3.00 times base)					\$ 380,476,551	
(7.00 times base)						\$ 887,778,619
Indebtedness (Including The Bonds)						
Bonds Payable	\$ 36,939,000	\$ 591,000	\$ -	\$ -	\$ -	\$ 37,530,000
The Refunded Bonds	(6,415,000)	-	-	-	-	(6,415,000)
The Capital Project Bonds	14,835,000	-	-	-	-	14,835,000
The Refunding Bonds	6,225,000	-	-	-	-	6,225,000
Authorized but Unissued Debt	<u>8,004,000</u>	<u>2,015,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,019,680</u>
Gross Direct Debt	59,588,000	2,606,680	-	-	-	62,194,680
Overlapping Debt (1)	-	-	111,794,938	-	-	111,794,938
Less receivables:						
School grants receivable (2)	<u>-</u>	<u>(6,252,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,252,241)</u>
Total Net Direct and Overlapping Debt	<u>59,588,000</u>	<u>(3,645,561)</u>	<u>111,794,938</u>	<u>-</u>	<u>-</u>	<u>167,737,377</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 225,769,413</u>	<u>\$ 574,360,388</u>	<u>\$ 363,800,750</u>	<u>\$ 412,182,930</u>	<u>\$ 380,476,551</u>	<u>\$ 720,041,242</u>

(1) As of June 30, 2016. See "Overlapping Debt" herein.

(2) Progress payment grants receivable on the school building construction projects approved after July 1, 1996 (See "School Projects" herein).

Source: Town Officials

Calculation of Net Direct Indebtedness

As of October 12, 2016 (Pro Forma)

Long-Term Indebtedness (1)	
The Refunding Bonds (<i>This Issue</i>)	\$ 14,835,000
The Capital Project Bonds (<i>This Issue</i>)	6,225,000
The Refunded Bonds	(6,415,000)
General Purpose	36,939,000
Schools	591,000
Urban Renewal	-
Total Long-Term Indebtedness	<u>52,175,000</u>
Short-Term Indebtedness	-
Total Direct Indebtedness	52,175,000
Exclusions: School grants receivable	-
Total Net Direct Indebtedness	<u>52,175,000</u>
Net Overlapping Debt:	
Metropolitan District Commission (2)	111,794,938
Total Net Direct and Net Overlapping	<u><u>\$ 163,969,938</u></u>

(1) Excludes authorized but unissued debt of \$10,119,680.

(2) See "Overlapping Indebtedness" herein.

Current Debt Ratios

As of October 12, 2016 (Pro Forma)

Total Direct Indebtedness (1)	\$ 52,175,000
Net Direct Indebtedness (1)	\$ 52,175,000
Total Net Direct and Net Overlapping Indebtedness	\$ 163,969,938
Population (2)	51,211
Net Taxable Grand List (10/1/15)	\$ 2,736,032,759
Estimated Full Value	\$ 3,908,618,227
Equalized Net Taxable Grand List (2014) (3)	\$ 3,798,403,109
Per Capita Income (2014) (2)	\$25,509

Total Direct Indebtedness:		Total Net Direct Indebtedness:	
Per Capita	\$1,018.82	Per Capita	\$1,018.82
To Net Taxable Grand List	1.91%	To Net Taxable Grand List	1.91%
To Estimated Full Value	1.33%	To Estimated Full Value	1.33%
To Equalized Net Taxable Grand List	1.37%	To Equalized Net Taxable Grand	1.37%
Per Capita to Per Capita Income	3.99%	Per Capita to Per Capita Income	3.99%

Total Net Direct and Net Overlapping Indebtedness:	
Per Capita	\$3,201.85
To Net Taxable Grand List	5.99%
To Estimated Full Value	4.20%
To Equalized Net Taxable Grand List	4.32%
Per Capita to Per Capita Income	12.55%

(1) Excludes Refunded Bonds, includes the Bonds.

(2) U.S. Census Bureau

(3) Office of Policy and Management, State of Connecticut.

Historical Debt Statement

	2015-16 (1)	2014-15	2013-14	2012-13	2011-12
Population (2)	51,211	51,211	51,241	51,171	51,091
Net taxable grand list	\$ 2,693,033,920	\$ 2,692,511,000	\$ 2,691,708,000	\$ 2,695,242,000	\$ 3,095,300,382
Estimated full value	\$ 3,847,191,314	\$ 3,846,444,286	\$ 3,845,297,143	\$ 3,850,345,714	\$ 4,421,857,689
Equalized net taxable grand list (3)	\$ 3,798,403,109	\$ 3,829,879,530	\$ 3,936,906,558	\$ 3,849,203,343	\$ 3,966,619,309
Per capita income (2)	\$ 25,509	\$ 25,509	\$ 25,578	\$ 25,549	\$ 25,356
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt (4)	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000	\$ 38,990,000	\$ 45,865,000
Total Direct Indebtedness	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000	\$ 38,990,000	\$ 45,865,000
Net Direct Indebtedness	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000	\$ 38,990,000	\$ 45,865,000
Net Direct and Net Overlapping Indebtedness	\$ 150,549,938	\$ 117,060,000	\$ 127,311,000	\$ 102,665,000	\$ 94,139,000

(1) Unaudited estimate.

(2) U.S. Census Bureau

(3) Office of Policy and Management, State of Connecticut

(4) Excludes capital leases.

Historical Debt Ratios

Total Direct Indebtedness:	2015-16 (1)	2014-15	2013-14	2012-13	2011-12
Per capita	\$756.77	\$876.96	\$1,006.62	\$761.96	\$897.71
To net taxable grand list	1.44%	1.67%	1.92%	1.45%	1.48%
To estimated full value	1.01%	1.17%	1.34%	1.01%	1.04%
To equalized net taxable grand list	1.02%	1.17%	1.31%	1.01%	1.16%
Debt per capita to per capita income	2.97%	3.44%	3.94%	2.98%	3.54%
Net Direct Indebtedness:					
Per capita	\$756.77	\$876.96	\$1,006.62	\$761.96	\$897.71
To net taxable grand list	1.44%	1.67%	1.92%	1.45%	1.48%
To estimated full value	1.01%	1.17%	1.34%	1.01%	1.04%
To equalized net taxable grand list	1.02%	1.17%	1.31%	1.01%	1.16%
Debt per capita to per capita income	2.97%	3.44%	3.94%	2.98%	3.54%
Net Direct and Net Overlapping Indebtedness:					
Per capita	\$2,939.80	\$2,285.84	\$2,484.55	\$2,006.31	\$1,842.58
To net taxable grand list	5.59%	4.35%	4.73%	3.81%	3.04%
To estimated full value	3.91%	3.04%	3.31%	2.67%	2.13%
To equalized net taxable grand list	3.96%	3.06%	3.23%	2.67%	2.37%
Debt per capita to per capita income	11.52%	8.96%	9.71%	7.85%	7.27%

(1) Unaudited estimate.

Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

Overlapping Debt

The Town is a member of the Metropolitan District Commission (the "MDC"), a special district in Hartford County, formed under State statutes to provide water and sanitary sewer services to its eight member towns. Water services are provided directly by the MDC and billed to the users. As of August 1, 2016, the net outstanding debt of the MDC was \$914,104,156 of which the Town of East Hartford is responsible for \$111,794,938 or 12.23%.

The MDC was cited by the U.S. Environmental Protection Agency (USEPA) and the United States Department of Justice (USDOJ) for overflows for the sewer systems in West Hartford, Newington, Wethersfield, Rocky Hill and Windsor. The MDC was fined \$850,000 and signed a Consent Decree to cease all overflows by 2020. The MDC also negotiated a Consent Order with the Connecticut Department of Environmental Protection (CTDEP) to control the Combined Sewer Overflows ("CSO") located in the Hartford sewer system by 2022.

The MDC has conducted studies of the CSO under the direction of the CTDEP. A plan for abating these pollution sources, called the Clean Water Project, has been prepared by consultants to the MDC. The plan combines several abatement strategies including: new sewers, removal of storm water flows during storm events, and creating additional treatment capacity. Completion of these system improvements will require a construction program of at least 15 years.

On November 6, 2012, voters in the eight member towns overwhelmingly approved a referendum authorizing the MDC to appropriate \$800 million to be financed by the issuance of bonds. This bond authorization is coupled with a 2006 authorization for an initial \$800 million. The MDC is pursuing state funding from the Clean Water Fund and federal funding from Congress to assist with the cost of the project. The total cost for the program is expected to be in excess of \$2.1 billion and a future authorization from the voters will be required. The MDC has adopted a special sewer service charge for customers who utilize the District's sewer system and are furnished water directly by the MDC. The proceeds from the special service charge shall be used exclusively for the payment of the principal and interest on certain bonds issued or which may be issued and other loans, including State of Connecticut Clean Water Fund loans, to finance all costs associated with the Clean Water Project. Bonds and other loans used to finance the Clean Water Project that are supported by the special sewer service charge will not be included in the calculation of overlapping debt since they are not supported by the ad valorem taxes of the Town.

Underlying Debt

The Town has no underlying debt.

Capital Leases

The Town has entered into various multi-year capital lease agreements for the purchase of various capital items including public works equipment, vehicles, energy efficiency equipment and technology and computer hardware and software. As of June 30, 2016 the principal amount of outstanding leases is \$9,894,307. For the Fiscal Year 2016-17 Adopted Budget the Town has budgeted \$1,378,992 in annual lease payments. Lease payments are not included in outstanding bonded debt herein.

Additionally, the Town has entered into three (3) Guaranteed Energy Performance Contracts ("EPC") under which various equipment and facility improvements intended to reduce energy consumption were undertaken at Town and Board of Education building and Town streetlights. The equipment and improvements were financed through tax-exempt lease agreements to finance the various EPC was \$9,731,130. Under the terms of the various EPC, if the energy consumption savings in any year is not sufficient to cover the cost of the debt service under the leases, the EPC provider will make up the difference.

Legal Requirements for Approval of Borrowing

Under Chapter VI, Section 6.9 of the Town Charter, bonds are authorized by resolution adopted by the Town Council in the same manner as for the adoption of ordinances. Bonds in excess of one hundred fifty thousand dollars require approval by referendum vote. At least one public hearing, notice of which shall be given at least five days in advance by publication in a newspaper having a circulation in Town, and by posting the resolution in a public place, shall be held by the Town Council

before any resolution shall be passed. Within ten days after final passage, all resolutions shall be published at least once in their entirety. Refunding bonds only need to be approved by the Town Council.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

School Projects

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the prior program for all projects approved prior to July 1, 1996. Under the prior program, the State of Connecticut will reimburse the Town for a portion of principal and interest costs for eligible school construction projects over the life of outstanding bonds and the subsequent bond issues necessary to completely fund school projects.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction phases of the project. Under this method of reimbursement, municipalities will only bond for their net share of project costs. The following projects will be reimbursed under this method:

Project	Total Appropriation	Estimated Eligible Costs (1)	Estimated Reimbursement Rate (%)	Total Estimated Grant ⁽¹⁾
East Hartford Middle School Window Wall (2)	\$ 8,256,000	\$ 8,256,000	76.79	\$ 6,339,782
Lankford School Roof	3,100,000	3,093,905	76.79	\$ 2,375,810
Total	\$ 11,356,000	\$ 11,349,905		\$ 8,715,592

(1) Eligible costs to be determined during the course of the project. Subject to change and final audit.

(2) The Town Council has approved two appropriations totaling \$8,256,000 for the East Hartford Middle School Window Wall project however, the Town Council has authorized only \$1,600,000 in bonds to finance the project. The balance of the appropriation is expected to be funded by a combination of State of Connecticut school construction grants, capital leases and budget appropriations.

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Authorized but Unissued Debt

Project	Total Authorization	Grants Received to date	Bonds Issued/ Paydowns	The Bonds (This Issue)	Authorized But Unissued Debt
East Hartford Middle School Improvements (1)	\$ 5,731,339	\$ 2,445,420	\$ 3,226,000	\$ -	\$ 59,919
East Hartford High School Renovations & Improvements (1)	11,640,000	7,184,239	4,100,000	-	355,761
Flood Control System Improvements 2011	7,000,000	-	4,000,000	-	3,000,000
Road Improvements 2012	10,000,000	-	5,161,000	4,839,000	-
East Hartford Middle School Window Wall (2)	1,600,000	-	-	-	1,600,000
Road Improvements 2014	15,000,000	-	-	9,996,000	5,004,000
Total All Projects	<u>\$ 50,971,339</u>	<u>\$ 9,629,659</u>	<u>\$ 16,487,000</u>	<u>\$ 14,835,000</u>	<u>\$ 10,019,680</u>

- (1) Project audit is complete. The Town does not expect to receive additional grants nor issue future debt for this project.
- (2) The Town Council has approved two appropriations totaling \$8,256,000 for the East Hartford Middle School Window Wall project, however the Town Council has authorized only \$1,600,000 in bonds to finance the project. The balance of the appropriation is expected to be funded by a combination of State of Connecticut school construction grants, capital leases and budget appropriations.

Capital Improvement Program

The Town administration and Town Council has adopted the Town's Five Year Capital Plan (the "Capital Plan"). The objectives of the Plan are to stabilize the Town's debt service requirements, to reduce total indebtedness over a five year period and to prioritize with affordable guidelines. The approved Capital Plan for fiscal years 2016-2021 recommends spending a total of \$148,491,323 for public works, public safety, parks and recreation, and other general purpose projects. The Capital Plan contemplates funding the projects from a variety of financing sources including annual operating appropriations, state and federal grants and approximately \$58 million in bonded debt and \$5 million in capital leases. A copy of the Plan is available from the Director of Finance.

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Combined Schedule of Long Term Debt through Maturity

As of October 12, 2016 (Pro Forma)

Fiscal Year	Principal Payments ^(1,2)	Interest Payments	Total Payments	Refunded Bonds Principal Payments	The Refunding Bonds Principal Payments	The Capital Project Bonds Principal Payments	Principal All Issues ^(1,3)
2017	\$6,155,000	\$1,076,908	\$7,231,908	\$ (150,000)	\$ -	\$ -	\$6,005,000
2018	6,285,000	926,258	7,211,258	(15,000)	-	-	6,270,000
2019	5,365,000	725,170	6,090,170	(15,000)	-	1,635,000	6,985,000
2020	5,405,000	545,520	5,950,520	(1,905,000)	1,895,000	1,650,000	7,045,000
2021	4,385,000	369,270	4,754,270	(1,905,000)	1,895,000	1,650,000	6,025,000
2022	4,385,000	246,711	4,631,711	(1,900,000)	1,900,000	1,650,000	6,035,000
2023	3,000,000	151,976	3,151,976	(525,000)	535,000	1,650,000	4,660,000
2024	2,445,000	77,746	2,522,746	-	-	1,650,000	4,095,000
2025	340,000	35,731	375,731	-	-	1,650,000	1,990,000
2026	335,000	26,806	361,806	-	-	1,650,000	1,985,000
2027	330,000	18,013	348,013	-	-	1,650,000	1,980,000
2028	325,000	8,938	333,938	-	-	-	325,000
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
Total	\$38,755,000	\$4,209,046	\$42,964,046	(\$6,415,000)	\$6,225,000	\$14,835,000	\$53,400,000

(1) Includes \$1,225,000 in principal and \$131,484 in interest payments made as of October 12, 2016.

(2) Includes the Refunded Bonds, does not include the Bonds.

(3) Includes the Bonds, does not include Refunded Bonds.

Source: Town annual audit reports, Town Finance office.

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SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements in Appendix A.

Basis of Accounting

See Note 1 of "Notes to Financial Statements" in Appendix A.

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of East Hartford Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The independent auditors are required to conduct their examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receives a copy of said Audit Report when completed. Currently, the Town retains Blum, Shapiro and Company, P.C. of West Hartford, Connecticut as outside independent auditors.

The most recent annual audit covers the fiscal year ended June 30, 2015, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Blum, Shapiro and Company, P.C, Independent Certified Public Accountants. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Certificate of Achievement for Excellence in Financial Reporting

The Town has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1979 through 2015. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted audited standards. The reports also contain a wide variety of information useful in evaluating the financial condition of a government and conforms to certain generally accepted terminology and formatting standards established for the Certificate Program.

Budgetary Procedures

The following is the new budgetary sequence and time schedule required by the recent revisions to the Town Charter:

During the month of December, the Town's departments and commissions receive their budget preparation forms.

In early January, the departments and commissions submit budgets to the Finance Department for compilation. The Finance Department also submits an assembled budget to the Mayor.

During the month of January, the Mayor and Finance Director review the budget requests with the departments and commissions. The current year revenues and expenditures are also reviewed and the Board of Education's requested budget is forwarded to the Mayor.

By February 23rd, the Mayor must submit to the Town Council revenue and expenditure estimates for the ensuing fiscal year as the Mayor's Recommended Budget. In the later part of February and the beginning of March, the Town Council holds meetings with the Mayor, Finance Director and all departments and commissions to review recommended budgets.

During the first week of March, the Town Council holds meetings with the Board of Education to review their budgets. By March 11th, the Town Council must conduct one or more public hearing to review the recommended budget. Within 10 days of the final public hearing, the Town Council must adopt an Approved Budget for the fiscal year which begins July 1 and sets the tax rate for fiscal year which begins July 1.

In accordance with the recommendations of the Charter Revision Commission, a Budget Referendum may now be called by the Town Council upon receipt of a petition signed by not less than fifteen (15) percent of qualified electors within fifteen days of the final approval of the Town budget by the Town Council. If the majority of the votes at the referendum are in the affirmative and the total number of votes cast are equal to at least twenty (20) percent of qualified electors, the Town Council shall adopt a new budget in accordance with the results of the referendum. No further referendum shall be permitted after adoption of the new budget by the Council. If the referendum fails, the adopted budget will become the budget for the next fiscal year.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase to the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

Employee Pension Systems

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established by the Town to provide pension benefits for its employees. The Plan is managed by a retirement board consisting of five members. The board serves as trustee of the funds. The Town of East Hartford Retirement System covers all full-time police, firefighter, and general employees of the Town and full-time paraprofessionals and non-certified Board of Education employees. All certified Board of Education employees participate in the State of Connecticut Teachers' Retirement System. The Town's most recent actuarial valuation was as of July 1, 2015 and as of that date plan membership was 1,362 members. According to the July 1, 2015 valuation the Town's Actuarially Required Contribution for fiscal year 2016-17 is expected to increase to \$12.7 million.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67. In accordance with GASB Statement No. 67, the components of the net pension liability of the Town plans were as follows:

	2015	2014
Total pension liability	\$ 373,331,000	\$ 349,344,000
Plan fiduciary net position	214,990,000	219,388,000
Net pension liability	<u>\$ 158,341,000</u>	<u>\$ 129,956,000</u>
Plan fiduciary net position as a % of total pension liability	57.6%	62.8%

The following represents the net pension liability of the Town, calculated using the current discount rate of each plan, 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 or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
Net Pension Liability	\$ 201,112,000	\$ 158,341,000	\$ 96,743,000

The following represents historic trend information of the Town's Plans:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2015	\$ 213,702,418	\$ 368,914,089	\$ 155,211,671	57.93%	\$ 40,058,612	387.46%
7/1/2014	208,021,544	354,218,887	146,197,343	58.73%	40,940,891	357.09%
7/1/2013	192,202,331	330,793,117	138,590,786	58.10%	40,450,971	342.61%
7/1/2012	187,259,431	293,102,597	105,843,166	63.89%	41,559,496	254.68%
7/1/2011	181,960,000	269,047,000	87,087,000	67.63%	42,374,000	205.52%

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2017 (1)	\$ 12,737,344	\$ 12,737,344	100.0%
2016 (2)	12,130,506	12,130,506	100.0%
2015	11,046,000	11,046,000	100.0%
2014	10,187,000	10,251,000	100.6%
2013	9,330,687	9,371,591	100.4%

(1) Adopted Budget.

(2) Unaudited estimate.

The Town of East Hartford has established a defined contribution plan ("DC Plan") to provide retirement benefits for full-time, non-public safety, non-dispatcher and non-teacher Town and Board of Education employees hired after January 1, 2006. Board of Education paraprofessionals hired after July 1, 2016 are also required to participate in the DC Plan. The Town and plan members are both required to make contributions. Employees are required to contribute 6% of covered salary, which is matched by employer contribution of 3% of covered salary. Employees are immediately fully vested in employee contributions and are fully vested in employer contributions after 5 years of service.

For further details on the plans, see Appendix A, "Notes to Financial Statements".

Other Post-Employment Benefits

The Town, in accordance with various collective bargaining agreements, is committed to provide health and life insurance benefits to eligible retirees and their spouses. The benefits are established and amended through negotiations between the Town and the various unions representing the employees. The Town pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards cost of receiving benefits under the Town's self-insured medical benefits program. As of July 1, 2015 there were a total of 2,420 retirees and spouses receiving benefits.

In June 2008 the Town adopted Ordinance 10-52, *Retiree Benefit Trust Fund*, which provided for the future establishment of a Retiree Benefit Trust Fund ("RBTF") to provide funds to meet the long-term obligations of the providing benefits to retired Town employees. The ordinance provides that if the Town's General Fund undesignated fund balance exceeds eight percent of the total budget appropriations, the budget surplus in such fiscal year shall be appropriated to the RBTF. In May 2009 the Town formally established the RBTF and appropriated \$2,380,000 in fiscal year 2008-09 to the fund in accordance with the ordinance. In January 2016, based on the requirements of the ordinance, the Town made an additional \$1,596,840 contribution to the OPEB Trust which represents the excess over 8% of the Town's undesignated Fund balance as of June 30, 2015.

The following presents historical information regarding the post-employment benefit funding. The Town's most recent valuation was July 1, 2015. Please see "Appendix A - Financial Statements" herein for more information regarding the Town's OPEB liabilities.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2015	\$ 2,448,000	\$ 134,043,000	\$ 131,595,000	1.83%	\$ 87,571,000	150.3%
7/1/2013	1,036,542	160,455,833	159,419,291	0.65%	92,364,000	172.6%
7/1/2011	525,000	148,883,000	148,358,000	0.35%	N/A	N/A
7/1/2009	2,404,000	129,899,000	127,495,000	1.85%	N/A	N/A
7/1/2007	-	128,765,000	128,765,000	0.00%	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 13,747,000	\$ 6,911,000	50.27%
2015	14,515,000	3,831,000	26.39%
2014	13,816,000	4,383,000	31.72%
2013	12,935,000	5,966,000	46.12%
2012	11,284,000	4,666,000	41.35%

(1) Adopted budget.

Investment Policies and Procedures

Under Connecticut General Statutes Section 7-400, the Town may invest in certificate of deposits, repurchase agreements, municipal notes, bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds. The Town does not invest in derivative based investment products.

The operating internal service fund and working capital funds are invested at the direction of the Director of Finance with the approval of the Town Treasurer in the following short-term investments: (1) the State of Connecticut Short-Term Investment Fund; and (2) collateralized certificates of deposits with qualified public depositories per Connecticut General Statutes.

The investment of the Town's pension funds are carried out by professional portfolio managers at the direction of the Retirement Commission and in accordance with the Commission's adopted policy guidelines. For a further description of the Town's Pension Plans, see Appendix A, herein.

Assessment Practices

Pursuant to Connecticut General Statutes Section 12-62, as amended, requires a revaluation every five years and requires the assessor to fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten assessment years. The Town's most recent general revaluation was effective as of October 1, 2011. The Town is currently in the process of completing a revaluation for the grand list of October 1, 2016 which will be effective for the 2017-18 fiscal year. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. Each year, a Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically. Assessments for personal property are computed at 70% of present value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-7b of the Connecticut General Statutes as amended provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

Tax Collection Procedure

Real Estate, Personal Property and Motor Vehicle taxes for each fiscal year are paid on the grand list of October 1 of the prior year and are due July 1. Any bill over \$300 is permitted to be paid in two installments; 1st half due July 1 and 2nd half due January 1. Motor vehicle supplemental bills are payable in one installment on January 1. Payments not received by August 1 and February 1 become delinquent and are subject to interest at the rate of 1.5% per month (18% per annum) per CGS Sec. 12-146. Prior to the close of each fiscal year on June 30, a lien is placed on each outstanding real estate tax account. Aside from legal demands, in accordance with state law the tax office exercises its right to use the following tools to enforce tax collections such as: alias tax warrants, jeopardy collection, withholding of motor vehicle releases, tax liens, UCC liens, withholding specific licenses or permits and the sale of tax liens. After exhausting all avenues of the collection process each year per CGS Sec. 12-165, a number of motor vehicle and personal property tax bills are transferred to suspense, at which point they will cease to be carried as receivables but remain collectible. All taxes become uncollectible after 15 years.

Property Tax Levies and Collections

Fiscal Year Ending 30-Jun	Net Taxable Grand List	Tax Rate (In Mills)	Total Adjusted Tax Levy	Percent Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 6/30/16 ⁽¹⁾
2017 ⁽²⁾	\$ 2,736,032,759	45.86 ⁽³⁾	\$122,036,250	In process	In process	In process
2016	2,693,033,920	45.86	122,792,824	97.6% ⁽¹⁾	\$3,000,000	\$3,000,000
2015	2,692,511,000	45.40	121,245,000	97.6%	2,925,000	1,031,000
2014	2,691,708,000	43.90	117,379,000	97.9%	2,465,000	941,000
2013 ⁽⁴⁾	2,695,242,000	42.79	115,155,000	97.1%	3,358,000	111,000
2012	3,095,299,000	34.42	106,016,000	97.2%	2,912,000	32,000
2011	3,090,117,000	33.82	104,001,000	97.2%	2,950,000	22,000
2010	3,103,537,000	31.67	97,618,000	97.7%	2,220,000	38,000
2009	3,172,493,000	31.67	99,128,000	97.6%	2,364,000	29,000
2008 ⁽⁴⁾	2,724,587,000	36.12	98,607,000	96.0%	887,100	39,000

(1) Unaudited estimate.

(2) Adopted Budget.

(3) The fiscal year 2016-17 mill rate for real and personal property was 45.86 mills. Per Public Acts No.15-244 and 16-3 of the Connecticut General Assembly, the mill rate for motor vehicles was capped at 37.00 mills (see "Motor Vehicle Property Tax Rate herein).

(4) Year of revaluation.

Source: Tax Collector, Town of East Hartford.

Taxable Grand List

Grand List Dated	Residential Real Property	Industrial & Commercial Real Property	Vacant Land	Motor Vehicle	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/15	48.6%	24.1%	0.8%	9.0%	17.5%	\$3,029,352,419	\$293,319,660	\$2,736,032,759
10/01/14	49.1%	24.4%	0.8%	8.8%	16.9%	2,997,298,726	304,264,806	2,693,033,920
10/01/13	49.6%	25.1%	0.8%	8.8%	15.6%	2,958,562,000	266,051,000	2,692,511,000
10/01/12	50.0%	25.6%	0.9%	8.9%	14.7%	2,933,619,000	241,911,000	2,691,708,000
10/01/11 ⁽¹⁾	50.2%	25.6%	0.9%	9.2%	14.1%	2,919,799,000	224,557,000	2,695,242,000
10/01/10	55.5%	23.4%	0.8%	7.4%	12.9%	3,349,794,000	254,495,000	3,095,299,000
10/01/09	56.3%	23.0%	0.8%	7.2%	12.7%	3,324,277,000	234,160,000	3,090,117,000
10/01/08	56.4%	23.2%	0.8%	7.3%	12.3%	3,315,689,000	212,152,000	3,103,537,000
10/01/07	56.1%	23.4%	0.8%	7.6%	12.0%	3,344,382,000	171,889,000	3,172,493,000
10/01/06 ⁽¹⁾	56.1%	22.2%	0.8%	7.4%	13.3%	3,297,161,000	572,574,000 ⁽²⁾	2,724,587,000

(1) Year of revaluation.

(2) Included in exemptions are the phased-in values from the revaluation effective October 1, 2011.

Source: Assessor's Office, Town of East Hartford.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2015:

Name of Taxpayer	Nature of Business	Assessment	Rank	Percent of Total
United Technologies Corp., Pratt & Whitney	Manufacturing	\$365,472,121	1	13.36%
Goodwin College	Education	113,284,776	2	4.14%
Fremont Riverview LLC	Office Buildings	44,521,228	3	1.63%
Cabela's Inc	Retail	25,346,930	4	0.93%
Connecticut Light & Power	Utility	34,488,210	5	1.26%
Ansonia Acquisitions LLC	Apartment Buildings	22,032,750	6	0.81%
Connecticut Natural Gas	Utility	26,673,780	7	0.97%
Coca-Cola of New York	Beverage Mfg. and Distributor	40,154,210	8	1.47%
East Hartford Founders	Offices Buildings	13,020,000	9	0.48%
Merchant 99 111 Founders LLC	Office Buildings	26,892,081	10	0.98%
Total		\$ 711,886,086		26.03%

Source: Assessor's Office, Town of East Hartford.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2011-2015 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax as a Percentage of General Fund Revenues
2017 (1)	\$ 181,824,487	\$ 122,036,250	67.1%
2016 (1)	177,885,352	122,792,824	69.0%
2015	197,069,000	122,150,000	62.0%
2014	191,742,000	118,022,000	61.6%
2013	184,846,000	115,890,000	62.7%
2012	178,618,000	107,495,000	60.2%
2011	164,143,000	103,943,000	63.3%
2010	156,929,000	98,458,000	62.7%
2009	165,237,000	100,745,000	61.0%
2008 (2)	186,077,000	97,595,000	52.4%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2015-16 and 2016-17 adopted budgets.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Intergovernmental Revenue	Intergovernmental as a Percentage of General Fund Revenues
2017 (1)	\$ 181,824,487	\$ 55,839,377	30.7%
2016 (1)	177,885,352	51,119,868	28.7%
2015	197,069,000	64,424,000	32.7%
2014	191,742,000	63,834,000	33.3%
2013	184,846,000	59,947,000	32.4%
2012	178,618,000	60,641,000	34.0%
2011	164,143,000	51,565,000	31.4%
2010	156,929,000	51,585,000	32.9%
2009	165,237,000	57,601,000	34.9%
2008 (2)	186,077,000	79,733,000	42.8%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2015-16 and 2016-17 adopted budgets.

Motor Vehicle Property Tax Rate

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 37.00 mills.

Expenditures

Fiscal Year	Education	General Government	Public Safety	Public Works	Debt Service
2017 (1)	49.1%	20.6%	15.4%	5.1%	4.1%
2016 (1)	49.6%	19.9%	15.5%	5.2%	4.2%
2015	53.3%	18.6%	14.4%	4.8%	4.9%
2014	56.1%	17.6%	14.2%	4.8%	4.8%
2013	54.7%	18.9%	14.1%	4.6%	4.9%
2012	55.3%	17.5%	14.5%	4.6%	5.5%
2011	54.6%	16.5%	15.3%	5.3%	5.6%
2010	53.3%	17.0%	15.3%	5.5%	6.0%
2009	55.2%	16.3%	14.3%	5.6%	5.7%
2008	61.7% (2)	12.9%	12.8%	4.8%	4.7%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2015-16 and 2016-17 adopted budgets.

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Comparative General Fund Operation Statement

Budget and Actual (Budgetary Basis)

	Fiscal Year 2014-15			Fiscal Year 2015-16	Fiscal Year 2016-17
	Final Budget	Actual	Variance Favorable (Unfavorable)	Adopted Budget	Adopted Budget
REVENUES					
Property taxes	\$ 121,331,000	\$ 122,150,000	\$ 819,000	\$122,792,824	\$122,036,250
Licenses and permits	1,119,000	867,000	(252,000)	1,619,150	1,615,350
Intergovernmental revenue	50,105,000	50,694,000	589,000	51,119,868	55,839,377
Charges for services	1,704,000	1,358,000	(346,000)	2,008,500	1,988,500
Investment income	30,000	28,000	(2,000)	-	-
Fines and forfeits	70,000	52,000	(18,000)	70,000	70,000
Other revenue	365,000	1,450,000	1,085,000	275,010	275,010
TOTAL REVENUES	174,724,000	176,599,000	1,875,000	\$ 177,885,352	\$ 181,824,487
EXPENDITURES					
Current:					
General government	36,700,000	36,380,000	320,000	\$35,488,079	\$37,424,735
Public safety	27,990,000	27,864,000	126,000	27,516,274	27,936,502
Inspection and permits	669,000	657,000	12,000	703,847	732,776
Public works	9,549,000	9,293,000	256,000	13,832,854	14,080,825
Parks and recreation	3,230,000	3,152,000	78,000	3,138,810	3,198,524
Health and social services	1,609,000	1,529,000	80,000	1,548,042	1,639,627
Education	85,594,000	85,594,000	-	88,266,419	89,266,419
Debt service	9,438,000	9,437,000	1,000	7,391,027	7,545,079
TOTAL EXPENDITURES	174,779,000	173,906,000	873,000	\$ 177,885,352	\$ 181,824,487
Excess (deficiency) of revenues over expenditures	(55,000)	2,693,000	2,748,000		
Other financing sources (uses)					
Appropriation of fund balance	1,402,000	-	(1,402,000)		
Operating transfers in	326,000	725,000	399,000		
Operating transfers out	(1,673,000)	(1,673,000)	-		
Total other financing sources (uses)	55,000	(948,000)	(1,003,000)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 1,745,000	\$ 1,745,000		

Source: Audited financial statements; fiscal year 2015-16 and 2016-17 adopted budgets.

For the fiscal year ending June 30, 2016, based on the amended operating budget, the Town anticipates that expenditures will exceed revenues by approximately \$800 thousand after transfers and supplemental appropriations. The Town estimates that revenues exceeded budget by approximately \$1 million, with positive variances in the areas of current year tax collections (\$805 thousand), supplemental motor vehicle taxes (\$463 thousand), police private duty (\$219 thousand) and conveyance taxes (\$180 thousand). Those positive revenue variances helped to off-set shortfalls in intergovernmental revenues of approximately \$625 thousand. However, during the fiscal year, the Town authorized a total of \$2.2 million in supplemental appropriations, including a \$1.6 million transfer from fund balance to the Town's Retiree Benefit Trust Fund in accordance with Town ordinance 10-52 (see "Other Post-Employment Benefits" herein). After the supplemental appropriations, the Town is estimating that expenditures will be under budget by approximately \$400 thousand.

Comparative Balance Sheet – General Fund

Fiscal Years Ended:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
ASSETS					
Cash and cash equivalents	\$ 19,639,000	\$ 23,222,000	\$ 20,047,000	\$ 22,201,000	\$ 25,367,000
Investments	-	250,000	252,000	253,000	255,000
Receivables:					
Property taxes receivable	4,783,000	5,237,000	5,773,000	5,186,000	4,730,000
Accounts receivables	3,102,000	561,000	850,000	2,257,000	948,000
Intergovernmental	200,000	2,792,000	1,217,000	-	-
Due from other funds	2,217,000	2,352,000	7,081,000	4,880,000	3,151,000
Other assets	46,000	-	-	-	150,000
TOTAL ASSETS	<u>\$ 29,987,000</u>	<u>\$ 34,414,000</u>	<u>\$ 35,220,000</u>	<u>\$ 34,777,000</u>	<u>\$ 34,601,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,760,000	\$ 2,738,000	\$ 3,126,000	\$ 5,523,000	\$ 3,552,000
Due to other funds	2,634,000	7,411,000	6,509,000	4,854,000	5,681,000
Deferred revenues	10,075,000	9,054,000	-	-	-
TOTAL LIABILITIES	<u>16,469,000</u>	<u>19,203,000</u>	<u>9,635,000</u>	<u>10,377,000</u>	<u>9,233,000</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	4,440,000	4,167,000	3,386,000
Advance property tax collections	-	-	6,519,000	5,503,000	5,557,000
Unavailable revenue - other receivables	-	-	-	137,000	129,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>10,959,000</u>	<u>9,807,000</u>	<u>9,072,000</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	668,000	1,257,000	1,338,000	626,000	583,000
Unassigned	12,850,000	13,954,000	13,288,000	13,967,000	15,713,000
TOTAL FUND BALANCES	<u>13,518,000</u>	<u>15,211,000</u>	<u>14,626,000</u>	<u>14,593,000</u>	<u>16,296,000</u>
TOTAL, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 29,987,000</u>	<u>\$ 34,414,000</u>	<u>\$ 35,220,000</u>	<u>\$ 34,777,000</u>	<u>\$ 34,601,000</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Years Ended:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES					
General property taxes	\$ 103,943,000	\$ 107,495,000	\$ 115,890,000	\$ 118,022,000	\$ 122,150,000
Licenses and permits	648,000	2,132,000	782,000	1,389,000	867,000
Intergovernmental revenues	51,565,000	60,641,000	59,947,000	63,834,000	64,424,000
Charges for service	6,379,000	7,355,000	7,102,000	7,997,000	8,191,000
Investment income	26,000	33,000	32,000	20,000	28,000
Other	<u>1,582,000</u>	<u>962,000</u>	<u>1,093,000</u>	<u>480,000</u>	<u>1,409,000</u>
TOTAL REVENUES	<u>164,143,000</u>	<u>178,618,000</u>	<u>184,846,000</u>	<u>191,742,000</u>	<u>197,069,000</u>
EXPENDITURES					
Current:					
General government	26,997,000	30,955,000	34,905,000	33,669,000	36,145,000
Public safety	25,048,000	25,544,000	26,064,000	27,139,000	27,957,000
Inspection and permits	645,000	639,000	656,000	644,000	654,000
Public works	8,629,000	8,185,000	8,535,000	9,128,000	9,373,000
Parks and recreation	2,600,000	2,558,000	2,520,000	2,797,000	3,168,000
Health and social services	1,326,000	1,361,000	1,430,000	1,457,000	3,985,000
Education	89,434,000	97,696,000	100,759,000	107,307,000	103,700,000
Debt service	<u>9,160,000</u>	<u>9,758,000</u>	<u>9,357,000</u>	<u>9,215,000</u>	<u>9,437,000</u>
TOTAL EXPENDITURES	<u>163,839,000</u>	<u>176,696,000</u>	<u>184,226,000</u>	<u>191,356,000</u>	<u>194,419,000</u>
Excess (deficiency) of revenues over expenditures	<u>304,000</u>	<u>1,922,000</u>	<u>620,000</u>	<u>386,000</u>	<u>2,650,000</u>
OTHER FINANCING SOURCES (USES)					
Payment to refunded bond escrow agent	-	(5,411,000)	(13,188,000)	-	-
Premium on refunding bonds	-	193,000	1,076,000	-	-
Refunding bonds	-	5,280,000	12,230,000	-	-
Operating transfers in	457,000	506,000	512,000	661,000	725,000
Operating transfers out	<u>(187,000)</u>	<u>(797,000)</u>	<u>(1,835,000)</u>	<u>(1,080,000)</u>	<u>(1,672,000)</u>
Total other financing sources (uses)	<u>270,000</u>	<u>(229,000)</u>	<u>(1,205,000)</u>	<u>(419,000)</u>	<u>(947,000)</u>
Net change in fund balances	574,000	1,693,000	(585,000)	(33,000)	1,703,000
Fund Balance - Beginning of year	<u>12,944,000</u>	<u>13,518,000</u>	<u>15,211,000</u>	<u>14,626,000</u>	<u>14,593,000</u>
Fund Balance - End of year	<u>\$ 13,518,000</u>	<u>\$ 15,211,000</u>	<u>\$ 14,626,000</u>	<u>\$ 14,593,000</u>	<u>\$ 16,296,000</u>

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town of East Hartford, its officers, employees, boards and commissions are defendants in various lawsuits. It is the opinion of the Corporation Counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

Availability of Continuing Disclosure Information

The Town of East Hartford prepares, in accordance with State law, annual independent audited financial statements and budget documents that are filed with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody's Investors Service ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C, to this Official Statement (the "Continuing Disclosure Agreement"), to provide, or cause to be provided (i) annual financial information and operating data, (ii) notice of the occurrence of certain events not in excess of 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

The Town has previously entered into continuing disclosure agreements for the benefit of the holders of its general obligation bonds and notes. The agreements require that the Town provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the Town has not failed to meet in all material respects, any of its undertakings under such agreements.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

Documents Accompanying Delivery of the Bonds

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds;
2. A receipt for the purchase price of the Bonds;
3. A certificate on behalf of the Town, signed by the Mayor, Town Treasurer and Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that as of the date of execution of the Contract of Purchase for the Bonds, and on the date of delivery of and payment for the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

4. The approving opinion of Robinson & Cole LLP, Bond Counsel in substantially the form attached hereto as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. Any other documents required by the Contract of Purchase.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, in Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Office of the Director of Finance at (860) 291-7246 or from Independent Bond and Investment Consultants LLC at (203) 245-8715.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

Independent Bond and Investment Consultants LLC, the Town's financial advisor, has assisted the Town in the preparation of this Official Statement from documents supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of statements made herein and makes no representation that it has independently verified the accuracy of supporting documents supplied by the Town.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bond.

TOWN OF EAST HARTFORD, CONNECTICUT

By: /s/ Marcia A. Leclerc
Marcia A. Leclerc
Mayor

By: /s/ Donald M. Currey
Donald M. Currey
Treasurer

By: /s/ Michael P. Walsh
Michael P. Walsh
Director of Finance

Dated: September 28, 2016

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF EAST HARTFORD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of East Hartford for the Fiscal Year ending June 30, 2015 as presented by the auditors at that time and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of East Hartford, Connecticut.



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Independent Auditors' Report

To the Honorable Mayor and Members of the Town Council
Town of East Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hartford, 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 East Hartford, 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 East Hartford, 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.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. 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 on pages 4 through 10, the budgetary comparison information on pages 58 through 61, and the pension schedules on pages 62 through 65 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 East Hartford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of East Hartford, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 17, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the Town of East Hartford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Hartford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2015

**TOWN OF EAST HARTFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the Town of East Hartford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net position of our governmental activities decreased by \$19.3 million, or 33%.
- During the year, the Town had expenses of \$254.4 million, which were \$19.3 million more than the \$235.2 million generated in taxes, grants and other revenues for governmental programs.
- The total cost of all of the Town's programs was \$254.4 million.
- The General Fund reported a total fund balance as of June 30, 2015 of \$16.3 million. The General Fund unassigned component of fund balance was \$15.7 million.
- Actual revenues were \$177.3 million compared to the final budget of \$176.5 million, resulting in higher revenues of \$872 thousand.
- Actual expenditures were \$175.6 million compared to the final budget of \$176.5 million, resulting in lower expenditures of \$873 thousand.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports the following activities:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, inspection and permits, parks and recreation, health and social services, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Police Private Duty Fund and the Landfill Closure Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the Community Development Fund and the State and Federal Educational Grants Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- **Governmental Funds (Exhibits III and IV)** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- **Proprietary Funds (Exhibits V, VI and VII)** - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Risk Management Internal Service Fund.
- **Fiduciary Funds (Exhibits VIII and IX)** - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position decreased from \$(57.6) million to \$(76.9) million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2015	2014
Current and other assets	\$ 51,248	\$ 54,570
Capital assets, net of accumulated depreciation	165,292	167,882
Total assets	<u>216,540</u>	<u>222,452</u>
Deferred charge on refunding	<u>20,686</u>	<u>440</u>
Long-term debt outstanding	297,705	263,229
Other liabilities	10,837	11,781
Total liabilities	<u>308,542</u>	<u>275,010</u>
Deferred inflows - advance property tax collections	<u>5,557</u>	<u>5,503</u>
Net Position:		
Net investment in capital assets	102,696	100,706
Restricted	162	174
Unrestricted	<u>(179,731)</u>	<u>(158,501)</u>
Total Net Position	\$ <u><u>(76,873)</u></u>	\$ <u><u>(57,621)</u></u>

Net position of the Town's governmental activities decreased by \$19.3 million or 33%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - totaled \$(179.7) million at June 30, 2015 compared to \$(158.5) million at June 30, 2014. Various contributing factors resulting in the decrease in net position are discussed following Table 2.

Table 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 12,402	\$ 12,799
Operating grants and contributions	92,176	87,389
Capital grants and contributions	20	3
General revenues:		
Property taxes	121,369	117,749
Grants and contributions not restricted to specific purposes	6,505	6,955
Unrestricted investment earnings	54	30
Other general revenues	2,650	969
Total revenues	<u>235,176</u>	<u>225,894</u>
Program expenses:		
General government	40,425	39,230
Public safety	32,764	29,437
Inspection and permits	654	644
Public works	19,575	20,209
Parks and recreation	3,852	3,421
Health and social services	5,706	5,392
Education	149,674	140,193
Interest on long-term debt	1,778	1,918
Total program expenses	<u>254,428</u>	<u>240,444</u>
Decrease in Net Position	(19,252)	(14,550)
Net Position at Beginning of Year, as Restated *	<u>(57,621)</u>	<u>(43,071)</u>
Net Position at End of Year	<u>\$ (76,873)</u>	<u>\$ (57,621)</u>

*Amount is restated for adoption of GASB No. 68.

The Town's total revenues were \$235.2 million. The total cost of all programs and services was \$254.4 million. The Town's overall decrease of \$19.3 million in net position compared with a decrease in net position of \$14.6 million last year is attributable to many factors both in relation to full accrual activities on a government-wide basis as well as significant changes in results in operations, year over year, in the Town's General Fund and Internal Service Funds.

The Town's program revenues increased \$9.3 million to \$235.2 million compared to \$225.9 million in the prior year. Increases in grants, property taxes, and other general revenues of \$4.8 million, \$3.6 million, and \$1.7 million respectively, were recognized.

The total program expenses increased \$14.0 million to \$254.4 million compared with \$240.4 million in the prior year. Education, Public Safety, and General Government spending increased by \$9.5 million, \$3.3 million, and \$1.2 million, respectively.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, parks and recreation, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 40,425	\$ 39,230	\$ 35,376	\$ 37,088
Public safety	32,764	29,437	29,964	27,415
Public works	19,575	20,209	18,547	19,235
Parks and recreation	3,852	3,421	3,383	2,952
Education	149,674	140,193	59,981	50,970
All others	8,138	7,954	2,579	2,593
Totals	<u>\$ 254,428</u>	<u>\$ 240,444</u>	<u>\$ 149,830</u>	<u>\$ 140,253</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$21.3 million, which is a \$4.8 million decrease from last year's total of \$26.1 million.

The Town's Capital Improvement Fund reported a decrease in fund balance of \$7.1 million directly attributable to the drawdown of funds to pay for various capital projects under construction.

The General Fund's budgetary revenue estimates generated a \$1.9 million favorable variance as reported in RSI-1.

The General Fund's original budget was increased during the year by \$1.4 million and included higher Public Works labor costs due to an extraordinary winter and higher overtime due to vacancies in the Fire Department.

The Town's General Fund balance of \$16.3 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$15.7 million. This is principally because budgetary fund balance does not include \$583 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$165.3 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment roads and bridges - Table 4. This amount represents a net decrease of \$2.6 million, or 1.5%, over last year.

Table 4
CAPITAL ASSETS
(Net of Depreciation)
(In Thousands)

	Governmental	
	Activities	
	2015	2014
Land	\$ 12,137	\$ 12,137
Buildings and improvements	72,013	75,329
Furniture, vehicles and equipment	8,034	7,788
Infrastructure	47,558	49,700
Construction in progress	25,550	22,928
Totals	\$ <u>165,292</u>	\$ <u>167,882</u>

The Town's FY 2015-16 Adopted Capital Budget calls for it to spend up to \$5.8 million for various capital projects including \$4.6 million for two dump trucks, one automated waste truck, one rescue squad, one fire engine, one ladder truck, ten police cars, dispatch consoles, various smaller pieces of equipment, and the local share for the Middle School window wall project and the Langford School roof.

Long-Term Debt

At June 30, 2015, the Town had \$44.9 million in bonds outstanding versus \$51.6 million last year - a decrease of \$6.7 million or 12.9% - as shown in Table 5. The decrease is a result of the Town paying off existing debt during the reporting period.

Table 5
OUTSTANDING DEBT
(In Millions)

	Governmental	
	Activities	
	2015	2014
General Obligation Bonds	\$ <u>44.9</u>	\$ <u>51.6</u>

The Town's general obligation bond rating is Aa2. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$852.8 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the Town of East Hartford is currently 6.5% compared with the prior year of 10.0%.

The appropriation for expenditures totals \$177.9 million in the Adopted Budget for the 2015-16 fiscal year, representing an increase of \$2.7 million or 1.6% compared to the final amended budget for the fiscal year ended June 30, 2015.

The increase in the budget was a result of \$1.1 million of additional pension plan contributions, \$1.0 million to the Board of Education, \$890 thousand due to rising labor costs which was offset by a \$417 thousand reduction in debt service.

If the appropriation estimates and estimated revenues primarily funded from property taxes are realized, the Town does not anticipate using any portion of the undesignated General Fund Balance to balance budgeted operations for the 2015-16 fiscal year.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 45.86 for the Adopted Budget for the 2015-16 fiscal year. This mill rate represents an increase of 0.46 mills or 1.0% which was primarily driven by the expense increases noted above.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of East Hartford, 740 Main Street, East Hartford, Connecticut 06108.

Basic Financial Statements

TOWN OF EAST HARTFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
In Thousands

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 40,608
Investments	330
Receivables, net	9,842
Other assets	468
Capital assets:	
Assets not being depreciated	37,687
Assets being depreciated, net	127,605
Total assets	<u>216,540</u>
Deferred Outflows of Resources:	
Changes in pension economic/demographic gains or losses	7,933
Changes in pension investment gains or losses	12,361
Deferred charge on refunding	392
Total deferred outflows of resources	<u>20,686</u>
Liabilities:	
Accounts and other payables	7,101
Due to fiduciary funds	497
Due to other governments	1,138
Unearned revenue	2,101
Noncurrent liabilities:	
Due within one year	17,432
Due in more than one year	280,273
Total liabilities	<u>308,542</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>5,557</u>
Net Position:	
Net investment in capital assets	102,696
Restricted for trust purposes:	
Expendable	162
Unrestricted	<u>(179,731)</u>
Total Net Position	<u>\$ (76,873)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 40,425	\$ 765	\$ 4,284	\$	\$ (35,376)
Public safety	32,764	1,699	1,081	20	(29,964)
Inspections and permits	654	784			130
Public works	19,575	130	898		(18,547)
Parks and recreation	3,852	461	8		(3,383)
Health and social services	5,706	258	4,517		(931)
Education	149,674	8,305	81,388		(59,981)
Interest on long-term debt	1,778				(1,778)
Total	\$ 254,428	\$ 12,402	\$ 92,176	\$ 20	(149,830)
General revenues:					
Property taxes					121,369
Grants and contributions not restricted to specific programs					6,505
Unrestricted investment earnings					54
Other general revenues					2,650
Total general revenues					130,578
Change in net position					(19,252)
Net Position, Beginning of Year, as Restated					(57,621)
Net Position, End of Year					\$ (76,873)

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
In Thousands

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 25,367	\$ 1,627	\$ 4,476	\$ 8	\$ 931	\$ 32,409
Investments	255				75	330
Receivables, net	5,678	285	88	1,595	2,196	9,842
Due from other funds	3,151		3,511		1,379	8,041
Other assets	<u>150</u>				<u>49</u>	<u>199</u>
Total Assets	<u>\$ 34,601</u>	<u>\$ 1,912</u>	<u>\$ 8,075</u>	<u>\$ 1,603</u>	<u>\$ 4,630</u>	<u>\$ 50,821</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,552	\$ 487	\$ 1,800	\$ 42	\$ 459	\$ 6,340
Due to other funds	5,681		2,955	8	186	8,830
Due to other governments			1,138			1,138
Unearned revenue		1,425			676	2,101
Total liabilities	<u>9,233</u>	<u>1,912</u>	<u>5,893</u>	<u>50</u>	<u>1,321</u>	<u>18,409</u>
Deferred inflows of resources:						
Advance property tax collections	5,557					5,557
Unavailable revenue - property taxes	3,386					3,386
Unavailable revenue - loan receivables				1,546		1,546
Unavailable revenue - other receivables	<u>129</u>				<u>515</u>	<u>644</u>
Total deferred inflows of resources	<u>9,072</u>	<u>-</u>	<u>-</u>	<u>1,546</u>	<u>515</u>	<u>11,133</u>
Fund balances:						
Nonspendable					162	162
Restricted				7	1,071	1,078
Committed			3,795		1,561	5,356
Assigned	583					583
Unassigned	<u>15,713</u>		<u>(1,613)</u>			<u>14,100</u>
Total fund balances	<u>16,296</u>	<u>-</u>	<u>2,182</u>	<u>7</u>	<u>2,794</u>	<u>21,279</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 34,601</u>	<u>\$ 1,912</u>	<u>\$ 8,075</u>	<u>\$ 1,603</u>	<u>\$ 4,630</u>	<u>\$ 50,821</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
In Thousands

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

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

Fund balances - total governmental funds	\$ 21,279
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 318,212	
Less accumulated depreciation	<u>(152,920)</u>	
Net capital assets		165,292

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	2,547
Interest receivable on property taxes	839
Housing rehabilitation loans receivable	1,546
Other accounts receivable	644
Deferred outflows of resources - pension economic/demographic gains or losses	7,933
Deferred outflows of resources - pension investment gains or losses	12,361
Deferred charge on refunding	392

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.	3,085
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension obligation	(158,341)
Net OPEB obligation	(55,102)
Bonds and notes payable	(44,910)
Unamortized bond premiums	(1,198)
Interest payable on bonds and notes	(353)
Landfill post closure monitoring	(393)
Compensated absences	(15,519)
Retirement obligations	(95)
Capital leases	<u>(16,880)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (76,873)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
General property taxes	\$ 122,150	\$	\$	\$	\$	\$ 122,150
Licenses and permits	867					867
Intergovernmental revenues	64,424	22,132	383	580	11,181	98,700
Charges for services	8,191	148			3,141	11,480
Investment income	28		6		4	38
Other	1,409		225	41	1,020	2,695
Total revenues	<u>197,069</u>	<u>22,280</u>	<u>614</u>	<u>621</u>	<u>15,346</u>	<u>235,930</u>
Expenditures:						
Current:						
General government	36,145			109	4,790	41,044
Public safety	27,957				1,672	29,629
Inspection and permits	654					654
Public works	9,373			12	625	10,010
Parks and recreation	3,168			1	483	3,652
Health and social services	3,985			517	1,346	5,848
Education	103,700	22,654			4,746	131,100
Capital outlay			12,465			12,465
Debt and sundry	9,437		1,200			10,637
Total expenditures	<u>194,419</u>	<u>22,654</u>	<u>13,665</u>	<u>639</u>	<u>13,662</u>	<u>245,039</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,650</u>	<u>(374)</u>	<u>(13,051)</u>	<u>(18)</u>	<u>1,684</u>	<u>(9,109)</u>
Other Financing Sources (Uses):						
Transfers in	725		1,669		3	2,397
Transfers out	(1,672)		(6)		(719)	(2,397)
Multi-year lease purchase agreements			4,308			4,308
Total other financing sources (uses)	<u>(947)</u>	<u>-</u>	<u>5,971</u>	<u>-</u>	<u>(716)</u>	<u>4,308</u>
Net Change in Fund Balances	1,703	(374)	(7,080)	(18)	968	(4,801)
Fund Balances at Beginning of Year	<u>14,593</u>	<u>374</u>	<u>9,262</u>	<u>25</u>	<u>1,826</u>	<u>26,080</u>
Fund Balances at End of Year	<u>\$ 16,296</u>	<u>\$ -</u>	<u>\$ 2,182</u>	<u>\$ 7</u>	<u>\$ 2,794</u>	<u>\$ 21,279</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (4,801)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,253
Depreciation expense	(6,826)

In the statement of activities, only the gain 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 assets sold.	(17)
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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 funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(655)
Property tax interest and lien revenue - accrual basis change	(126)
Housing rehabilitation loans - accrual basis change	124
Other accounts receivable - accrual basis change	56
Change in net pension liability	(28,385)
Change in deferred outflows amounts related to pension economic/demographic gains or losses	7,933
Change in deferred outflows amounts related to pension investment gains or losses	12,361

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	6,670
Capital lease payments	2,120
Capital lease financing	(4,308)
Amortization of deferred charge on refunding	(48)
Amortization of bond premiums	146

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 the governmental funds:

Compensated absences	(236)
Accrued interest	(32)
Retirement obligations	49
Net OPEB expense	(10,451)
Landfill post closure expense	24

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

2,897

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(19,252)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015
In Thousands

	Governmental Activities Internal Service Funds
Assets:	
Current:	
Cash and cash equivalents	\$ 8,199
Due from other funds	294
Other assets	<u>270</u>
Total assets	<u>8,763</u>
Liabilities:	
Current liabilities:	
Accounts payable	409
Due to other funds	2
Risk management claims	<u>2,833</u>
Total current liabilities	<u>3,244</u>
Noncurrent liabilities:	
Risk management claims	<u>2,434</u>
Total liabilities	<u>5,678</u>
Net Position:	
Unrestricted	\$ <u><u>3,085</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Governmental Activities Internal Service Funds
Operating Revenues:	
Employer contributions	\$ 21,748
Charges for goods and services	3,774
Other	985
Total operating revenues	<u>26,507</u>
Operating Expenses:	
Claims	20,317
Premiums and administrative charges	3,309
Total operating expenses	<u>23,626</u>
Operating Income	2,881
Nonoperating Revenue:	
Interest income	<u>16</u>
Change in Net Position	2,897
Net Position at Beginning of Year	<u>188</u>
Net Position at End of Year	<u><u>\$ 3,085</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from employer contributions	\$ 21,748
Cash received from charges for services	3,774
Cash received from other revenues	978
Cash paid for claims	(20,138)
Cash paid to other suppliers for services	(3,309)
Net receipts from interfund transactions	832
Net cash provided by operating activities	<u>3,885</u>
Cash Flows from Investing Activities:	
Investment income	<u>16</u>
Net Increase in Cash and Cash Equivalents	3,901
Cash and Cash Equivalents at Beginning of Year	<u>4,298</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 8,199</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>2,881</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in other assets	(7)
Decrease in due from other funds	830
Increase in due to other funds	2
Increase in accounts payable and accrued liabilities	74
Increase in risk management claims	105
Total adjustments	<u>1,004</u>
Net Cash Provided by Operating Activities	<u><u>\$ 3,885</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015
In Thousands

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 497	\$ 1,048
Due from other funds	80	53
Accounts receivable	217,330	
Investments - mutual funds		
Total assets	<u>217,907</u>	<u>\$ 1,101</u>
Liabilities:		
Accounts payable	25	\$ 1,101
Due to student groups and agencies		
Total liabilities	<u>25</u>	<u>\$ 1,101</u>
Net Position:		
Held in Trust for Pension and Other Benefits	<u>\$ 217,882</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES FIDUCIARY IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	<u>Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 14,877
Plan members	<u>5,378</u>
Total contributions	<u>20,255</u>
Investment income:	
Net depreciation in fair value of investments	(4,599)
Interest and dividends	<u>6,522</u>
Total investment income	<u>1,923</u>
Other income	<u>111</u>
Total additions	<u>22,289</u>
Deductions:	
Benefits	25,982
Administration	<u>261</u>
Total deductions	<u>26,243</u>
Change in Net Position	(3,954)
Net Position at Beginning of Year	<u>221,836</u>
Net Position at End of Year	<u>\$ 217,882</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of East Hartford, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (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.

A. Reporting Entity

The Town was incorporated in October 1783 under the provisions of the State of Connecticut General Assembly.

In June 1929, the form of government was changed to Town Council/Council President. Under home rule, the form of government was again changed to Strong Mayor/Council in April 1968 and exists as such today. The Town provides the full range of municipal services including public safety (police, fire, emergency medical service), streets, sanitation (collection and waste disposal), health and social, recreation (parks and golf course), libraries, education, planning and zoning and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

C. 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

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, charges for services 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. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The State and Federal Education Grants Fund accounts for education programs not included in the General Fund budget. The major source of revenue for this fund is education grants.

The Capital Improvement Fund accounts for all the financial resources including school construction grants, bonds and capital lease proceeds used to finance expenditures for capital improvement projects.

The Community Development Fund accounts for loan and grant activities associated with housing and community development. The major source of revenue for this fund is grants.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for the Town's risk management program.

The Pension Trust Fund accounts for the activities of the Town's retirement system, which accumulates resources for pension benefit payments to qualified Town employees.

The Retiree Benefit Trust Fund accounts for the activities of the Town's retiree healthcare system, which accumulates resources for healthcare benefit payments to qualified Town employees.

The Agency Funds account for assets held in a custodial nature including student activity and developer escrow accounts.

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

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 property taxes.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

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 services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating 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.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances are computed based on historical data.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. The Town is not a part of any overlapping government that assesses separate property taxes.

Property tax revenue is recorded when it becomes available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period; such time thereafter shall not exceed sixty (60) days.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Other improvements	20
Infrastructure	50
Vehicles	10-15
Equipment	10
Furniture and fixtures	20

H. 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 for advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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 several sources: property taxes, long-term loans, and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

I. Compensated Absences

Vacation earned can be accumulated by individual employees. In addition, employees may accumulate an additional amount of unused sick leave (as determined by individual union contracts) until termination of their employment.

Holiday pay earned by fire department personnel in the current year is not paid until the following year. Certain employees having at least two years of service with the Town are eligible for longevity benefits. These benefits are earned in the current year and paid in the following year.

J. 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.

K. Net OPEB Obligations

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities, accordingly, in the government-wide financial statements.

L. Long-Term Obligations

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

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.

M. Fund Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

Restricted Net Position

Restrictions are 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 component consists of net position that does 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).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of other governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority, East Hartford Town Council, by adopting a resolution.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or department head as specified in the Town Charter.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town established its General Fund budget in accordance with provisions of its Charter and the Connecticut General Statutes.

A budget for the General Fund is authorized annually by the Town Council. The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to February 23, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Not later than March 11, a public hearing is conducted to obtain taxpayers' comments.
- Prior to March 31, the budget is legally enacted through passage of an ordinance.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

- Prior to April 15, referendum petitions on the budget can be filed with the Town Clerk. Once these petitions are certified by the Town Clerk, the Town Council sets a referendum date.
- During the middle of April, a referendum on the budget is held and within five days the Town Council adopts the final budget.
- Under the Town Charter, no department or board may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated. However, upon approval of the Director of Finance and the Mayor, transfers from one budgetary line item to another may be made within a department, and notification is subsequently given to the legislative body. In addition, the Council may, by resolution, transfer monies from the contingency account to other line items during the first nine months of the fiscal year and may transfer from any account except the debt service line item within the General Fund during the last three months of the fiscal year. Additional appropriations made during the year amounted to \$1,402 from undesignated fund balance. Appropriations lapse at year end, except appropriations for capital projects that continue until completion of the applicable project.

The budget is administered on a modified accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Encumbrances are reported in the governmental funds in accordance with accounting principles generally accepted in the United States of America. Open encumbrances are reported as either restricted, committed or assigned fund balance depending on the level of restriction. The commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. At year end, the amount of encumbrances expected to be honored upon performance by the vendor were as follows:

General Fund	\$ 583
Capital Improvement Fund	10,430
Community Development	85
Nonmajor Governmental Funds	<u>426</u>
Total	<u>\$ 11,524</u>

B. Deficit Fund Equity

Internal Service Funds:	
Workers' Compensation	\$ 1,534

Deficit will be reduced in future years when additional revenues are realized or the General Fund appropriates and transfers funds.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, 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 does 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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State 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's credit risk is mitigated by requiring pre-qualification of financial institutions and by monitoring the credit worthiness of any depository used by the Town. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General 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*, \$16,661 of the Town's bank balance of \$18,519 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,917
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,744</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 16,661</u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
In Thousands

Cash Equivalents

At June 30, 2015 the Town's cash equivalents amounted to \$22,456. 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 90 days.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Investments

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	N/A	\$ 255	\$ 255	\$	\$
U.S. Government obligations	AAA	75			75
			<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 75</u>
Other investments:					
Mutual funds	N/A	<u>217,330</u>			
Total Investments		<u>\$ 217,660</u>			

N/A Not applicable

Interest Rate Risk

The Town's general investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates. The Town primarily invests general funds in short-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements. The Town's Retirement Board investment policy for the Town's Pension Trust investments assumes a three- to five-year holding period based on a required minimum annual rate of return of 8.5%.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town's Retirement Board investment policy limits the Town's Pension Trust investment choices. The investment policy for Pension Trust investments specifically permits investments in individual marketable securities or packages products in the following categories: cash and cash equivalents, fixed income - domestic bonds (investment grade), fixed income - non-U.S. bonds (investment grade),

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equities - U.S., equities - non-U.S., equities - emerging markets, and equities - REITS. Prohibited asset classes and/or security types are listed in the policy. All of the Town's investments are invested in various pooled accounts and mutual funds that have not been rated by nationally recognized statistical rating organizations.

Concentration of Credit Risk

The Town's general investment policy requires the diversification of investment instruments to avoid incurring unreasonable risks. Percentages of portfolio limitations are included in the policy. The Town's Retirement Board investment policy provides targeted general asset allocation guidelines. Should the general asset allocation exceed a variance of 10% from the target allocation, rebalancing of the portfolio is required. The Town's Retirement Board investment policy does specifically restrict investments in any one issuer.

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 possession of an outside party. The Town's Retirement Board investment policy requires its investment manager to be registered with the Securities and Exchange Commission and to manage the investments in accordance with State and Federal law and the Uniform Prudent Investor Act. The Town's investments, excluding U.S. government obligations, are held in open-end mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination.

4. RECEIVABLES

Receivables as of June 30, 2015 for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>State and Federal Grants</u>	<u>Capital Improvement Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,313	\$	\$	\$	\$	\$ 4,313
Accrued interest	980					980
Intergovernmental		285	88	49	1,681	2,103
Accounts	1,370				739	2,109
Loans and accrued interest on loans				1,546		1,546
Gross receivables	<u>6,663</u>	<u>285</u>	<u>88</u>	<u>1,595</u>	<u>2,420</u>	<u>11,051</u>
Less allowance for uncollectibles:						
Taxes	(422)					(422)
Accrued interest on taxes	(141)					(141)
Accounts	(422)				(91)	(513)
Total allowance	<u>(985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91)</u>	<u>(1,076)</u>
Net Total Receivables	<u>\$ 5,678</u>	<u>\$ 285</u>	<u>\$ 88</u>	<u>\$ 1,595</u>	<u>\$ 2,329</u>	<u>\$ 9,975</u>

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5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,137	\$	\$	\$ 12,137
Construction in progress	22,928	2,622		25,550
Total capital assets not being depreciated	<u>35,065</u>	<u>2,622</u>	<u>-</u>	<u>37,687</u>
Capital assets being depreciated:				
Buildings and improvements	130,919		10	130,909
Furniture, fixtures, vehicles and equipment	30,061	1,631	528	31,164
Infrastructure	118,452			118,452
Total capital assets being depreciated	<u>279,432</u>	<u>1,631</u>	<u>538</u>	<u>280,525</u>
Less accumulated depreciation for:				
Buildings and improvements	55,590	3,316	10	58,896
Furniture, fixtures, vehicles and equipment	22,273	1,368	511	23,130
Infrastructure	68,752	2,142		70,894
Total accumulated depreciation	<u>146,615</u>	<u>6,826</u>	<u>521</u>	<u>152,920</u>
Total capital assets being depreciated, net	<u>132,817</u>	<u>(5,195)</u>	<u>17</u>	<u>127,605</u>
Governmental Activities Capital Assets, Net	<u>\$ 167,882</u>	<u>\$ (2,573)</u>	<u>\$ 17</u>	<u>\$ 165,292</u>

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

Governmental activities:	
General government	\$ 511
Public safety	1,142
Public works	2,887
Parks and recreation	188
Health and social services	14
Education	<u>2,084</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,826</u>

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Construction Commitments

The Town has the following active construction projects as of June 30, 2015. At year end the Town's projects and commitments with contractors are as follows:

<u>Project Series</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2015</u>
2014 Authorization	\$ 15,000	\$ 1,102	\$ 6,524	\$ 7,374
Urban Action Grant	250	139	111	-
2012 Authorization	15,700	7,889	1,713	6,098
2010 Authorization	10,000	9,416	233	351
2008 Authorization	14,835	14,704	80	51
2007 Authorization	21,000	16,680	1,247	3,073
2006 Authorization	17,584			17,584
Main & School Street Projects	2,260	1,788		472
Town - Capital and Nonrecurring	336	105		231
BOE - Capital and Nonrecurring	2,668	777	141	1,750
Capital leases	9,023	7,834	381	808
Total	\$ 108,656	\$ 60,434	\$ 10,430	\$ 37,792

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through one fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. The General Fund provides for working capital advances to/from other funds. A summary of interfund balances as of June 30, 2015 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 8
	Capital Improvement Fund	2,955
	Nonmajor Governmental Funds	186
	Internal Service Fund	2
		<u>3,151</u>
Capital Improvement Fund	General Fund	3,511
Nonmajor Governmental Funds	General Fund	1,379
Retiree Benefit Trust Fund	General Fund	497
Internal Service Fund	General Fund	294
		<u>294</u>
Total		\$ <u>8,832</u>

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A summary of interfund transfers is presented below:

	Transfers In			Total
	General Fund	Capital Improvements	Nonmajor Governmental	Transfers Out
Transfers out:				
General Fund	\$	\$ 1,669	\$ 3	\$ 1,672
Capital Improvements	6			6
Nonmajor governmental	<u>719</u>			<u>719</u>
Total Transfers In	<u>\$ 725</u>	<u>\$ 1,669</u>	<u>\$ 3</u>	<u>\$ 2,397</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 51,580	\$	\$ 6,670	\$ 44,910	\$ 6,155
Premium on refunding bonds	<u>1,344</u>		<u>146</u>	<u>1,198</u>	
Total bonds payable	52,924	-	6,816	46,108	6,155
Capital leases	14,692	4,308	2,120	16,880	3,092
Landfill postclosure monitoring	417		24	393	23
Compensated absences	15,283	5,202	4,966	15,519	5,329
Retirement obligations	144		49	95	
Net OPEB obligation	44,651	14,282	3,831	55,102	
Net pension obligation	129,956	28,385		158,341	
Risk management claims	<u>5,162</u>	<u>20,422</u>	<u>20,317</u>	<u>5,267</u>	<u>2,833</u>
Governmental Activities Long-Term Liabilities	<u>\$ 263,229</u>	<u>\$ 72,599</u>	<u>\$ 38,123</u>	<u>\$ 297,705</u>	<u>\$ 17,432</u>

The risk management claims accounted for in the Internal Service Funds are reported in the long-term liabilities as part of the above totals for governmental activities. All long-term liabilities are generally liquidated by the General Fund.

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Bonds payable at June 30, 2015 are comprised of the following individual issues:

Description	Interest Rate %	Issue Date	Maturity Date	Original Amount	Balance Outstanding June 30, 2015
Refunding - issues dated 5/1/03	3.000 - 5.000	9/15/2009	5/1/2023	\$ 8,370	\$ 4,095
General purpose and school improvements	2.000 - 3.250	12/15/2009	12/15/2019	8,675	2,125
General purpose	2.000 - 5.000	7/1/2011	7/1/2021	11,000	9,100
General purpose and school improvements	2.000 - 3.000	7/1/2011	7/1/2015	5,280	400
General purpose and school improvements	2.000 - 3.000	2/26/2013	2/26/2028	12,230	10,090
General purpose	2.12	6/17/2014	1/15/2024	19,100	19,100
Total					\$ 44,910

The annual requirements to amortize bonds payable as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 6,155	1,236	7,391
2017	6,155	1,077	7,232
2018	6,285	926	7,211
2019	5,365	725	6,090
2020	5,405	546	5,951
2021-2025	14,555	881	15,436
2026-2028	990	54	1,044
Total	\$ 44,910	\$ 5,445	\$ 50,355

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Bonds authorized/unissued for which bonds or notes are outstanding are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Grants Received</u>	<u>Bonds Issued/ Paydowns</u>	<u>Authorized Unissued</u>
Public Safety Complex - BOE Maintenance Facility and Offices	\$ 29,526	\$ 2,539	\$ 26,421	\$ 566
East Hartford Middle School Improvements	5,731	2,445	3,226	60
East Hartford High School Renovations and Improvements	11,640	7,184	4,100	356
Fire Station/Masonry Restoration at Town Hall/Roof Replacement at Cultural and Community Center	7,400	3,660	3,740	
Road Improvements 2010	10,000		10,000	
Raymond Library Improvements	2,100		2,100	
Flood Control System Improve 2010	7,000		4,000	3,000
Road Improvements 2012	10,000		5,161	4,839
East Hartford Middle School Window wall	5,700	88		
Road Improvements 2014	15,000			
Total	\$ <u>104,097</u>	\$ <u>15,916</u>	\$ <u>58,748</u>	\$ <u>8,821</u>

The Town's indebtedness (\$125,881) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 274,109	\$ 52,003	\$ 222,106
Schools	548,217	1,728	546,489
Sewers	456,848	72,150	384,698
Urban renewal	395,935		395,935
Pension deficit	365,478		365,478

The total overall statutory debt limitation for the Town is equal to seven times annual receipts from taxation (\$852,782).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of various capital items including public works equipment, vehicles and computer hardware and software.

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The assets acquired through capital leases are as follows:

Asset class:		
Building improvements	\$	14,317
Vehicles		5,820
Equipment		4,574
Furniture		523
Total gross value		<u>25,234</u>
Less accumulated depreciation		<u>(8,354)</u>
Net Book Value	\$	<u><u>16,880</u></u>

The net book value approximates the capital lease principal balance payable at June 30, 2015.

Principal payments for 2014-2015 were \$2,120. The following is a summary of capital lease commitments as of June 30, 2015:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 3,596
2017	3,086
2018	2,597
2019	2,262
2020	1,920
Thereafter	<u>6,370</u>
Total minimum lease payments	19,831
Less amount representing interest	<u>(2,951)</u>
Present Value of Minimum Lease Payments	\$ <u><u>16,880</u></u>

Landfill Closure

The Town completed the capping of its landfill under a consent order issued by the State of Connecticut Department of Environmental Protection (now the Department of Energy and Environmental Protection, DEEP) requiring the Town to close and cap the landfill. Solid waste landfill closure and post closure care requirements have been established by the DEEP. The Town began its post closure monitoring period during fiscal year 2003. The costs associated with monitoring and maintaining the landfill area during the post closure period is the responsibility of the Town and will be paid by the General Fund. The estimated costs to perform the monitoring requirements during a projected 17-year monitoring period are \$393. These estimates are subject to change due to inflation, changes in regulations or if environmental problems are identified during post closure monitoring period. None of these costs are expected to be paid from current available resources.

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Compensated Absences

Employees can accumulate additional amounts of unused vacation and sick leave, and earn compensatory time (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees.

The following is a summary of management's estimate of the vested and nonvested potential liability for lump-sum payments to employees as of June 30, 2015:

Vested:		
Sick	\$	6,291
Vacation		2,879
Compensatory		672
Nonvested:		
Sick		<u>5,677</u> *
Total	\$	<u><u>15,519</u></u>

* Based on estimated percentage of total nonvested obligation that potentially will vest in future years.

Retirement Obligations

Board of Education retirement obligations in the amount of \$95 consist of amounts due to employees, payable upon retirement, representing deferred commitments awarded to employees in 1992 in lieu of receiving raises for that year.

8. OPERATING LEASE

In November 2013, the Town entered into an operating lease with a company to manage the operations of the Town's golf course. The initial term of the contract was effective on November 8, 2013 for a five-year term with an option to renew for two additional three-year terms if mutually agreed. The agreement calls for an initial funding by the Town of \$50 and includes an annual base management fee of \$81 per year. An additional incentive management fee is also provided for if the company outperforms the annual revenue budget projection at \$5 for each \$50 increase in total revenue over the budgeted projection.

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9. FUND BALANCE

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

	Major Funds				
	General Fund	Capital Improvement Fund	Community Development Fund	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 162	\$ 162
Restricted for:					
Grants			7	443	450
Donations				628	628
Committed to:					
Capital projects		3,795			3,795
Redevelopment				101	101
School cafeteria				1,067	1,067
Youth services				19	19
Recreation programs				272	272
Education programs				102	102
Assigned to:					
Purchases on order	583				583
Unassigned	<u>15,713</u>	<u>(1,613)</u>			<u>14,100</u>
Total Fund Balances	<u>\$ 16,296</u>	<u>\$ 2,182</u>	<u>\$ 7</u>	<u>\$ 2,794</u>	<u>\$ 21,279</u>

Significant encumbrances at June 30, 2015 are contained in the above table in the restricted or assigned category of the General Fund and Capital Improvement Fund.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund, employee health and medical claims (Health Benefits Fund) and general and auto liability claims (General Liability Fund). These funds are reported as Internal Service Funds. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. Various Town funds contribute to the self-insurance funds based on estimates made using historical data. The Town contracted with outside organizations to pay claims and provide administrative services. Additionally, stop-loss insurance coverage has been purchased to limit the Town's liability for health and medical claims. A claims liability of \$2,863 for the Workers' Compensation Fund, reported at June 30, 2015, is based on a summary report of outstanding liabilities for workers compensation and heart and hypertension claims. The claims liability of \$1,584 for the Health Benefits Fund, reported at June 30, 2015, is based on estimated claims incurred but not reported.

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A claims liability of \$820 for the General Liability Fund, reported at June 30, 2015, is based on a summary loss report of outstanding liabilities by coverage. The changes in the claims liability were as follows:

<u>Fiscal Year</u>		<u>Accrued Liability Beginning of Fiscal Year</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Accrued Liability Claim Payments</u>		<u>Accrued Liability End of Fiscal Year</u>
2014-15	\$	5,162	\$	20,422	\$	20,317	\$	5,267
2013-14		5,516		22,238		22,592		5,162

11. OVERLAPPING DEBT

The Town is a member of the Metropolitan District (a quasi-municipal corporation that provides water supply, sewerage collection and disposal facilities for members). Member towns are assessed a percentage of the Metropolitan District's net outstanding debt. As such, the Town's overlapping share of debt issued by the Metropolitan District is \$72,150 as of June 30, 2015.

12. POST EMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description

The RHP is a single-employer defined benefit healthcare plan administered by the Town. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Retiree Benefit Trust Fund. The plan does not issue a stand-alone financial report.

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At July 1, 2013, plan membership consisted of the following:

	Retiree Health Plan (not rounded)
Retired members and spouses	1,137
Active plan members	<u>1,442</u>
Total Participants	<u><u>2,579</u></u>

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees (not rounded)

The cost per month for Town employees receiving medical coverage under Anthem or ConnectiCare is \$787 per month for retiree only coverage and \$1,574 per month for retiree and spouse coverage to age 65, and \$169 and \$338 per month, respectively, thereafter.

Board of Education Employees (not rounded)

The cost per month for Board of Education employees receiving medical coverage under Anthem or ConnectiCare is \$662 per month for retiree only coverage and \$1,324 per month for retiree and spouse coverage to age 65, and \$169 and \$338 per month, respectively, thereafter. The cost per month for Board of Education employees receiving dental coverage under Anthem is \$50 per month for retiree only coverage and \$100 per month for retiree and spouse coverage.

For the year ended June 30, 2015, plan members contributed \$2,093. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$3,831 were made in accordance with actuarially determined requirements, which represent premium payments.

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Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment 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 following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

		Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$	14,515
Interest on net OPEB obligation		1,786
Adjustment to annual required contribution		<u>(2,019)</u>
Annual OPEB cost		14,282
Contributions made		<u>3,831</u>
Increase in net OPEB obligation		10,451
Net OPEB obligation, beginning of year		<u>44,651</u>
Net OPEB Obligation, End of Year	\$	<u><u>55,102</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2015, 2014 and 2013 are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/13	\$ 12,890	\$ 5,966	46.3 %	\$ 35,336
6/30/14	13,698	4,383	32.0	44,651
6/30/15	14,282	3,831	26.8	55,102

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The general inflation rate is 2.75%

An annual healthcare cost trend rate of 6.8% is used initially, decreasing to an ultimate rate of 4.7% over 69 years. The remaining amortization period at July 1, 2013 was 24 years decreasing, closed group.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
7/1/2009	\$ 2,404	\$ 129,899	1.85 %	N/A	N/A
7/1/2011	525	148,883	0.35	37,198	399%
7/1/2013	1,037	160,456	0.65	37,880	421%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/13	\$ 12,935	46.1 %
6/30/14	13,816	31.7
6/30/15	14,515	26.4

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

East Hartford Retirement System Fund

A. Plan Description and Benefits Provided

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established by the Town to provide pension benefits for its employees. The Public Employee Retirement System was enacted by Special Act of the Connecticut Legislature. The plan is managed by the Pension and Retiree Benefit board consisting of five members appointed by Town Council including the Town Treasurer, a Town Councilor, and three electors of the Town, one of whom shall be a member of the Town's retirement system. The board serves as trustee of the funds and shall determine contributions payable by the Town in accordance with sound actuarial principles. The Pension and Retiree Benefit Board shall ensure the pension funds are prudently invested for long-term, safe growth of invested funds. There are no stand-alone financial statements issued for the PERS. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

The Town of East Hartford Retirement System covers all full-time police, firefighter and general employees of the Town and full-time paraprofessionals and noncertified employees of the Board of Education hired prior to December 31, 2005 and only police, firefighter, paraprofessionals and dispatchers hired after December 31, 2005. The Town provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Firefighters and police officers are 100% vested after 15 years of service. Dispatchers are 100% vested after 5 years of service. All other participants in the plan are 100% vested after 10 years of service. Firefighters and police officers who retire at normal retirement (25 years of service regardless of age, or age 65 with the completion of 15 years of service) receive a benefit of 2.5% of final average salary per year of service to a maximum of 75% of final average salary. Paraprofessional employees who retire at normal retirement (attainment of age 65 and completion of 10 years of service; attainment of age 62 and completion of 25 years of service; the latter of age 65 or 5 years of participation in the plan; or the Rule of 85) receive a benefit of 2.2% of the employee's final average salary multiplied by the number of years and full months of credited service, not to exceed 70% of the employee's final average salary. Dispatchers who retire at normal retirement (attainment of age 65 and completion of 5 years of credited service; 25 years of credited service regardless of age; or the Rule of 75) receive a benefit of 2.2% of the employee's final average salary multiplied by the number of years and full months of credited service, not to exceed 70% of the employee's final average salary. All other participants of the plan who retire at normal retirement (the latter of age 65 and the completion of ten years of service, or the latter of age 62 and the completion of 25 years of service) receive a benefit of 2.33% of final average salary per year of service to a maximum of 70% of final average salary. Final average salary is defined as the average of salary earned during the highest 36 consecutive months of employment based upon the plan year prior to termination.

Cost of living adjustments are provided to retirees as follows:

- General Town and Board of Education Employees: retirees and beneficiaries who retired prior to January 1, 1991 receive an annual 2% increase. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive an annual 1% increase. Retirees and beneficiaries who retired on a Disability Pension after December 1, 1996 and prior to December 31, 2005 receive a 1% annual increase. Participants retiring after July 1, 2005 receive a 2% annual increase.

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- Police and Fire Employees: Police retirees who retired after January 1, 2000 receive 2% increase per year with the first increase paid in the fifth year of retirement. Fire retirees who retired after July 1, 2005 receive a 1% increase beginning in the fifth year of retirement, increasing to 2% per year starting with the ninth year of retirement. Police and Fire retirees who retired prior to January 1, 1991 receive a 2% annual increase. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive a 1% annual increase. (The 2% Police COLA supersedes the 1% for retirees and beneficiaries who retired in 2000 or 2001).

Plan benefits may be amended by the Town Council.

The membership of the plan consisted of the following at July 1, 2014, the date of the latest actuarial valuation (not rounded):

Retiree, disabled and beneficiaries currently receiving benefits	650
Terminated employees entitled to benefits but not yet receiving them	23
Current employees:	
Vested	472
Nonvested	60
Inactive participants eligible for a refund of contributions	<u>88</u>
Total	<u><u>1,293</u></u>

The pension plan was closed to new entrants on July 1, 2006.

B. Summary of Significant Accounting Policies, Plan Asset Matters and Plan Changes

Basis of Accounting

The Town's Pension Trust Funds' financial statements are prepared on the accrual basis of accounting. Employer and employee contributions are recognized when due, pursuant to plan provisions and contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are valued at fair value.

Plan Change

There were no plan changes made for the July 1, 2014 valuation.

Plan Expenses

Expenses of administering the plan are paid for by the plan.

C. Funding Policy

The contribution requirements of plan members are fixed by contract and may be amended by union negotiations as approved by the Town Council.

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Employee contribution requirements as a percentage of their earnings to the PERS are as follows:

General Employees	8.00 %
Firefighters	8.00
Police Officers	8.00
Paraprofessionals	6.00
Dispatchers	8.00

If an employee leaves employment before meeting the vesting requirements, accumulated employee contributions and interest are refunded. Interest on employee contributions is credited at 4% per year. The Town is required to contribute the remaining actuarially determined amount necessary to provide the benefits for its employees. The Town's current contribution percentage is 26.98% of covered payroll. The annual required contribution for the current year was determined as part of the PERS actuarial valuation dated July 1, 2014.

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation
Domestic Equities	35.00%
International Developed Markets Equities	20.00%
Emerging Markets	5.00%
REITs	5.00%
Core Fixed Income	<u>35.00%</u>
Total Portfolio	<u><u>100.00%</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 0.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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E. Deferred Retirement Option Plan (DROP)

The Town offers a DROP to bargaining unit members employed on or after July 1, 2001. Any bargaining unit member who is a member of the Retirement Plan for full-time employees of the Police Department of the Town of East Hartford, upon completing his/her 25th year of service may elect the DROP at any time up to and through the completion of his/her 29th year of service. No bargaining unit member may elect the DROP after the completion of his/her 29th year of service. Upon the election of the DROP, no further pension benefits will accrue. During the DROP period, the employee's monthly pension benefits will be made to the employee's separately designated DROP account equal to 96% of the pension payment the employee was entitled to receive had that employee not elected the DROP. Upon separation from Town service, the monthly pension benefit shall increase to 100% of the monthly pension payment. During the DROP period, the employee will continue to make employee contributions equivalent to the amounts in effect at the time the DROP was elected and these contributions will be made to the Town's Pension Fund, not the member's separate DROP account. The DROP period has a minimum length of one year and a maximum of five years.

F. Net Pension Liability of the Town

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

Total pension liability	\$ 373,331
Plan fiduciary net position	<u>(214,990)</u>
Net Pension Liability	<u>\$ 158,341</u>
Plan fiduciary net position as a percentage of the total pension liability	57.59%

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.3%
Salary increases	3.5%
Investment rate of return	8%, including inflation

Mortality rates were based on the RP-2000 Healthy Mortality Table projected 14 years with scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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Long-term returns are determined using a building-block method in which the 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Domestic Equities	35.00%	6.70%	2.3450%
International Developed Markets Equities	20.00%	7.40%	1.48%
Emerging Markets	5.00%	9.70%	0.49%
REITs	5.00%	6.70%	0.34%
Core Fixed Income	<u>35.00%</u>	1.60%	<u>0.56%</u>
Total Portfolio	<u><u>100.00%</u></u>		5.22%
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			<u><u>7.82%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town of East Hartford contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries, are included. Projected employer contributions that are intended to fund the service costs of future plan members, and their beneficiaries, as well as projected contributions from future plan members, are not included. 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.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	\$ 349,344	\$ 219,388	\$ 129,956
Changes for the year:			
Service cost	6,284		6,284
Interest on total pension liability	27,525		27,525
Effect of economic/demographic gains or losses	10,500		10,500
Benefit payments	(20,322)	(20,322)	-
Employer contributions		11,046	(11,046)
Member contributions		3,285	(3,285)
Net investment income		1,851	(1,851)
Administrative expenses		(258)	258
Net changes	23,987	(4,398)	28,385
Balances as of June 30, 2015	\$ 373,331	\$ 214,990	\$ 158,341

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (7.00%)	Current Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net pension liability as of June 30, 2015	\$ 201,112	\$ 158,341	\$ 96,743

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Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense of \$11,891. At June 30, 2015, the Town reported deferred outflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>
Changes in pension economic/demographic gains or losses	\$ 7,933
Changes in pension investment gains or losses	<u>12,361</u>
Total	<u><u>\$ 20,294</u></u>

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

Year Ending June 30,

2016	\$ 5,657
2017	5,657
2018	5,657
2019	3,323

14. DEFINED CONTRIBUTION PLAN

The Town of East Hartford established a defined contribution plan effective January 31, 2007 to provide benefits at retirement to full-time, non-public safety, non-teacher and non-dispatcher hired after January 1, 2006 for both the Town and Board of Education. The Town's Finance Department in cooperation with the Human Resources Department administers this single employer defined contribution benefit plan. Employees are required to contribute 6% of covered salary, which are matched by employer contributions of 3% of covered salary. Employees are fully vested in employee contributions and are fully vested after five years in employer contributions.

The value of the plan at June 30, 2015 is \$5,042,343. There were 217 participants as of June 30, 2015. During the fiscal year ended June 30, 2015, employees contributed \$574,797 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$287,396. Covered payroll totaled \$9,579,955. Plan provisions and contribution requirements are determined by contract approval by the East Hartford Town Council and may be amended only with bargaining unit approvals.

15. TEACHERS RETIREMENT

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

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

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

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>134,612</u>
Total	\$ <u>134,612</u>

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

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$10,113 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

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class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the 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.

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

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In Thousands

16. PENSION AND OPEB COMBINING SCHEDULES

Pension and OPEB Combining Statement of Net Position

	Pension Trust Fund	Retiree Benefit Trust Fund	Total
Assets:			
Due from other funds	\$	\$ 497	\$ 497
Accounts receivable		80	80
Investments - mutual funds	<u>215,006</u>	<u>2,324</u>	<u>217,330</u>
Total assets	<u>215,006</u>	<u>2,901</u>	<u>217,907</u>
Liabilities:			
Accounts payable	<u>16</u>	<u>9</u>	<u>25</u>
Net Position:			
Held in Trust for Pension and Other Benefits	<u>\$ 214,990</u>	<u>\$ 2,892</u>	<u>\$ 217,882</u>

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Pension and OPEB Combining Statement of Changes in Net Position

	Pension Trust Fund	Retiree Benefit Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 11,046	\$ 3,831	\$ 14,877
Plan members	3,285	2,093	5,378
Total contributions	<u>14,331</u>	<u>5,924</u>	<u>20,255</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(4,614)	15	(4,599)
Interest and dividends	<u>6,465</u>	<u>57</u>	<u>6,522</u>
Total investment income	<u>1,851</u>	<u>72</u>	<u>1,923</u>
Other income		111	111
Total additions	<u>16,182</u>	<u>6,107</u>	<u>22,289</u>
Deductions:			
Benefits	20,322	5,660	25,982
Administration	<u>258</u>	<u>3</u>	<u>261</u>
Total deductions	<u>20,580</u>	<u>5,663</u>	<u>26,243</u>
Change in Net Position	(4,398)	444	(3,954)
Net Position at Beginning of Year	<u>219,388</u>	<u>2,448</u>	<u>221,836</u>
Net Position at End of Year	<u>\$ 214,990</u>	<u>\$ 2,892</u>	<u>\$ 217,882</u>

17. COMMITMENTS AND CONTINGENCIES

The Town of East Hartford is located on the eastern bank of the Connecticut River, a major tributary that outlets to Long Island Sound and the Atlantic Ocean. After extensive flooding caused by the Hurricane of 1938, the Army Corps of Engineers constructed a Flood Protection System (the System) with the Town's assistance to protect a significant area of Town. The Town entered into an agreement with the federal government to own, operate and maintain the System after its construction. The System consists of earthen levee, concrete floodwall, two closure structures, three storm water pump stations, and storage pond as well as other infrastructure.

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As a result of the Hurricane Katrina natural disaster in 2005, the Army Corps of Engineers reviewed their policies and standards, which ultimately resulted in the creation of a new interim policy for flood protection systems. The heightened emphasis on maintenance, the new interim policy as well as the Federal Emergency Management Agency (FEMA) accreditation process resulted in the Town needing to address and repair deficiencies in an effort to ensure that the System provides the appropriate level of protection.

In response to the Army Corps of Engineers' directives and the findings of the FEMA accreditation study, the Town, since 2007, has been systematically addressing necessary repairs and corrections to the System in order to improve stability and integrity of the System. The repairs include, but are not limited to, the following: the installation of sheet pile cut-off walls, soil bentonite cut-off wall, replacement of a failing timber bulkhead with a new steel sheeting bulkhead, replacement of a concrete retaining wall, various repairs to the three storm water pump stations, etc.

Additional work and repairs remain to be completed. The identified repairs include, but are not limited to, the following: the renovation of the two closure structures, repair of the Meadow Hill Outfall box culvert, renovations of the storm water pump stations including electrical systems as well as new pumps, removal of sediment from the Meadow Hill storage pond, acquisition of various property rights for the System, replacement of the toe drain system to assist in the control of seepage within the levee structure, etc.

The Town voters approved two individual \$7,000 bond authorizations in November 2007 and November 2011 to fund various repairs in order to maintain the Army Corps of Engineers' active status as it relates to Public Law 84-99 as well as FEMA accreditation for the System. The Town successfully secured Connecticut Department of Energy and Environmental Protection (CT DEEP) grant reimbursements for a total amount of \$7,000 for the rehabilitation of the System.

To date, the Town has expended a majority of the \$21,000 on required System improvements, including the two \$7,000 Town voter bond authorizations and the \$7,000 CT DEEP grant reimbursement. The remaining funds have been programmed to complete required repairs that are currently in the design phase.

Public Works continues to develop an overall list of repairs and operational improvements for the System. The total cost of the rehabilitation of the System has been estimated at \$28,000 (in 2014 dollars) but final costs will not be known until all of the rehabilitation work is designed and construction is completed. All construction projects are being competitively bid and awarded. The Town is actively pursuing funding assistance both at the state and federal levels to complete the remaining elements of the rehabilitation project, which are estimated to cost \$7,000.

Landfill Remediation

Prior to the landfill closing, citizens fishing in the Hockanum River reported partially buried drums along the river south of the eastern landform. The drums and their contents were removed. Subsequently, two pockets of contamination above acceptable levels have been identified. Additional testing and characterization have been conducted to determine the scope of the remediation project. Meetings were then held with CT DEEP as well as the United States Environmental Protection Agency for the purpose of determining the extent of contamination in the soil, clean-up standards as well as to define a remediation plan.

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The Town will provide a remediation plan based on CT DEEP's required standards. Once the plan is approved by the state and federal agencies, the Town will proceed with the design and associated land use permits. The Town will competitively bid the remediation work to be completed. Based on the estimated cost of the remediation provided to the Town by its environmental engineering firm, management does not believe that the costs of remediation will have a material effect on the financial statements.

18. LITIGATION

During the normal course of business, claims against the Town arise from personal injury suits, contract disputes, property damage claims and other normal type claims related to a municipality.

It is the opinion of the Town Attorney that the ultimate liability of the Town for these cases currently pending will not have a material adverse effect upon the Town's financial position.

During 2009, a personal property settlement was assessed against the Town by a manufacturing company. The settlement stipulated that the Town of East Hartford refund personal property taxes in the amount of \$4,000 in 36 biannual credits commencing with the property tax bills due July 1, 2009, and ending with the property tax bills due January 1, 2027. The first 35 credits each will be in the amount of \$113. The final credit, to be provided as of January 1, 2027, will be in the amount of \$63.

19. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

Net position at June 30, 2014, as previously reported	\$	70,955
Adjustments:		
Eliminate net pension obligation reported per GASB No. 27		1,380
Record net pension liability per GASB No. 68		<u>(129,956)</u>
Net Position at July 1, 2014, as Restated	\$	<u><u>(57,621)</u></u>

**Required Supplementary
Information**

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Budgeted Amounts			
	Original	Final	Actual	Variance
General property taxes:				
Current tax levy	\$ 118,531	\$ 118,531	\$ 118,831	\$ 300
Prior years levy	1,500	1,500	1,920	420
Interest and liens	1,300	1,300	1,399	99
Total	<u>121,331</u>	<u>121,331</u>	<u>122,150</u>	<u>819</u>
Licenses and permits:				
Sporting	1	1		(1)
Protective	13	13	15	2
Amusement	2	2	1	(1)
Building structures and equipment	1,000	1,000	761	(239)
Street privilege and use	11	11	19	8
Health	70	70	67	(3)
Other licenses and fees	22	22	4	(18)
Total	<u>1,119</u>	<u>1,119</u>	<u>867</u>	<u>(252)</u>
Intergovernmental revenues:				
Pilot/Economic Development			39	39
Pilot/Telephone	145	145	128	(17)
Housing in lieu of taxes - State	105	105		(105)
Pilot - State Property	877	877	1,050	173
Distressed Municipalities	46	46	86	40
Controlling interest trans tax	12	12	2	(10)
Municipal video trust	5	5		(5)
Housing in lieu of taxes - Federal	80	80		(80)
State relief - circuit breaker	360	360	376	16
Elderly taxes	6	6		(6)
Disability exemptions	10	10	12	2
Veterans exemptions	40	40	42	2
Abandoned motor vehicles	1	1	2	1
Education cost sharing	41,710	41,710	41,900	190
Pequot funds	309	309	308	(1)
Special education	1,600	1,600	1,935	335
Health and welfare	30	30	32	2
Transportation	534	534	542	8
Revenue sharing	4,183	4,183	4,183	-
UMTA	13	13	18	5
Youth Services	39	39	39	-
Total	<u>50,105</u>	<u>50,105</u>	<u>50,694</u>	<u>589</u>
Charges for services:				
Town Clerk	740	740	743	3
Public Safety	523	523	199	(324)
Emergency Management			26	26
Building	37	37	23	(14)
Public Works	138	138	111	(27)
Libraries	16	16	13	(3)
Recreation	85	85	52	(33)
Cemeteries	165	165	191	26
Total	<u>1,704</u>	<u>1,704</u>	<u>1,358</u>	<u>(346)</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
Use of money:				
Interest from investments	\$ 30	\$ 30	\$ 28	\$ (2)
Fines and forfeits:				
Traffic tags and motor vehicle fines	70	70	52	(18)
Other revenue:				
Rentals	75	75	75	-
Compensation and insurance refunds	90	90	97	7
Miscellaneous	200	200	1,278	1,078
Total	365	365	1,450	1,085
Total revenues	174,724	174,724	176,599	1,875
Other financing sources:				
Appropriation of fund balance		1,402		(1,402)
Transfers in:				
Capital Improvement Fund	5	5	6	1
Nonmajor funds	321	321	719	398
Total other financing sources	326	1,728	725	(1,003)
Total	\$ 175,050	\$ 176,452	177,324	\$ 872
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			10,113	
State of Connecticut on-behalf contributions for WIC.			2,457	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.			(93)	
The Board of Education does not budget for a combination of intergovernmental grants and charges for services amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			7,993	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 197,794	

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
Town Council	\$ 155	\$ 191	\$ 182	\$ 9
Town Clerk	268	276	262	14
Registrar	92	120	116	4
Selectmen	2	2	2	-
Mayor's Office	401	381	378	3
Corporation Counsel	404	394	366	28
Personnel	273	310	298	12
Libraries	1,092	996	972	24
Probate	35	35	20	15
Youth services	392	387	381	6
Grants administration	103	109	99	10
Finance administration	125	132	131	1
Accounts and control	340	366	364	2
Data processing	1,364	1,328	1,260	68
Purchasing	184	188	180	8
Treasury	4	4	4	-
Assessing	558	584	575	9
Revenue and collections	398	390	374	16
Employee benefits	24,078	24,387	24,359	28
Risk management	917	922	922	-
Development	243	296	291	5
Economic development	31	30	26	4
Planning and Zoning	11	11	10	1
Inland Wetlands	7	7	5	2
Redevelopment Agency	1	1	1	-
Z.B.A.	5	5	4	1
Boards, committees and commissions	35	35	25	10
M.D.C.	4,438	4,438	4,398	40
Contingency	1,904	375	375	-
Total general government	37,860	36,700	36,380	320
Public safety:				
Police:				
Administration	11,571	12,513	12,460	53
Operations	40	24	20	4
Criminal investigation	18	6	5	1
Communications	1,556	1,614	1,608	6
Total police	13,185	14,157	14,093	64
Fire:				
Administration	549	626	614	12
Fire suppression	10,393	11,319	11,306	13
Fire Marshal	417	390	387	3
Fire apparatus maintenance	468	491	481	10
Fire alarm maintenance	293	299	290	9
Emergency medical services	594	554	544	10
Emergency management	82	12	9	3
Training	169	142	140	2
Total fire	12,965	13,833	13,771	62
Total public safety	26,150	27,990	27,864	126
Inspections and permits	672	669	657	12

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
Public works:				
Administration	\$ 309	\$ 325	\$ 323	\$ 2
Engineering	566	528	522	6
Highway services	2,847	2,929	2,815	114
Waste services	2,250	2,253	2,239	14
Fleet services	1,571	1,786	1,743	43
Building maintenance	1,535	1,728	1,651	77
Total public works	<u>9,078</u>	<u>9,549</u>	<u>9,293</u>	<u>256</u>
Parks and recreation:				
Administration	1,103	1,238	1,187	51
Maintenance	1,496	1,659	1,649	10
Park other facilities	365	313	297	16
Fine arts	20	20	19	1
Total parks and recreation	<u>2,984</u>	<u>3,230</u>	<u>3,152</u>	<u>78</u>
Health and social services:				
Administration	104	106	105	1
Community health and nursing	135	130	124	6
Social services	269	259	240	19
Elderly services - commissions	6	6	6	-
Elderly services	731	822	785	37
Community service persons disabilities	3	3		3
Environment control	237	283	269	14
Total health and social services	<u>1,485</u>	<u>1,609</u>	<u>1,529</u>	<u>80</u>
Education	<u>87,266</u>	<u>85,594</u>	<u>85,594</u>	<u>-</u>
Debt service:				
Bond principal and interest	8,068	7,964	7,963	1
Capital improvement - lease financing	1,487	1,474	1,474	-
Total debt service	<u>9,555</u>	<u>9,438</u>	<u>9,437</u>	<u>1</u>
Transfers out:				
Capital Improvement Funds		1,670	1,670	-
Special Revenue Funds		3	3	-
Total transfers out	<u>-</u>	<u>1,673</u>	<u>1,673</u>	<u>-</u>
Total	<u>\$ 175,050</u>	<u>\$ 176,452</u>	<u>175,579</u>	<u>\$ 873</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.	10,113
State of Connecticut on-behalf payments for WIC.	2,457
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for GAAP financial reporting purposes.	(491)
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.	440
The Board of Education does not budget for a combination of intergovernmental grants, charges for services and other revenue amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	7,993

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 196,091

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
In Thousands

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 6,284	\$ 5,581
Interest	27,525	27,709
Differences between expected and actual experience	10,500	
Benefit payments, including refunds of member contributions	<u>(20,322)</u>	<u>(20,114)</u>
Net change in total pension liability	23,987	13,176
Total pension liability - beginning	<u>349,344</u>	<u>336,168</u>
Total pension liability - ending	<u>373,331</u>	<u>349,344</u>
Plan fiduciary net position:		
Contributions - employer	11,046	10,251
Contributions - member	3,285	3,233
Net investment income	1,851	30,546
Benefit payments, including refunds of member contributions	(20,322)	(20,114)
Administrative expense	<u>(258)</u>	<u>(227)</u>
Net change in plan fiduciary net position	(4,398)	23,689
Plan fiduciary net position - beginning	<u>219,388</u>	<u>195,699</u>
Plan fiduciary net position - ending	<u>214,990</u>	<u>219,388</u>
Net Pension Liability - Ending	\$ <u>158,341</u>	\$ <u>129,956</u>
Plan fiduciary net position as a percentage of the total pension liability	57.59%	62.80%
Covered-employee payroll	\$ 40,940	\$ 40,451
Net pension liability as a percentage of covered-employee payroll	386.76%	321.27%

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
In Thousands

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 11,046	\$ 10,187	\$ 9,331	\$ 9,207	\$ 8,434	\$ 8,189	\$ 7,407	\$ 7,147	\$ 6,496	\$ 5,321
Contributions in relation to the actuarially determined contribution	<u>11,046</u>	<u>10,251</u>	<u>9,372</u>	<u>9,207</u>	<u>8,451</u>	<u>8,180</u>	<u>7,407</u>	<u>7,176</u>	<u>6,759</u>	<u>5,321</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>(64)</u>	\$ <u>(41)</u>	\$ <u>-</u>	\$ <u>(17)</u>	\$ <u>9</u>	\$ <u>-</u>	\$ <u>(29)</u>	\$ <u>(263)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 40,941	\$ 40,451	\$ 41,164	\$ 42,374	\$ 41,404	\$ 41,056	\$ 42,000	\$ 41,759	\$ 41,609	\$ 42,314
Contributions as a percentage of covered-employee payroll	26.98%	25.34%	22.77%	21.73%	20.41%	19.92%	17.64%	17.18%	16.24%	12.58%

Notes to Schedule

Valuation date: July 1, 2014

Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar of payroll, 3.5% annual increase
Remaining amortization period	29 years remaining as of July 1, 2014, closed
Asset valuation method	5-year smoothed market
Inflation	2.30%
Salary increases (General, Dispatcher and Paraprofessions)	3.50%
Salary increases (Police and Fire Employees)	4.00%
Investment rate of return	8.00%

Retirement age - General Employees - Town and Board of Education Hired prior to March 1, 1983 - later of age 62 and 8 years of service

Retirement age - General Employees - Town and Board of Education Hired on or after March 1, 1983 - later of age 65 and 10 years of service or age 62 and completion of 25 years of service if earlier

Retirement age - Paraprofessional Employees The earliest of (1) attainment of age 65 and completion of 10 years of service; (2) attainment of age 62 and completion of 25 years of service; or (3) the Rule of 85

Retirement age - Dispatcher Employees The earliest of (1) attainment of age 65 and completion of 5 years of service; (2) 25 years of service; or (3) the Rule of 75

Retirement age - Police Officers and Firefighters 25 years of service regardless of age, or mandatory retirement at age 65 with the completion of 10 years of service for Fire and 15 years of service for Police.

Mortality - Males RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected 14 years with Scale BB

Mortality - Females RP-2000 Combined Healthy Mortality Table, projected 14 years with Scale BB

* The amortization period has been reset as of July 1, 2013.

**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS**

	2015	2014
Annual money-weighted rate of return, net of investment expense	0.08%	15.55%

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR

	2015
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>134,612</u>
Total	<u>\$ 134,612</u>
Town's covered-employee payroll	\$ 53,833
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

APPENDIX B - FORM OF OPINION OF BOND COUNSEL



280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

October 12, 2016

Town of East Hartford,
East Hartford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of East Hartford, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated October 12, 2016 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$21,060,000 Town of East Hartford, Connecticut General Obligation Bonds, Issue of 2016, dated October 12, 2016 (the “Bonds”), maturing on October 15 in each of the years, in the principal amounts and bearing interest payable on April 15, 2017 and semiannually thereafter on October 15 and April 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2018	\$1,635,000	3.000%	2023	\$1,650,000	4.000%
2019	3,545,000	4.000	2024	1,650,000	2.125
2020	3,545,000	4.000	2025	1,650,000	2.250
2021	3,550,000	4.000	2026	1,650,000	4.000
2022	2,185,000	4.000			

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of September and March in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement [any official statement] or other offering material relating to the Bonds, and we express no opinion relating thereto[, excepting only the matters set forth as our opinion in the Official Statement].

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

FORM OF CONTINUING DISCLOSURE AGREEMENT CONTINUING DISCLOSURE AGREEMENT

Town of East Hartford, Connecticut
\$21,060,000 General Obligation Bonds, Issue of 2016
dated October 12, 2016

October 12, 2016

WHEREAS, the Town of East Hartford, Connecticut (the “Town”) has heretofore authorized the issuance of \$21,060,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2016, dated October 12, 2016 (the “Bonds”), and to mature on the dates and in the amounts as set forth in the Town’s Official Statement dated September 28, 2016 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated October 12, 2016 (the “Bond Purchase Agreement”); and

WHEREAS, in the Bond Purchase Agreement, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;
- (G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF EAST HARTFORD, CONNECTICUT

By: _____
Marcia A. Leclerc
Mayor

By: _____
Donald Currey
Treasurer

By: _____
Michael P. Walsh
Director of Finance