

Official Statement Dated October 17, 2018

NEW ISSUE – Book-Entry Only

S&P GLOBAL RATINGS: AA
(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 for tax years beginning before January 1, 2018. 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

\$14,600,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018

Dated: Date of Delivery

Due: October 15, 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 October 15, 2019 and semi-annually thereafter on October 15 and April 15 in each year until maturity or earlier redemption. 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, and Paying Agent for the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2020	\$1,625,000	5.000 %	2.080 %	272839TY7	2025	\$1,625,000	4.000 %	2.620 % *	272839UD1
2021	1,625,000	5.000	2.150	272839TZ4	2026	1,620,000	4.000	2.720 *	272839UE9
2022	1,625,000	5.000	2.250	272839UA7	2027	1,615,000	3.000	3.080	272839UF6
2023	1,625,000	5.000	2.350	272839UB5	2028	1,615,000	3.000	3.160	272839UG4
2024	1,625,000	5.000	2.470	272839UC3					

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

Raymond James & Associates, Inc.

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. 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 31, 2018.

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 – "Audited 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 Municipal 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).

BOND COUNSEL

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Hartford, Connecticut
(860) 275-8200

MUNICIPAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	Town of East Hartford, Connecticut (the "Town").
Issue:	\$14,600,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	October 31, 2018.
Principal Due:	Serially, October 15, 2020 - 2028.
Interest Due:	October 15 and April 15 in each year, commencing October 15, 2019.
Purpose and Authority:	The Bonds are being issued to finance school renovations and rehabilitant of Town roads pursuant to Title 7 and Title 10 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 voters of the Town at referendum.
Redemption:	The Bonds <u>ARE</u> subject to redemption prior to maturity. See "Optional Redemption" herein.
Security:	The Bonds will be general obligations of the Town of East Hartford, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA" by S&P Global Ratings ("S&P"). Certain outstanding bonds of the Town are rated "Aa3" by Moody's Investors Service ("Moody's"). However, the Town did not seek a rating from Moody's on this issue.
Basis of Award:	True Interest Cost ("TIC") as of the dated date.
Tax Status:	See "Tax Matters" and Appendix B to this Official Statement.
Continuing Disclosure Agreement:	See "Availability of Continuing Disclosure Information" and Appendix C to this Official Statement.
Bank Qualification:	The Bonds shall <u>NOT</u> 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.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, of Hartford, Connecticut.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about October 31, 2018, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Michael P. Walsh, Director of Finance, Town of East Hartford, 740 Main Street, East Hartford, Connecticut 06108. Telephone (860) 291-7246.

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 \$14,600,000 General Obligation Bonds, Issue of 2018 ("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.

Bond counsel is not passing upon and does not assume responsibility for the accuracy of the statements made in this Official Statement (other than matters expressly set forth in its opinion) and makes no representations that it has independently verified the same.

Description of the Bonds

The Bonds will be used to finance new projects of the Town (see "Authorization and Purpose of the Bonds" herein). 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 October 15, 2019 and semiannually thereafter on October 15 and April 15 in each year until maturity or earlier redemption. 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 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 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 only system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC, or a successor securities depository, or its 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 Bonds

Authorization: The 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 Bonds will be used to finance various capital projects undertaken by the Town as follows:

Project	Total Amount of Authorization	Prior Debt Issued	The Bonds (This Issue)
East Hartford Middle School Window Wall	\$ 1,600,000	\$ -	\$ 1,600,000
Road Improvements 2014	15,000,000	9,996,000	5,000,000
Road Improvements 2016	15,000,000	-	8,000,000
	<u>\$ 31,600,000</u>	<u>\$ 9,996,000</u>	<u>\$ 14,600,000</u>

Ratings

The Bonds have been rated "AA" by S&P Global Ratings ("S&P"). Certain outstanding bonds of the Town are rated "Aa3" by Moody's Investors Service ("Moody's"). However, the Town did not seek a rating from Moody's for this issue. Such rating reflects only the views of such rating agency and any explanation of the significance of such rating may be obtained from S&P at the following address: S&P Global Ratings, 55 Water 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 for tax years beginning before January 1, 2018.

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 offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering 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 offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering 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, of qualified disabled persons and veterans 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 S&P Global Ratings 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 only 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.

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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 2016 U.S. Census Bureau is 50,834.

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, 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 approximately 35,000 people worldwide and 8,700 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, Hoffman Auto Group, Gengras Auto Group, Riverside Health and Rehabilitation Center, Cabela's and Connecticut Natural Gas.

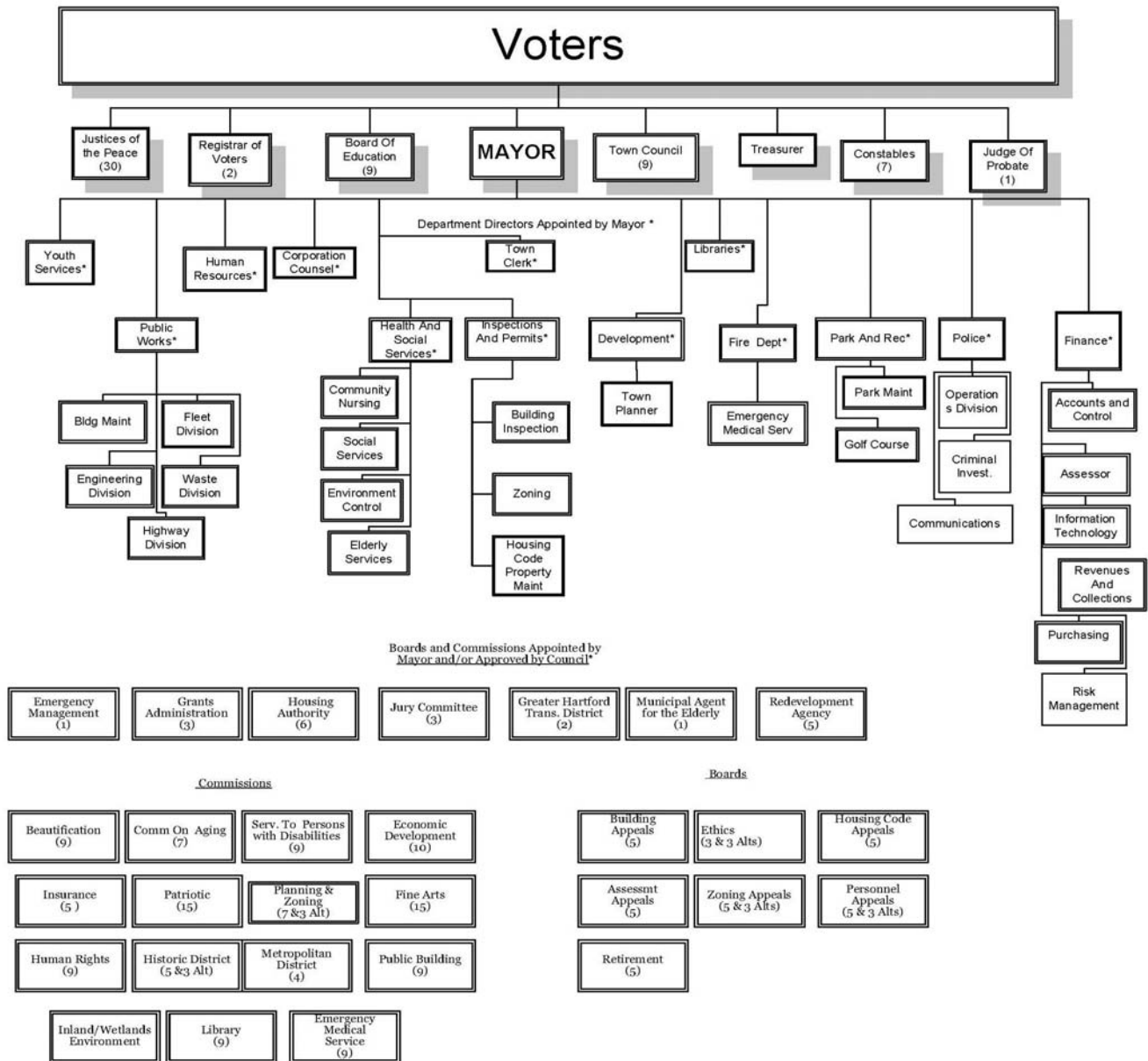
The Town's proximity to Hartford, easy access to major transportation routes, and affordable office space make it a prime location for economic expansion. Major public and private investment by the East Hartford community, the State of Connecticut and others has energized East Hartford and the entire region. The 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.

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Table of Organization



Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection & Term</u>	<u>Years of Service</u>
Mayor	Marcia A. Leclerc	Elected - 2 Years	8 years
Town Council:			
Chairman	Richard F. Kehoe	Elected - 2 Years	27 years
Vice Chairman	Linda A. Russo	Elected - 2 Years	9 years
Majority Leader	Ram Aberasturia	Elected - 2 Years	7 years
Minority Leader	Esther Clarke	Elected - 2 Years	6 years
Councilman at Large	Marc I. Weinberg	Elected - 2 Years	15 years
Councilman at Large	Patricia Harmon	Elected - 2 Years	9 years
Councilman at Large	Joseph Carlson	Elected - 2 Years	3 years
Councilman at Large	Shelby Brown	Elected - 2 Years	1 year
Councilman at Large	Caroline Torres	Elected - 2 Years	1 year
Town Clerk	Robert Pasek	Appointed - Indefinite	7 years
Tax Collector	Iris Laurenza	Appointed - Indefinite	10 years
Treasurer	Donald M. Currey	Elected - 2 Years	3 years
Corporation Counsel	Scott Chadwick	Appointed - Indefinite	11 years
Director of Finance	Michael P. Walsh	Appointed - Indefinite	22 years
Director of Public Works	Keith Chapman	Appointed - Indefinite	1 year
Fire Chief	John Oates	Appointed - Indefinite	10 years
Chief of Police	Scott Sansom	Appointed - Indefinite	5 years
Chairman, Board of Education	Bryan Hall	Elected - 4 Years	4 years
Superintendent of Schools	Nathan Quesnel	Appointed - 3 Years	5 years
Assessor	Brian Smith	Appointed - Indefinite	18 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 133 firefighters. Staffing includes a Chief, two Assistant Chiefs, and four groups of 27 firefighters. A Deputy Chief, Captain and four Lieutenants supervise each group of firefighters. The East Hartford Fire Department has an ISO Class 2 rating and provides a wide range of fire, EMS, rescue, and hazardous materials response service to the community.

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, 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 two spare engines, 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, 8 Detectives, 6 Investigators and 80 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.

Professional Standards Bureau: The goal of the Professional Standards Bureau is to ensure the department is highly trained, accredited, ethical and adheres to the established Code of Conduct. This bureau safeguards the integrity of the department. Internal Affairs primary function is to receive, process and investigate complaints made against members of the East Hartford Police Department. When a complaint is received, every effort is made to ensure a thorough, timely, and fair investigation of the allegation(s) contained in the complaint. The openness of the department in the acceptance of a complaint is a principle element of professionalism and community responsiveness. All complaints are processed and reviewed by Internal Affairs and submitted to the Chief of Police for review and final disposition.

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 19 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.

Parks Maintenance operates and maintains 24 parks and playgrounds totaling over 650 acres of recreation space. The division also maintains the public grounds at municipal buildings, greens and islands on roadways, open parcels of land and multiple plantings throughout the Town. The Town Green at Alumni Park serves as a focal point for Main Street with a basketball court, walkways, sculpture, millennium wall, Gazebo, Kiosk with a video message board and a new play scape. The Town has available 9 picnic pavilions throughout the Town Parks which can be rented and come with the use of picnic tables and grills for cooking. The Parks and Recreation Department maintains 10 baseball fields (2 lighted) and 5 softball fields (1 lighted) and maintains the fields for the East Hartford High School baseball and softball programs. The department also maintains 10 soccer fields and 2 football fields for local youth leagues. Additionally, the department maintains 5 outdoor pools, 2 splash pools for toddlers, 10 tennis courts, 8 of which are lighted, and 20 outdoor basketball courts. For bikers and walkers the department maintains the Hockanum River Linear Park Trails from the Connecticut River to Labor Field, the East Coast Greenway which enters Town at the mouth of the Hockanum River and extends into Manchester, and the East Hartford Nature Trail and Wildlife Area off of Long Hill Drive.

Recycling: The State of Connecticut's stated recycling goal is 60% by 2024. East Hartford continues to work toward this goal by educating local residents, and commercial and institutional sectors about State goals and mandated recyclables.

The Town currently recycles all mandated recyclables. In addition, waste oil, batteries, electronics, textiles and paint are recycled at the Town's transfer station on Ecology Drive off of Burnside Avenue. High grade office paper, plastic and metal beverage containers are collected in eighteen municipal buildings including Town Hall, the Police and Fire Headquarters and public schools. Special efforts have also been made in 2017 and 2018 to collect plastic wrap, textiles and milk containers in select schools throughout the district. The Town has a contract with a private collector to provide twice monthly curbside single stream recycling for residences with between 1 to 6 families at an estimated cost to the Town of \$330,000 per year. The collector also began public space recycling collection in local parks in 2018. In addition, Public Works launched two new initiatives-plastic wrap recycling in partnership with local food and home improvement stores and a curbside textiles collection program (Simple Recycling) that has resulted in revenue generation for the Town while reducing disposal costs for diverted/recycled textiles. Currently, the Town diverts approximately 3,300 tons of curbside recycling which has resulted in an estimated total of \$244,200 in savings on tipping fees.

Solid Waste: The Town executed a municipal solid waste disposal contract on July1, 2018 with the Materials Innovation & Recycling Authority ("MIRA") for a nine year term. For fiscal year 2018-19 the annual tipping fee is \$74/ton and future rates will be set annually by MIRA on the basis of net-cost-of-operations. Approximately 14,500 tons are delivered for waste-to-energy incineration annually at a projected cost of approximately \$1.1 million dollars.

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

Electric Services: Eversource Energy and Constellation provides electric service.

Financial Institutions: The Town has 12 financial institutions available to residents including 5 credit unions: America's First Network Credit Union, American Eagle Financial Credit Union, Cencap Federal Credit Union, Finex Federal Credit Union, and Hartford Municipal Employees Federal Credit Union. In addition, there are 13 financial institutions which include: Bank of America, Farmington Bank, KeyBank, People's United Bank, Santander Bank, TD 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 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 10/1/2018	Capacity
Goodwin	K-5	1968	23	364	575
Hockanum - Early Childhood	Pre-K	1949 (1952)	23	305	575
Langford	K-5	1972 (1998)	29	339	725
Mayberry	K-5	1959 (1996)	26	372	650
Norris	K-5	1957 (1962, 1996)	21	305	525
O'Brien	K-5	1961 (1962, 1967)	29	433	725
O'Connell	K-5	1959 (1967)	26	537	650
Pitkin	K-5	1966	23	353	575
Silver Lane	K-5	1928 (1955, 1998)	21	295	525
Woodland	TEP - K-12	1929 (1949)	19	172	475
Sunset Ridge	6-8	1949 (1951, 2000)	30	325	750
East Hartford Middle School	6-8	1954 (1959, 1968, 1972)	52	1,039	1,350
Connecticut IB Academy (1)	9-12	2004	16	194	400
Stevens – Synergy Alternative High School	9-12	1966	15	95	375
East Hartford High School	9-12	1962 (1963, 1968, 1972, 2003)	126	1,728	3,150
Out of District/Magnet Schools (2)	n/a	n/a	n/a	797	n/a
				<u>7,653</u>	<u>12,690</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.

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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>
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
2016-17	3,775	927	2,011	794	7,507
2017-18	3,814	926	2,116	797	7,653

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>
2018-19	3,814	926	2,116	797	7,653
2019-20	3,814	926	2,116	797	7,653
2020-21	3,814	926	2,116	797	7,653
2021-22	3,814	926	2,116	797	7,653

(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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board of Education (1)	1,201	1,201	1,201	1,229	1,218
General Government	484	484	484	483	483
Total	<u><u>1,685</u></u>	<u><u>1,685</u></u>	<u><u>1,685</u></u>	<u><u>1,712</u></u>	<u><u>1,701</u></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)
<u>General Government</u>	
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>
<u>Board of Education</u>	
Administration and Principals	49
Teachers	624
Other	528
Subtotal	<u>1,201</u>
Total Town Employees	<u><u>1,685</u></u>

(1) Includes full and permanent part time.

Source: Town Officials

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Municipal Employees Bargaining Organizations

Employees	Organization	Number of Employees Covered	Current Contract Expiration Date
General Government			
Clerical	East Hartford Municipal Employees Union, CEA	92	6/30/2021
Firefighters	International Firefighters	129	6/30/2019
Police	East Hartford Police Officers Association	123	6/30/2020
Public Works	AFSCME Local 1174	59	6/30/2021
Dispatchers	Teamsters Local 559	19	6/30/2019
Supervisors	AFSME Local 818	27	6/30/2019
Sub-Total		449	
Non-Union		35	
	Subtotal - General Government	484	
Board of Education			
Teachers	East Hartford Education Association	633	6/30/2022
Administrators	East Hartford Educational Administrative Unit	52	6/30/2020
Custodial / Maintenance	AFSCME Local 1933, Council 4	70	6/30/2020
Office Employees / Information Technology / Security	AFSCME-AFL-CIO, Council 4, Local 2727	84	6/30/2020
Paraprofessionals	East Hartford Federation of Paraprofessionals	138	6/30/2021
Nurses	East Hartford Registered Nurses Association	20	6/30/2021
Behavioral Managers	AFSCME, Council 4, Local 1950	61	6/30/2020
Sub-Total		1,058	
Non-Union (1)		143	
	Subtotal -Board of Education	1,201	
	Total Town Employees	1,685	

(1) 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. The Town adopted the City and Town Development Act, Connecticut General Statutes Sections 7-480 to 7-503 (the "CTDA") in November 2016. The CTDA provides the Town with additional powers for economic development.

United Technologies unveiled a new \$180 million headquarters and engineering building for Pratt & Whitney on their East Hartford campus in November of 2017, following the opening of their expanded United Technologies Research Center in June of that year. UTC has committed to investing an additional \$115 million in research facilities at their Rentschler Field campus in East Hartford, including an Additive Manufacturing Center of Excellence and an Engine Compressor Research Facility. The company intends to create 9,000 new jobs in Connecticut over the next five years. The Development Department maintains an on-going dialogue with UTC to determine future development opportunities for the rest of the Rentschler Field property, which is also home to a Cabela's store and the University of Connecticut's football stadium.

East Hartford's central location makes it very attractive to manufacturers, many of whom have created or expanded a presence in the Town in recent years. These include National Sign, United Steel, a regional Coca-Cola bottler and Parker Hannifin's filtration division. As the home to Pratt & Whitney and the Connecticut Center for Advanced Technology, the Town is an ideal location for aircraft supply chain manufacturers such as ATI Metals. The financial and technology sectors are also well-represented in Town, with major presences by Bank of America, DXC Technology, and the newly relocated headquarters of American Eagle Financial Credit Union.

Goodwin College is a private, nonprofit, four-year college located along the Connecticut River and Route 2. The College is planning ambitious improvements including a marina on the river, a 66-room boutique hotel, a conference center, retail and restaurant space, and 270 residential units. This will create a riverfront destination for Goodwin students, East Hartford residents, and visitors to the area. Zoning regulations for a campus district are under review to facilitate this development. Goodwin College is also home to two magnet schools, an elementary school and a high school, all specializing in STEM curriculum. Goodwin is currently constructing a \$10.5 million Manufacturing Annex to complement the Business and Manufacturing Center they opened in 2015. They will use these facilities to train and educate students with the advanced skills that Connecticut manufacturers require for today's high-tech jobs.

Retail also has a strong presence in Town. The Putnam Bridge Plaza, anchored by ShopRite, is a local shopping hub and recently added an AutoZone location. Nearby, the Porter Brook Plaza has been completely renovated and added new tenants. A new Dunkin' Donuts is under construction on Main Street, and an Irving Oil filling station and store will be constructed nearby on Silver Lane in the spring of 2019. Dollar General added a Silver Lane location in 2017, and neighboring Aldi, Burger King, and Taco Bell locations were all recently renovated. The Town's Commercial Facade Improvement Program is currently working to upgrade the appearance of the heart of the downtown commercial district.

East Hartford strives to be a business-friendly community and to make starting and growing a business in Town as straightforward as possible. Land-Use Group meetings are available free of charge to businesspeople to discuss their plans and understand applicable regulations as they begin their planning. Mayor Leclerc has been visiting local businesses to dialogue with their owners and to understand their needs. Zoning applications are now accepted digitally, and parking requirements are being simplified. Zoning regulations are consistently under review to advance the Plan of Conservation and Development and to eliminate unnecessary burdens for businesses.

The Town partners with the Capital Region Development Authority for state funding and advisory services on many redevelopment efforts. CRDA is administering state funding for Silver Lane corridor redevelopment (\$12 million), a new parking garage at the successful Founder's Plaza business park (\$500,000), and infrastructure improvements at Goodwin College (\$4 million).

Another Development Department focus has been on revitalizing the Silver Lane corridor, a commercial area with significant redevelopment potential. Mayor Leclerc recently convened the Silver Lane Advisory Committee, which is crafting a comprehensive redevelopment plan for the area. State and federal brownfields grants are contributing to these efforts.

The Department's Grants Administration Office manages the Community Development Block Grant (CDBG) program, along with a changing number of state, federal and foundation grants that aim to enhance and maintain a dynamic, civic, business and residential climate in Town. In addition to CDBG, other grant-funded projects managed by the office include Brownfields assessment grants from the state Department of Economic and Community Development and the federal

Environmental Protection Agency, grants for the design and construction of a new Senior/Community Services facility, and the Neighborhood Assistance Act Tax Credit Program run by the state Department of Revenue Services.

In December 2017, the Town entered into a Development Agreement, a Smart City Managed Service Agreement and a Public Way License Agreement with SiFi Networks East Hartford, LLC (“SiFi”) to install a high speed fiber-optic network in the Town’s right-of-way. The fiber-optic network installed by SiFi would enable speeds of up to 20 times faster than currently available internet. The agreements call for SiFi installing the network along Town streets at a nominal cost to the Town and the Town would become a customer of SiFi at predetermined rates. In addition to existing internet service providers, SiFi would market its high speed internet service to both business and residential customers to allow them to take advantage of greatly increased connection speeds, aiding economic development efforts and construction of networked smart infrastructure. As of the date of this Official Statement, SiFi reports that it has completed marketing efforts to both residential and commercial users and is in the final stages of selecting an ISP for the Town. SiFi has negotiated a connectivity agreement with Lightower, an existing fiber line operator in the Town. SiFi also reports that financing for construction is in place, a construction team has been assigned, and they expect to file plans for construction permits with the Town shortly. Initial installation testing is scheduled for late 2018, with full construction scheduled for Spring 2019.

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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
2016	50,834	895,699	3,588,570

Source: U.S. Census Bureau.

Age Characteristics of the 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	2,922	5.7	48,332	5.4	188,812	5.3
5 - 9	3,076	6.1	52,570	5.9	210,557	5.9
10 - 14	3,070	6.0	57,403	6.4	228,543	6.4
15 - 19	3,578	7.0	60,291	6.7	252,522	7.0
20 - 24	3,482	6.8	57,775	6.5	242,007	6.7
25 - 34	7,085	13.9	116,432	13.0	438,471	12.2
35 - 44	7,570	14.9	110,604	12.3	439,606	12.3
45 - 54	7,115	14.0	132,503	14.8	545,977	15.2
55 - 59	3,341	6.6	65,225	7.3	263,778	7.4
60 - 64	2,706	5.3	54,433	6.1	223,274	6.2
65 - 74	3,462	6.8	75,201	8.4	303,959	8.5
75 - 84	2,290	4.5	41,385	4.6	163,137	4.5
85 and over	1,137	2.2	23,545	2.6	87,927	2.5
Total	<u>50,834</u>	<u>99.8</u>	<u>895,699</u>	<u>100.0</u>	<u>3,588,570</u>	<u>100.1</u>

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2016)</u>	<u>(2000)</u>	<u>(2016)</u>
Town of East Hartford	\$50,540	\$61,359	\$21,763	\$25,303
Hartford County	62,144	86,124	26,047	36,570
Connecticut	65,521	91,274	28,766	39,906
United States	49,600	67,871	21,690	29,829

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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	943	7.5	9,305	4.1	29,623	3.3
10,000 to 14,999	245	1.9	4,971	2.2	17,060	1.9
15,000 to 24,999	891	7.1	11,951	5.3	44,354	5.0
25,000 to 34,999	1,441	11.4	14,518	6.4	54,456	6.1
35,000 to 49,999	1,494	11.8	21,142	9.3	81,300	9.1
50,000 to 74,999	2,756	21.8	35,739	15.8	137,336	15.4
75,000 to 99,999	1,986	15.7	32,861	14.5	124,033	13.9
100,000 to 149,999	1,946	15.4	47,000	20.7	186,214	20.8
150,000 to 199,999	635	5.0	23,188	10.2	96,075	10.7
200,000 or more	287	2.3	25,873	11.4	123,962	13.9
	<u>12,624</u>	<u>100.0</u>	<u>226,548</u>	<u>100.0</u>	<u>894,413</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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	2,203	6.3	28,038	4.5	103,279	4.2
9th to 12th grade	3,195	9.2	38,455	6.2	139,653	5.7
High School Graduate	12,185	35.1	168,347	27.2	673,220	27.3
Some college - no degree	7,698	22.2	107,617	17.4	427,232	17.3
Associate degree	3,022	8.7	48,549	7.8	184,426	7.5
Bachelor's degree	4,106	11.8	129,822	21.0	524,370	21.3
Graduate or professional degree	2,297	6.6	98,500	15.9	413,949	16.8
Totals	34,706	100.0	619,328	100.0	2,466,129	100.0
Total high school graduate or higher		84.4%		89.3%		90.1%
Total bachelor's degree or higher		18.4%		36.9%		38.0%

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Employment by Industry

Employment Sector	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	51	0.2	883	0.2	7,209	0.4
Construction	1,086	4.4	20,283	4.8	101,497	5.7
Manufacturing	2,827	11.4	47,687	11.2	190,713	10.6
Wholesale Trade	926	3.7	11,882	2.8	45,110	2.5
Retail Trade	3,070	12.4	46,843	11.0	193,853	10.8
Transportation, Warehousing & Utilities	1,578	6.4	17,190	4.0	66,516	3.7
Information	399	1.6	10,140	2.4	42,374	2.4
Finance, Insurance & Real Estate	2,188	8.8	50,405	11.9	163,765	9.1
Professional, Scientific & Management	2,210	8.9	48,518	11.4	206,042	11.5
Educational Services & Health Care	6,409	25.8	117,673	27.7	474,976	26.5
Arts, Entertainment, Recreation & Food Services	1,632	6.6	31,440	7.4	153,754	8.6
Other Service (including nonprofit)	1,342	5.4	19,771	4.7	81,588	4.5
Public Administration	1,115	4.5	1,910	0.4	66,291	3.7
Total	24,833	100.0	424,625	100.0	1,793,688	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Pratt and Whitney Aircraft	Engine Manufacturer	8,700
Town of East Hartford	Municipality	1,685
Goodwin College	Educational Institution	606
Coca Cola Bottling Company	Beverage Mfg. and Dist.	600
Riverside Health Center	Medical Care and Rehabilitation	420
Bank of America	Banking Headquarters	400
United Technologies Research	Research Laboratory	400
Quest Global	Engineering Software	400
Hoffman Auto Group	Automotive	297
Connecticut Natural Gas	Energy Utility	294
Gengras Auto Group	Automotive	255
Cabela's Outdoor Store	Outdoor Supplies	250
United Steel	Manufacturing	215
DXC Technologies	Software Services	165
InterCommunity	Healthcare	150
Red Thread	Office Furniture Retailer	137
CT Dept. of Info. Technology	State of Connecticut	113
Conduent	Office Equipment	100

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

Unemployment Rate Statistics

Yearly Average	Town of East Hartford	Hartford Labor Market	State of Connecticut	United States
2008	7.1%	5.8%	5.6%	5.8%
2009	10.6%	8.3%	8.3%	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	7.4%	5.6%	5.6%	5.3%
2016	6.6%	5.1%	5.1%	4.9%
2017	5.9%	4.8%	4.7%	4.4%
2018 Monthly				
January	6.2%	5.3%	5.3%	4.5%
February	6.0%	5.1%	5.1%	4.4%
March	5.7%	4.7%	4.7%	4.1%
April	6.4%	4.4%	4.3%	3.7%
May	5.3%	4.3%	4.3%	3.6%
June	5.4%	4.5%	4.5%	4.2%
July	6.4%	4.5%	4.5%	4.1%

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
2018	1,900	\$12,295,644	680	\$57,535,599	154	\$1,938,705	2,734	\$71,769,948
2017	1,937	13,148,705	563	34,539,639	89	873,178	2,589	48,561,522
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

(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

<u>2016</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase 2010-2016</u>	<u>% Increase 1980-2016</u>
21,530	21,328	21,273	21,274	20,210	1.2%	6.5%

Source: U.S. Census Bureau

East Hartford Housing Inventory

<u>Type</u>	<u>Units</u>	<u>Percent</u>
1-unit detached	11,104	51.6
1-unit attached	906	4.2
2 to 4 units	3,850	17.9
5 to 9 units	1,258	5.8
10 or more units	3,867	18.0
Mobile home, trailer, other	545	3
Total Inventory	21,530	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Characteristics of Housing Units (Owner Occupied)

<u>Value of Owner Occupied</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>
\$ 0 to \$ 50,000	658	6.0	5,991	2.7	24,343	2.7
50,000 to 99,999	834	7.6	7,772	3.5	29,703	3.3
100,000 to 149,999	2,797	25.4	26,123	11.7	81,158	9.0
150,000 to 199,999	3,962	36.0	43,898	19.7	139,979	15.5
200,000 to 299,999	2,415	21.9	71,475	32.1	246,071	27.3
300,000 to 499,999	234	2.1	51,764	23.3	233,345	25.9
500,000 to 999,999	61	0.6	13,940	6.3	104,952	11.7
1,000,000 and over	55	0.5	1,675	0.8	40,672	4.5
Total	11,016	100.0	222,638	100.0	900,223	100.0
Median Value	\$163,300		\$234,900		\$269,300	

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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	3,392	15.8	75,128	20.1	334,202	22.4
1940 to 1949	2,226	10.3	31,312	8.4	105,566	7.1
1950 to 1959	5,690	26.4	65,726	17.5	225,824	15.1
1960 to 1969	5,117	23.8	54,349	14.5	201,812	13.5
1970 to 1979	2,471	11.5	49,910	13.3	200,614	13.4
1980 to 1989	1,847	8.6	47,731	12.7	190,755	12.8
1990 to 1999	339	1.6	25,016	6.7	113,584	7.6
2000 to 2009	299	1.4	22,661	6.0	104,308	7.0
2010 or 2013	149	0.7	2,400	0.6	14,673	1.0
2014 or later	0	0.0	439	0.1	2,460	0.2
Total housing units	21,530	100.0	374,672	100.0	1,493,798	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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 31, 2018 (Pro Forma)

Total fiscal year 2018 tax collections (including interest and lien fees)(unaudited estimate)	\$128,222,864
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	-
Base for Establishing Debt Limit	<u>\$128,222,864</u>

Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$ 288,501,444					
(4.50 times base)		\$ 577,002,888				
(3.75 times base)			\$ 480,835,740			
(3.25 times base)				\$ 416,724,308		
(3.00 times base)					\$ 384,668,592	
(7.00 times base)						\$ 897,560,048
Indebtedness (Including The Bonds)						
Bonds Payable	\$ 36,750,500	\$ 302,000	\$ -	\$ -	\$ -	\$ 37,052,500
The Bonds (<i>This Issue</i>)	13,000,000	1,600,000	-	-	-	14,600,000
Authorized but Unissued	18,004,000	415,680	-	-	-	18,419,680
Gross Direct Debt	67,754,500	2,317,680	-	-	-	70,072,180
Overlapping Debt (1)	-	-	118,605,752	-	-	118,605,752
Less receivables:						
School grants receivable (2)	-	(720,661)	-	-	-	(720,661)
Total Net Direct and Overlapping Debt	67,754,500	1,597,019	118,605,752	-	-	187,957,271
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 220,746,944</u>	<u>\$ 575,405,869</u>	<u>\$ 362,229,988</u>	<u>\$ 416,724,308</u>	<u>\$ 384,668,592</u>	<u>\$ 709,602,777</u>

(1) As of June 30, 2018. 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 31, 2018 (Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 14,600,000
General Purpose	36,750,500
Schools	302,000
Urban Renewal	-
Total Long-Term Indebtedness	51,652,500
Short-Term Indebtedness	-
Total Direct Indebtedness	51,652,500
Exclusions: School grants receivable	-
Total Net Direct Indebtedness	51,652,500
Net Overlapping Debt:	
Metropolitan District Commission (2)	118,605,752
Total Net Direct and Net Overlapping	\$ 170,258,252

(1) Excludes authorized but unissued debt of \$18,419,680.

(2) See "Overlapping Indebtedness" herein.

Current Debt Ratios

As of October 31, 2018 (Pro Forma)

Total Direct Indebtedness	\$ 51,652,500
Net Direct Indebtedness	\$ 51,652,500
Total Net Direct and Net Overlapping Indebtedness	\$ 170,258,252
Population (1)	50,834
Net Taxable Grand List (10/1/17)	\$ 2,814,290,998
Estimated Full Value	\$ 4,020,415,711
Equalized Net Taxable Grand List (2016) (2)	\$ 3,940,968,591
Per Capita Income (1)	\$25,303

Total Direct Indebtedness:

Per Capita	\$1,016.10
To Net Taxable Grand List	1.84%
To Estimated Full Value	1.28%
To Equalized Net Taxable Grand List	1.31%
Per Capita to Per Capita Income	4.02%

Total Net Direct Indebtedness:

Per Capita	\$1,016.10
To Net Taxable Grand List	1.84%
To Estimated Full Value	1.28%
To Equalized Net Taxable Grand	1.31%
Per Capita to Per Capita Income	4.02%

Total Net Direct and Net Overlapping Indebtedness:

Per Capita	\$3,349.30
To Net Taxable Grand List	6.05%
To Estimated Full Value	4.23%
To Equalized Net Taxable Grand List	4.32%
Per Capita to Per Capita Income	13.24%

(1) U.S. Census Bureau

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

Historical Debt Statement

	2017-18 (1)	2016-17	2015-16	2014-15	2013-14
Population (2)	50,834	50,834	50,834	51,211	51,241
Net taxable grand list	\$ 2,764,872,498	\$ 2,736,032,759	\$ 2,693,033,920	\$ 2,692,511,000	\$ 2,691,708,000
Estimated full value	\$ 3,949,817,854	\$ 3,908,618,227	\$ 3,847,191,314	\$ 3,846,444,286	\$ 3,845,297,143
Equalized net taxable grand list (3)	\$ 3,940,968,591	\$ 3,903,976,521	\$ 3,798,403,109	\$ 3,829,879,530	\$ 3,936,906,558
Per capita income (2)	\$ 25,303	\$ 25,303	\$ 25,303	\$ 25,509	\$ 25,578
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt (4)	\$ 41,125,000	\$ 47,395,000	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000
Total Direct Indebtedness	\$ 41,125,000	\$ 47,395,000	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000
Net Direct Indebtedness	\$ 41,125,000	\$ 47,395,000	\$ 38,755,000	\$ 44,910,000	\$ 51,580,000
Net Direct and Net Overlapping Indebtedness	\$ 159,731,000	\$ 162,612,000	\$ 150,550,000	\$ 117,060,000	\$ 127,311,000

(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:	2017-18 (1)	2016-17	2015-16	2014-15	2013-14
Per capita	\$809.01	\$932.35	\$762.38	\$876.96	\$1,006.62
To net taxable grand list	1.49%	1.73%	1.44%	1.67%	1.92%
To estimated full value	1.04%	1.21%	1.01%	1.17%	1.34%
To equalized net taxable grand list	1.04%	1.21%	1.02%	1.17%	1.31%
Debt per capita to per capita income	3.20%	3.68%	3.01%	3.44%	3.94%
Net Direct Indebtedness:					
Per capita	\$809.01	\$932.35	\$762.38	\$876.96	\$1,006.62
To net taxable grand list	1.49%	1.73%	1.44%	1.67%	1.92%
To estimated full value	1.04%	1.21%	1.01%	1.17%	1.34%
To equalized net taxable grand list	1.04%	1.21%	1.02%	1.17%	1.31%
Debt per capita to per capita income	3.20%	3.68%	3.01%	3.44%	3.94%
Net Direct and Net Overlapping Indebtedness:					
Per capita	\$3,142.21	\$3,198.88	\$2,961.60	\$2,285.84	\$2,484.55
To net taxable grand list	5.78%	5.94%	5.59%	4.35%	4.73%
To estimated full value	4.04%	4.16%	3.91%	3.04%	3.31%
To equalized net taxable grand list	4.05%	4.17%	3.96%	3.06%	3.23%
Debt per capita to per capita income	12.42%	12.64%	11.70%	8.96%	9.71%

(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 June 30, 2018, the net outstanding debt of the MDC was \$973,975,816 of which the Town of East Hartford is responsible for \$118,605,752 or 12.19%.

The MDC was cited by the U.S. Environmental Protection Agency ("USEPA") and the United States Department of Justice ("USDOJ") in 2006 for overflows from its sewer systems in West Hartford, Newington, Wethersfield, Rocky Hill and Windsor. The MDC signed a Consent Decree with the USEPA and negotiated a Consent Order with the Connecticut Department of Energy and Environmental Protection ("CTDEEP") to control the combined sewer overflows and achieve the goals of the Federal Clean Water Act.

A plan for abating these pollution sources, called the Clean Water Project, has been prepared by consultants to the MDC and periodically submitted to CTDEEP as part of a Long-Term Control Plan. The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion, comprised of three phases which were assumed to be completed in calendar year 2021. Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the voters of the member towns. Effective October 1, 2015, P.A. 15-114 excluded from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012 and an appropriation of \$140 million for a grant, not requiring a referendum, was approved by the MDC Board on October 5, 2016. Completion of the Clean Water Project will likely require submission of one or more further appropriations for approval by the voters at referendum.

As the Clean Water Project has progressed, the MDC has revised the original design concept and resubmitted the Long-Term Control Plan, first in 2012 and then again in 2015. The revised Long-Term Control Plan incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original concept, and sets forth an expected completion date of 2029. Delays caused by the redesign and permitting process have now lead the MDC to expect an increase in projected costs of the Clean Water Project. However, the MDC has not yet re-estimated the overall costs, in part because design work for the final phase has not yet been conducted in sufficient detail. For planning purposes, the MDC is currently projecting a total cost of \$2.5 billion. The MDC's next required submittal of an updated Long-Term Control Plan is due in calendar 2018, and the MDC has stated its intention to comply.

The MDC has adopted a special sewer service charge (the "Clean Water Project Charge") for customers who utilize the District's sewer system and are furnished water directly by the MDC. The proceeds from the Clean Water Project 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 Clean Water Project 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, 2018 the principal amount of outstanding leases is \$10.2 million. For the fiscal year 2018-19 Adopted Budget the Town has budgeted \$2.2 million 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 in the amount of \$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 6.10 of the Town Charter, bonds are authorized by resolution adopted by the Town Council in the same manner as for the adoption of ordinances. 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 a notice 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 CGS Section 10-287i, 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 this program for all projects approved prior to July 1, 1996. Under this 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 current 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	\$ 8,531,679	76.79	\$ 6,551,476

- (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.

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	-	10,000,000	-	-
East Hartford Middle School Window Wall (2)	1,600,000	-	-	1,600,000	-
Road Improvements 2014	15,000,000	-	9,996,000	5,000,000	4,000
Road Improvements/Flood Control 2016	15,000,000	-	-	8,000,000	7,000,000
Senior Center/Multi-purpose Facility 2016	5,000,000	-	-	-	5,000,000
Silver Lane Corridor Improvements 2016	3,000,000	-	-	-	3,000,000
Total All Projects	<u>\$ 73,971,339</u>	<u>\$ 9,629,659</u>	<u>\$ 31,322,000</u>	<u>\$ 14,600,000</u>	<u>\$ 18,419,680</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 have 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 2019-2023 recommends spending a total of \$131.4 million 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 \$50 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 31, 2018 (Pro Forma)

Fiscal Year	Principal Payments	Interest Payments	Total Payments	<i>Th Bonds</i> Principal Payments	Principal All Issues
2019 ⁽¹⁾	\$2,912,500	\$690,135	\$3,602,635	\$ -	\$2,912,500
2020	7,045,000	988,814	8,033,814	-	7,045,000
2021	6,025,000	746,964	6,771,964	1,625,000	7,650,000
2022	6,035,000	545,814	6,580,814	1,625,000	7,660,000
2023	4,660,000	378,864	5,038,864	1,625,000	6,285,000
2024	4,095,000	248,934	4,343,934	1,625,000	5,720,000
2025	1,990,000	156,388	2,146,388	1,625,000	3,615,000
2026	1,985,000	111,369	2,096,369	1,625,000	3,610,000
2027	1,980,000	51,013	2,031,013	1,620,000	3,600,000
2028	325,000	8,938	333,938	1,615,000	1,940,000
2029	-	-	-	1,615,000	1,615,000
Total	<u>\$37,052,500</u>	<u>\$3,927,230</u>	<u>\$40,979,730</u>	<u>\$14,600,000</u>	<u>\$51,652,500</u>

(1) Excludes \$4,072,500 in principal and \$538,629 in interest payments made as of October 31, 2018.

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, 2017, 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 2017. 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 audit standards. The reports also contain a wide variety of information useful in evaluating the financial condition of a government and conform to certain generally accepted terminology and formatting standards established for the Certificate Program.

Budgetary Procedures

The following is the budgetary sequence and time schedule required by the Town Charter:

During the month of December, the Town's departments and commissions receive their budget preparation forms. Not later than January 5, the head of each department, office or agency files with the Mayor a detailed estimate of expenditures and revenue.

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 hearings 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.

A Budget Referendum may 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.

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, 2017 and as of that date plan membership was 1,362 members. According to the July 1, 2017 valuation the Town's Actuarially Required Contribution for fiscal year 2018-19 is expected to increase to \$15.4 million. In connection with the July 1, 2017 valuation, the Town reduced the net investment return assumption from 7.9% to 7.65% to better reflect expected investment experience.

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:

	2017	2016	2015	2014
Total pension liability	\$ 404,392,000	\$ 389,116,000	\$ 373,331,000	\$ 349,344,000
Plan fiduciary net position	224,622,000	208,215,000	214,990,000	219,388,000
Net pension liability	<u>\$ 179,770,000</u>	<u>\$ 180,901,000</u>	<u>\$ 158,341,000</u>	<u>\$ 129,956,000</u>
Plan fiduciary net position as a % of total pension liability	55.5%	53.5%	57.6%	62.8%

The following represents the net pension liability of the Town as of June 30, 2017, 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 6.90%	Current Discount Rate 7.90%	1% Increase 8.90%
Net Pension Liability	\$ 225,581,000	\$ 179,770,000	\$ 141,295,000

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)]
7/1/2017	\$ 228,138,043	\$ 415,902,626	\$ 187,764,583	54.85%	\$ 38,497,587	487.73%
7/1/2016	219,060,455	384,162,998	165,102,543	57.02%	38,956,281	423.81%
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%

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2019 (1)	\$ 15,430,438	\$ 15,430,438	100.0%
2018 (2)	13,706,771	13,706,771	100.0%
2017	12,737,344	12,737,344	100.0%
2016	12,130,506	12,130,506	100.0%
2015	11,046,000	11,046,000	100.0%

- (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 2018, based on the requirements of the ordinance, the Town made no additional contribution to the OPEB Trust which represents the excess over 10% of the Town's undesignated Fund balance as of June 30, 2018.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 74. In accordance with GASB Statement No. 74, the net position is based on fair market value as of June 30th and OPEB Liability is based on the actuarial assumptions as of the last valuation date, updated to the end of the fiscal year. The components of the net OPEB liability of the Town plans were as follows:

	June 30, 2017	June 30, 2016
Total OPEB liability	\$ 154,033,000	\$ 139,720,927
Plan fiduciary net position	8,429,000	6,833,507
Net OPEB liability	<u>\$ 145,604,000</u>	<u>\$ 132,887,420</u>
Plan fiduciary net position as a % of total OPEB liability	5.47%	4.89%

The following represents the net OPEB liability of the Town, calculated using the discount rate of 3.58%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Town's Net OPEB Liability	\$ 169,419,000	\$ 145,604,000	\$ 126,441,000

The following represents the net OPEB liability of the Town, calculated using the current healthcare cost trend rates, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease (7.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (8.00% decreasing to 5.00%)	1% Increase (9.00% increasing to 6.00%)
Town's Net OPEB Liability	\$ 122,513,000	\$ 145,604,000	\$ 175,010,000

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
2017	\$ 13,919,000	\$ 3,052,000	21.93%
2016	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%

Investment Policies and Procedures

Under Connecticut General Statutes Section 7-400, the Town may invest in certificates of deposit, 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 Procedures

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 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 6/30/18 ⁽¹⁾
2019 (2)	\$ 2,814,290,998	47.66	\$132,355,027	In process	In process	In process
2018 (1,3)	2,764,872,498	47.05	127,053,000	98.0% (1)	\$2,491,000	\$2,491,000
2017	2,736,032,759	45.86	122,966,000	97.9%	2,585,000	854,932
2016	2,693,033,920	45.86	122,792,824	97.6%	3,000,000	100,234
2015	2,692,511,000	45.40	121,245,000	97.6%	2,925,000	51,846
2014	2,691,708,000	43.90	117,379,000	97.9%	2,465,000	37,446
2013 (3)	2,695,242,000	42.79	115,155,000	97.1%	3,358,000	40,426
2012	3,095,299,000	34.42	106,016,000	97.2%	2,912,000	16,164
2011	3,090,117,000	33.82	104,001,000	97.2%	2,950,000	6,406
2010	3,103,537,000	31.67	97,618,000	97.7%	2,220,000	20,015

(1) Unaudited estimate.

(2) Adopted Budget.

(3) 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
10/01/17	46.1%	25.4%	0.8%	8.7%	18.9%	\$3,147,477,758	\$333,186,760	\$2,814,290,998
10/01/16 (1)	47.4%	24.7%	0.8%	9.0%	18.1%	3,068,723,578	303,851,080	2,764,872,498
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

(1) Year of revaluation.

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, 2017:

Name of Taxpayer	Nature of Business	Assessment	Rank	Percent of Total
United Technologies Corp. (1)	Manufacturing	\$365,472,000	1	12.99%
Goodwin College	College	113,285,000	2	4.03%
Freemont Group	Offices	44,521,000	3	1.58%
Coca Cola Bottling Co.	Beverage Mfg/Dist.	40,154,000	4	1.43%
Connecticut Light and Power	Utility	34,488,000	5	1.23%
Merchant Group	Offices	26,892,000	6	0.96%
Connecticut Natural Gas	Utility	26,674,000	7	0.95%
Cabela's Inc.	Retail	25,347,000	8	0.90%
Ansonia Acquisitions LLC	Apartment Buildings	22,033,000	9	0.78%
East Hartford Founders LLC	Commercial Real Estate	13,020,000	10	0.46%
Total		\$ 711,886,000		25.31%

- (1) United Technologies recently filed a lawsuit challenging the Town's assessment of its East Hartford facility. United Technologies estimate of the assessed value of its East Hartford assets is roughly \$60 million less than the Town's assessment. The difference in the assessment would equate to approximately \$2 million in annual taxes. A trial date has been set for May 2019.

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 2013-2017 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
2019 (1)	\$ 188,434,436	\$ 133,664,819	70.9%
2018 (2)	187,201,616	127,747,219	68.2%
2017	214,691,000	124,038,000	57.8%
2016	202,305,000	124,808,000	61.7%
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%

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

- (2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

Source: Audited financial statements; fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Intergovernmental Revenue	Intergovernmental as a Percentage of General Fund Revenues
2019 (1)	\$ 188,434,436	\$ 49,809,342	26.4%
2018 (2)	187,201,616	51,024,844	27.3%
2017	214,691,000	77,850,000	36.3%
2016	202,305,000	66,149,000	32.7%
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%

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

(2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

Source: Audited financial statements; fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

Motor Vehicle Property Tax Rate

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2017 assessment year (the fiscal year ending June 30, 2019) is 45.00 mills.

Municipal Budget Expenditures Cap

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the "expenditure cap"). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For fiscal years ending June 30, 2018 and June 30, 2019, the Town will receive municipal revenue sharing grant moneys from the State in the amount of \$2,036,894.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

Expenditures

Fiscal Year	Education	General Government	Public Safety	Public Works	Debt Service
2019 (1)	48.1%	24.0%	15.6%	5.0%	4.4%
2018 (2)	49.0%	23.2%	15.6%	5.1%	4.2%
2017	55.3%	18.4%	13.6%	4.2%	4.3%
2016	53.1%	19.8%	14.0%	4.4%	4.6%
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%

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

(2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

Source: Audited financial statements; fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

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General Fund Operating Statement – FY 2016-17
Budget and Actual (Budgetary Basis)

	Fiscal Year 2016-17		
	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 122,036,000	\$ 124,038,000	\$ 2,002,000
Licenses and permits	1,615,000	3,111,000	1,496,000
Intergovernmental revenue	55,839,000	53,383,000	(2,456,000)
Charges for services	1,668,000	1,593,000	(75,000)
Investment income	30,000	163,000	133,000
Fines and forfeits	70,000	65,000	(5,000)
Other revenue	240,000	422,000	182,000
TOTAL REVENUES	181,498,000	182,775,000	1,277,000
EXPENDITURES			
Current:			
General government	39,262,000	38,513,000	749,000
Public safety	28,849,000	28,418,000	431,000
Inspection and permits	733,000	674,000	59,000
Public works	9,254,000	8,980,000	274,000
Parks and recreation	3,205,000	3,085,000	120,000
Health and social services	1,633,000	1,412,000	221,000
Education	87,326,000	87,323,000	3,000
Debt service	9,104,000	9,100,000	4,000
TOTAL EXPENDITURES	179,366,000	177,505,000	1,861,000
Excess (deficiency) of revenues over expenditures	2,132,000	5,270,000	3,138,000
Other financing sources (uses)			
Appropriation of fund balance	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(2,458,000)	(2,458,000)	-
Total other financing sources (uses)	(2,458,000)	(2,458,000)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (326,000)	\$ 2,812,000	\$ 3,138,000

Source: Audited financial statements.

Comparative General Fund Operating Statement – FY 2017-18 and 2018-19

Budget and Actual (Budgetary Basis)

	Fiscal Year 2017-18 Unaudited Estimate			Fiscal Year 2018-19
	Final		Variance	Adopted
	Budget	Actual	Favorable	Budget
			(Unfavorable)	
REVENUES				
Property taxes	\$ 126,776,635	\$ 127,747,219	\$ 970,584	\$133,664,819
Licenses and permits	2,139,450	2,948,679	809,229	1,639,450
Intergovernmental revenue	52,220,569	51,024,844	(1,195,725)	49,809,342
Charges for services	2,658,000	3,425,759	767,759	2,799,815
Investment income	125,000	125,000	-	120,000
Fines and forfeits	70,000	55,001	(14,999)	70,000
Other revenue	1,242,101	1,875,114	633,013	332,010
TOTAL REVENUES	185,231,755	187,201,616	1,969,861	\$ 188,435,436
EXPENDITURES				
Current:				
General government	43,167,685	42,936,385	231,300	\$45,192,266
Public safety	29,041,032	28,867,346	173,686	29,371,090
Inspection and permits	699,963	692,545	7,418	731,926
Public works	9,465,123	9,491,780	(26,657)	9,475,844
Parks and recreation	3,284,218	3,256,793	27,425	3,305,041
Health and social services	1,408,488	1,299,592	108,896	1,454,086
Education	90,436,419	90,436,396	23	90,691,419
Debt service	7,723,627	7,723,626	1	8,213,764
TOTAL EXPENDITURES	185,226,555	184,704,463	522,092	\$ 188,435,436
Excess (deficiency) of revenues over expenditures	5,200	2,497,153	2,491,953	
Other financing sources (uses)				
Appropriation of fund balance	-	-	-	
Operating transfers in	-	-	-	
Operating transfers out	-	-	-	
Total other financing sources (uses)	-	-	-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 5,200</u>	<u>\$ 2,497,153</u>	<u>\$ 2,491,953</u>	

Source: Fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

Comparative Balance Sheet – General Fund

Fiscal Years Ended:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
ASSETS					
Cash and cash equivalents	\$ 20,047,000	\$ 22,201,000	\$ 25,367,000	\$ 25,310,000	\$ 31,600,000
Investments	252,000	253,000	255,000	-	247,000
Receivables:					
Property taxes receivable	5,773,000	5,186,000	4,730,000	5,172,000	4,568,000
Accounts receivables	850,000	2,257,000	948,000	242,000	1,825,000
Intergovernmental	1,217,000	-	-	-	-
Due from other funds	7,081,000	4,880,000	3,151,000	9,397,000	4,081,000
Other assets	-	-	150,000	222,000	3,803,000
TOTAL ASSETS	<u>\$ 35,220,000</u>	<u>\$ 34,777,000</u>	<u>\$ 34,601,000</u>	<u>\$ 40,343,000</u>	<u>\$ 46,124,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,126,000	\$ 5,523,000	\$ 3,552,000	\$ 4,054,000	\$ 5,154,000
Due to other funds	6,509,000	4,854,000	5,681,000	6,008,000	7,422,000
Deferred revenues	-	-	-	3,059,000	1,554,000
TOTAL LIABILITIES	<u>9,635,000</u>	<u>10,377,000</u>	<u>9,233,000</u>	<u>13,121,000</u>	<u>14,130,000</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,440,000	4,167,000	3,386,000	5,898,000	3,575,000
Advance property tax collections	6,519,000	5,503,000	5,557,000	3,909,000	7,523,000
Unavailable revenue - other receivables	-	137,000	129,000	142,000	113,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,959,000</u>	<u>9,807,000</u>	<u>9,072,000</u>	<u>9,949,000</u>	<u>11,211,000</u>
FUND BALANCES					
Nonspendable	-	-	-	-	3,652,000
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,338,000	626,000	583,000	961,000	549,000
Unassigned	13,288,000	13,967,000	15,713,000	16,312,000	16,582,000
TOTAL FUND BALANCES	<u>14,626,000</u>	<u>14,593,000</u>	<u>16,296,000</u>	<u>17,273,000</u>	<u>20,783,000</u>
TOTAL, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 35,220,000</u>	<u>\$ 34,777,000</u>	<u>\$ 34,601,000</u>	<u>\$ 40,343,000</u>	<u>\$ 46,124,000</u>

Source: Annual audited financial statements.

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

Fiscal Years Ended:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
General property taxes	\$ 115,890,000	\$ 118,022,000	\$ 122,150,000	\$ 124,808,000	\$ 124,038,000
Licenses and permits	782,000	1,389,000	867,000	1,760,000	3,111,000
Intergovernmental revenues	59,947,000	63,834,000	64,424,000	66,149,000	77,850,000
Charges for service	7,102,000	7,997,000	8,191,000	9,112,000	9,043,000
Investment income	32,000	20,000	28,000	61,000	163,000
Other	<u>1,093,000</u>	<u>480,000</u>	<u>1,409,000</u>	<u>415,000</u>	<u>486,000</u>
TOTAL REVENUES	<u>184,846,000</u>	<u>191,742,000</u>	<u>197,069,000</u>	<u>202,305,000</u>	<u>214,691,000</u>
EXPENDITURES					
Current:					
General government	34,905,000	33,669,000	36,145,000	39,621,000	38,651,000
Public safety	26,064,000	27,139,000	27,957,000	27,982,000	28,594,000
Inspection and permits	656,000	644,000	654,000	636,000	674,000
Public works	8,535,000	9,128,000	9,373,000	8,800,000	8,839,000
Parks and recreation	2,520,000	2,797,000	3,168,000	3,103,000	3,323,000
Health and social services	1,430,000	1,457,000	3,985,000	4,765,000	4,690,000
Education	100,759,000	107,307,000	103,700,000	106,475,000	115,962,000
Debt service	<u>9,357,000</u>	<u>9,215,000</u>	<u>9,437,000</u>	<u>9,182,000</u>	<u>9,101,000</u>
TOTAL EXPENDITURES	<u>184,226,000</u>	<u>191,356,000</u>	<u>194,419,000</u>	<u>200,564,000</u>	<u>209,834,000</u>
Excess (deficiency) of revenues over expenditures	<u>620,000</u>	<u>386,000</u>	<u>2,650,000</u>	<u>1,741,000</u>	<u>4,857,000</u>
OTHER FINANCING SOURCES (USES)					
Payment to refunded bond escrow agent	(13,188,000)	-	-	-	-
Premium on refunding bonds	1,076,000	-	-	-	-
Refunding bonds	12,230,000	-	-	-	-
Operating transfers in	512,000	661,000	725,000	945,000	1,110,000
Operating transfers out	<u>(1,835,000)</u>	<u>(1,080,000)</u>	<u>(1,672,000)</u>	<u>(1,709,000)</u>	<u>(2,457,000)</u>
Total other financing sources (uses)	<u>(1,205,000)</u>	<u>(419,000)</u>	<u>(947,000)</u>	<u>(764,000)</u>	<u>(1,347,000)</u>
Net change in fund balances	(585,000)	(33,000)	1,703,000	977,000	3,510,000
Fund Balance - Beginning of year	<u>15,211,000</u>	<u>14,626,000</u>	<u>14,593,000</u>	<u>16,296,000</u>	<u>17,273,000</u>
Fund Balance - End of year	<u>\$ 14,626,000</u>	<u>\$ 14,593,000</u>	<u>\$ 16,296,000</u>	<u>\$ 17,273,000</u>	<u>\$ 20,783,000</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 prepares, in accordance with State law, annual independent audited financial statements and files such financial statements with the State Office of Policy and Management on an annual basis within six months of its year end, subject to extension.

In accordance with the requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of the failure by the Town to provide the annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements for the benefit of holders of certain of its bonds and notes to 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 comply, in all material respects, with its previous undertakings in such agreements.

Municipal Advisor

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as municipal 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 purchaser 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 time the bids on the Bonds were accepted, 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, and;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C.

The Town has prepared an Official Statement for the Bonds which is dated October 17, 2018. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder of the Bonds a reasonable number of copies of the Official Statement, as prepared for this issue at the Town's expense. The copies of the Official Statement will be made available to the winning bidder within seven (7) business days of the bid opening. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon on the day following the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter.

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 municipal 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: October 17, 2018

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, 2017 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.



Accounting | Tax | Business Consulting

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, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017 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.

Changes in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. 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 A-3 through A-9, the budgetary comparison information on pages A-62 through A-65 and the pension and OPEB schedules on pages A-66 through A-72 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 7, 2017

**TOWN OF EAST HARTFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 \$24.0 million, or 24.4%.
- During the year, the Town had expenses of \$286.6 million, which were \$24.0 million more than the \$262.6 million generated in taxes, grants and other revenues for governmental programs.
- The total cost of all of the Town's programs was \$286.6 million.
- The General Fund reported a total fund balance as of June 30, 2017 of \$20.8 million. The General Fund unassigned component of fund balance was \$16.6 million.
- Actual revenues were \$183.9 million compared to the final budget of \$181.8 million, resulting in higher revenues of \$2.1 million.
- Actual expenditures were \$179.9 million compared to the final budget of \$181.8 million, resulting in lower expenditures of \$1.9 million.

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 \$(98.2) million to \$(122.3) 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	
	2017	2016
Current and other assets	\$ 64,338	\$ 57,036
Capital assets, net of accumulated depreciation	158,685	160,964
Total assets	<u>223,023</u>	<u>218,000</u>
Deferred outflows	<u>25,400</u>	<u>30,291</u>
Long-term debt outstanding	340,003	322,742
Other liabilities	13,604	17,874
Total liabilities	<u>353,607</u>	<u>340,616</u>
Deferred inflows	<u>17,086</u>	<u>5,898</u>
Net Position:		
Net investment in capital assets	93,695	102,090
Restricted	141	154
Unrestricted	<u>(216,106)</u>	<u>(200,467)</u>
Total Net Position	\$ <u>(122,270)</u>	\$ <u>(98,223)</u>

Net position of the Town's governmental activities decreased by \$24.0 million or 24.4%. 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 \$(216.1) million at June 30, 2017 compared to \$(200.5) million at June 30, 2016. 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	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 15,711	\$ 14,192
Operating grants and contributions	115,285	93,335
Capital grants and contributions	-	5
General revenues:		
Property taxes	123,703	125,332
Grants and contributions not restricted to specific purposes	6,638	7,056
Unrestricted investment earnings	257	108
Other general revenues	991	1,257
Total revenues	<u>262,585</u>	<u>241,285</u>
Program expenses:		
General government	39,889	39,739
Public safety	31,446	30,616
Inspection and permits	674	636
Public works	28,544	21,419
Parks and recreation	4,674	3,881
Health and social services	7,502	6,410
Education	172,436	158,237
Interest on long-term debt	1,467	1,697
Total program expenses	<u>286,632</u>	<u>262,635</u>
Decrease in Net Position	(24,047)	(21,350)
Net Position at Beginning of Year	<u>(98,223)</u>	<u>(76,873)</u>
Net Position at End of Year	<u>\$ (122,270)</u>	<u>\$ (98,223)</u>

The Town's total revenues were \$262.6 million. The total cost of all programs and services was \$286.6 million. The Town's overall decrease of \$24.0 million in net position compared with a decrease in net position of \$21.4 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 \$21.3 million to \$262.6 million compared to \$241.3 million in the prior year. Increases in Operational Grants of \$22.0 million, charges for services of \$1.5 million, respectively, were offset by a decrease in Property taxes of \$1.6 million.

The total program expenses increased \$24.0 million to \$286.6 million compared with \$262.6 million in the prior year. Education (\$14.2 million increase) and Public Works (\$7.1 million increase) spending were the primary drivers of the increase.

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	
	2017	2016	2017	2016
General government	\$ 39,889	\$ 39,739	\$ 29,812	\$ 37,099
Public safety	31,446	30,616	28,867	28,859
Public works	28,544	21,419	23,621	20,609
Parks and recreation	4,674	3,881	3,842	3,265
Education	172,436	158,237	67,861	63,198
All others	9,643	8,743	1,633	2,073
Totals	<u>\$ 286,632</u>	<u>\$ 262,635</u>	<u>\$ 155,636</u>	<u>\$ 155,103</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 \$27.7 million, which is a \$9.6 million increase from last year's total of \$18.2 million.

Increases of \$5.8 million in the Capital Improvement Fund, \$3.5 million in the General Fund and \$0.2 million in the Non-major Governmental Fund accounted for the changes to fund balance.

The town's General Fund balance of \$20.8 million reported on Exhibit III differs from the General Fund's Budgetary Fund Balance of \$16.6 million. This is principally because budgetary fund balance does not include \$3.7 million of prepaid items and \$549 thousand of outstanding encumbrances at year-end.

The General Fund's budgetary revenue estimates generated a \$2.0 million favorable variance as reported in RSI-1 while the General Fund's budgetary expenses generated a \$1.9 million favorable variance as reported in RSI-2.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Town had \$158.7 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 \$2.3 million, or 1.4%, over last year.

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

	Governmental	
	Activities	
	2017	2016
Land	\$ 12,239	\$ 12,137
Buildings and improvements	74,891	78,254
Furniture, vehicles and equipment	11,456	8,699
Infrastructure	43,597	45,523
Construction in progress	16,502	16,351
Totals	\$ <u>158,685</u>	\$ <u>160,964</u>

The Town's FY 2017-18 Adopted Capital Budget calls for it to spend up to \$1.3 million for various capital equipment including new fuel storage tanks at Ecology Drive, HVAC work at the Public Safety Complex, one small automated waste vehicle, field lighting, emergency extrication equipment, various utility vehicles, mowers, up to ten police cars, a variety of furniture and carpeting replacements, and a modest renovation of the Wickham Library.

Additional information of the Town's capital assets can be found in Note 5, Capital Assets of this report.

Long-Term Debt

At June 30, 2017, the Town had \$47.4 million in bonds outstanding versus \$38.8 million last year - an increase of \$8.6 million or 21.6% - as shown in Table 5. The increase is a result of the Town issuing debt during the reporting period.

Table 5
OUTSTANDING DEBT
(In Millions)

	Governmental	
	Activities	
	2017	2016
General Obligation Bonds	\$ <u>47.4</u>	\$ <u>38.8</u>

The Town's general obligation bond rating is Aa3. 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 \$870.2 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 4.9% compared with the prior year of 5.8%.

The appropriation for expenditures totals \$185.2 million in the Adopted Budget for the 2017-18 fiscal year, representing an increase of \$3.4 million or 1.9% compared to the final amended budget for the fiscal year ended June 30, 2017.

The increase in the budget was a result of \$1.2 million to the Board of Education, \$0.9 million of additional pension plan contributions, \$0.7 million due to rising labor costs, and higher Debt and Capital borrowing costs of \$0.5 million combined.

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 2017-18 fiscal year.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 47.05 for real estate and personal property and 39.00 for motor vehicles for the Adopted Budget for the 2017-18 fiscal year. Overall, when factoring in the minor shift for most taxpayers related to revaluation and the increasing mill rate on real estate and to a degree motor vehicles, the tax burden remained stable when compared year over year for the majority of taxpayers in East Hartford.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017
In Thousands

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 49,802
Investments	319
Receivables, net	9,671
Other assets	4,546
Capital assets:	
Assets not being depreciated	28,741
Assets being depreciated, net	129,944
Total assets	<u>223,023</u>
Deferred Outflows of Resources:	
Changes in pension economic/demographic gains or losses	3,794
Changes in pension assumptions	4,337
Changes in pension investment gains or losses	16,510
Deferred charge on refunding	759
Total deferred outflows of resources	<u>25,400</u>
Liabilities:	
Accounts and other payables	8,537
Unearned revenue	5,067
Noncurrent liabilities:	
Due within one year	17,505
Due in more than one year	322,498
Total liabilities	<u>353,607</u>
Deferred Inflows of Resources:	
Changes in pension economic/demographic gains or losses	3,987
Changes in pension investment gains or losses	5,576
Advance property tax collections	7,523
Total deferred inflows of resources	<u>17,086</u>
Net Position:	
Net investment in capital assets	93,695
Restricted for trust purposes:	
Expendable	141
Unrestricted	<u>(216,106)</u>
Total Net Position	<u>\$ (122,270)</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, 2017
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	\$ 39,889	\$ 1,137	\$ 8,940	\$	\$ (29,812)
Public safety	31,446	2,010	569		(28,867)
Inspections and permits	674	2,973			2,299
Public works	28,544	156	4,767		(23,621)
Parks and recreation	4,674	508	324		(3,842)
Health and social services	7,502	229	4,808		(2,465)
Education	172,436	8,698	95,877		(67,861)
Interest on long-term debt	1,467				(1,467)
Total	<u>\$ 286,632</u>	<u>\$ 15,711</u>	<u>\$ 115,285</u>	<u>\$ -</u>	<u>(155,636)</u>
General revenues:					
Property taxes					123,703
Grants and contributions not restricted to specific programs					6,638
Unrestricted investment earnings					257
Other general revenues					991
Total general revenues					<u>131,589</u>
Change in net position					(24,047)
Net Position, Beginning of Year					<u>(98,223)</u>
Net Position, End of Year					<u>\$ (122,270)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017
In Thousands

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 31,600	\$ 1,517	\$ 6,329	\$ 1,283	\$ 40,729
Investments	247			72	319
Receivables, net	6,393	185		3,093	9,671
Due from other funds	4,081		3,307	2,414	9,802
Other assets	<u>3,803</u>		<u>385</u>	<u>77</u>	<u>4,265</u>
Total Assets	<u>\$ 46,124</u>	<u>\$ 1,702</u>	<u>\$ 10,021</u>	<u>\$ 6,939</u>	<u>\$ 64,786</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,154	\$ 595	\$ 1,465	\$ 393	\$ 7,607
Due to other funds	7,422		3,665	216	11,303
Unearned revenue	<u>1,554</u>	<u>1,107</u>	<u>1,138</u>	<u>1,268</u>	<u>5,067</u>
Total liabilities	<u>14,130</u>	<u>1,702</u>	<u>6,268</u>	<u>1,877</u>	<u>23,977</u>
Deferred inflows of resources:					
Advance property tax collections	7,523				7,523
Unavailable revenue - property taxes	3,575				3,575
Unavailable revenue - loan receivables				1,703	1,703
Unavailable revenue - other receivables	<u>113</u>			<u>165</u>	<u>278</u>
Total deferred inflows of resources	<u>11,211</u>	<u>-</u>	<u>-</u>	<u>1,868</u>	<u>13,079</u>
Fund balances:					
Nonspendable	3,652		385	141	4,178
Restricted				1,029	1,029
Committed			3,368	2,024	5,392
Assigned	549				549
Unassigned	<u>16,582</u>				<u>16,582</u>
Total fund balances	<u>20,783</u>	<u>-</u>	<u>3,753</u>	<u>3,194</u>	<u>27,730</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,124</u>	<u>\$ 1,702</u>	<u>\$ 10,021</u>	<u>\$ 6,939</u>	<u>\$ 64,786</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017
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	\$ 27,730
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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	\$ 320,541	
Less accumulated depreciation	<u>(161,856)</u>	
Net capital assets		158,685

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	2,625
Interest receivable on property taxes	949
Housing rehabilitation loans receivable	1,703
Other accounts receivable	278
Deferred outflows of resources - pension economic/demographic gains or losses	3,794
Deferred outflows of resources - pension assumptions	4,337
Deferred outflows of resources - pension investment gains or losses	16,510
Deferred charge on refunding	759

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.

5,479

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 liability	(179,770)
Net OPEB obligation	(70,682)
Bonds and notes payable	(47,395)
Unamortized bond premiums	(3,121)
Interest payable on bonds and notes	(334)
Landfill post closure monitoring	(420)
Compensated absences	(16,081)
Retirement obligations	(74)
Capital leases	(17,679)
Deferred inflows of resources - pension economic/demographic gains or losses	(3,987)
Deferred inflows of resources - pension investment gains or losses	<u>(5,576)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (122,270)</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, 2017
In Thousands

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
General property taxes	\$ 124,038	\$	\$	\$	\$ 124,038
Licenses and permits	3,111				3,111
Intergovernmental revenues	77,850	27,666	6,328	10,084	121,928
Charges for services	9,043			3,601	12,644
Investment income (loss)	163		17	(3)	177
Other	486		167	448	1,101
Total revenues	<u>214,691</u>	<u>27,666</u>	<u>6,512</u>	<u>14,130</u>	<u>262,999</u>
Expenditures:					
Current:					
General government	38,651			420	39,071
Public safety	28,594			1,622	30,216
Inspection and permits	674				674
Public works	8,839			2,453	11,292
Parks and recreation	3,323			1,399	4,722
Health and social services	4,690			1,692	6,382
Education	115,962	27,666		5,230	148,858
Capital outlay			19,253		19,253
Debt and sundry	9,101		1,231		10,332
Total expenditures	<u>209,834</u>	<u>27,666</u>	<u>20,484</u>	<u>12,816</u>	<u>270,800</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,857</u>	<u>-</u>	<u>(13,972)</u>	<u>1,314</u>	<u>(7,801)</u>
Other Financing Sources (Uses):					
Refunding bond issuance			6,225		6,225
Premium on refunding bonds			732		732
Bond issuance			14,835		14,835
Premium on bond issuance			1,612		1,612
Payment to refunded bond escrow agent			(6,887)		(6,887)
Transfers in	1,110		2,442	15	3,567
Transfers out	(2,457)		(13)	(1,097)	(3,567)
Multi-year lease purchase agreements			862		862
Total other financing sources (uses)	<u>(1,347)</u>	<u>-</u>	<u>19,808</u>	<u>(1,082)</u>	<u>17,379</u>
Net Change in Fund Balances	3,510	-	5,836	232	9,578
Fund Balances at Beginning of Year	<u>17,273</u>	<u>-</u>	<u>(2,083)</u>	<u>2,962</u>	<u>18,152</u>
Fund Balances at End of Year	<u>\$ 20,783</u>	<u>\$ -</u>	<u>\$ 3,753</u>	<u>\$ 3,194</u>	<u>\$ 27,730</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, 2017
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)	\$ 9,578
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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	4,771
Depreciation expense	(6,949)
Loss on disposal of capital assets	(101)

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	(381)
Property tax interest and lien revenue - accrual basis change	46
Housing rehabilitation loans - accrual basis change	27
Other accounts receivable - accrual basis change	(45)
Change in deferred outflows amounts related to pension economic/demographic gains or losses	(3,109)
Change in deferred outflows amounts related to pension changes in assumptions	4,337
Change in deferred outflows amounts related to pension investment gains or losses	(6,533)

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:

Issuance of bonds	(21,060)
Bond principal payments	12,420
Premium on debt issuance	(2,344)
Capital lease payments	2,595
Capital lease financing	(862)
Amortization of deferred charge on refunding	414
Amortization of bond premiums	275

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	(571)
Accrued interest	48
Retirement obligations	13
Change in net pension liability	1,131
Net OPEB expense	(9,110)
Landfill post closure expense	(50)
Change in deferred inflows amounts related to pension economic/demographic gains or losses	(3,987)
Change in deferred inflows amounts related to pension changes in assumptions	(5,576)

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.

976

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(24,047)</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, 2017
In Thousands

	Governmental Activities Internal Service Funds
Assets:	
Current:	
Cash and cash equivalents	\$ 9,073
Due from other funds	1,701
Other assets	<u>283</u>
Total assets	<u>11,057</u>
Liabilities:	
Current liabilities:	
Accounts payable	597
Due to other funds	200
Risk management claims	<u>2,981</u>
Total current liabilities	<u>3,778</u>
Noncurrent liabilities:	
Risk management claims	<u>1,800</u>
Total liabilities	<u>5,578</u>
Net Position:	
Unrestricted	\$ <u><u>5,479</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, 2017
In Thousands

	Governmental Activities Internal Service Funds
Operating Revenues:	
Employer contributions	\$ 22,744
Charges for goods and services	2,808
Other	401
Total operating revenues	<u>25,953</u>
Operating Expenses:	
Claims	22,532
Premiums and administrative charges	2,526
Total operating expenses	<u>25,058</u>
Operating Income	895
Nonoperating Revenue:	
Interest income	<u>81</u>
Change in Net Position	976
Net Position at Beginning of Year	<u>4,503</u>
Net Position at End of Year	<u><u>\$ 5,479</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, 2017
In Thousands

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from employer contributions	\$ 22,744
Cash received from charges for services	2,808
Cash received from other revenues	401
Cash paid for claims	(22,733)
Cash paid to other suppliers for services	(2,562)
Net receipts from interfund transactions	(894)
Net cash provided by (used in) operating activities	<u>(236)</u>
Cash Flows from Investing Activities:	
Investment income	<u>81</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(155)
Cash and Cash Equivalents at Beginning of Year	<u>9,228</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 9,073</u></u>
Reconciliation of Operating Income (Loss) to	
Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>895</u>
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in other assets	(36)
(Increase) decrease in due from other funds	(1,094)
Increase (decrease) in due to other funds	200
Increase (decrease) in accounts payable and accrued liabilities	101
Increase (decrease) in risk management claims	(302)
Total adjustments	<u>(1,131)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (236)</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, 2017
In Thousands

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 655	\$ 1,617
Accounts receivable		62
Investments - mutual funds	<u>232,666</u>	<u> </u>
Total assets	<u>233,321</u>	<u>\$ 1,679</u>
Liabilities:		
Accounts payable	270	\$
Due to student groups and agencies	<u> </u>	<u>1,679</u>
Total liabilities	<u>270</u>	<u>\$ 1,679</u>
Net Position:		
Restricted for Pension and Other Benefits	<u>\$ 233,051</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, 2017
In Thousands

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 15,790
Plan members	3,661
Total contributions	<u>19,451</u>
Investment income (loss):	
Net change in fair value of investments	17,767
Interest and dividends	6,368
Total investment income (loss)	<u>24,135</u>
Less investment expense	<u>(79)</u>
Net investment income (loss)	<u>24,056</u>
Total additions	<u>43,507</u>
Deductions:	
Benefits	25,278
Administration	226
Total deductions	<u>25,504</u>
Change in Net Position	18,003
Net Position at Beginning of Year	<u>215,048</u>
Net Position at End of Year	<u>\$ 233,051</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
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, 2017
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.

Additionally, the Town reports the following fund types:

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

The Pension and Other Employee Benefit Trust Funds account for the activities of the Town's retirement system, and the Town's retiree healthcare system which accumulates resources for pension benefit payments and healthcare benefit payments, respectively, 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, 2017
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 the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

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 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
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 deferred inflows of resources related to pension in the government-wide statement of net position. The Town also 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 OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

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.

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 Obligation

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.

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.

N. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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.
- 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. There were no additional appropriations made during the year. 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

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	\$ 549
Capital Improvement Fund	9,469
Nonmajor Governmental Funds	<u>1,161</u>
Total	<u>\$ 11,179</u>

B. Deficit Fund Equity

Internal Service Funds:	
Workers' Compensation	\$ 734

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

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

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*, \$13,621 of the Town's bank balance of \$15,235 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,174
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,447</u>
Total Amount Subject to Custodial Credit Risk	\$ <u><u>13,621</u></u>

Cash Equivalents

At June 30, 2017, the Town's cash equivalents amounted to \$35,683. 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

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

Investments

As of June 30, 2017, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Certificate of deposit		\$ 247	\$ 247	\$	\$
U.S. Government obligations	AAA	72		72	
Total		319	\$ 247	\$ 72	\$ -
Other investments:					
Mutual funds	N/A	232,666			
Total Investments		\$ 232,985			

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), 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.

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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.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 72	\$ 72	\$	\$
Mutual funds	<u>232,666</u>	<u>232,666</u>		
Total Investments by Fair Value Level	232,738	<u>\$ 232,738</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not included above	<u>247</u>			
Total Investments	<u>\$ 232,985</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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4. RECEIVABLES

Receivables as of June 30, 2017 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 Education Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 4,031	\$	\$	\$ 4,031
Accrued interest	1,136			1,136
Intergovernmental		185	1,225	1,410
Accounts	1,913		367	2,280
Loans and accrued interest on loans			1,703	1,703
Gross receivables	<u>7,080</u>	<u>185</u>	<u>3,295</u>	<u>10,560</u>
Less allowance for uncollectibles:				
Taxes	(412)			(412)
Accrued interest on taxes	(187)			(187)
Accounts	<u>(88)</u>		<u>(140)</u>	<u>(228)</u>
Total allowance	<u>(687)</u>	<u>-</u>	<u>(140)</u>	<u>(827)</u>
Net Total Receivables	<u>\$ 6,393</u>	<u>\$ 185</u>	<u>\$ 3,155</u>	<u>\$ 9,733</u>

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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 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	\$ 102	\$	\$ 12,239
Construction in progress	16,351	151		16,502
Total capital assets not being depreciated	<u>28,488</u>	<u>253</u>	<u>-</u>	<u>28,741</u>
Capital assets being depreciated:				
Buildings and improvements	140,201	50		140,251
Furniture, fixtures, vehicles and equipment	31,588	4,468	2,959	33,097
Infrastructure	118,452			118,452
Total capital assets being depreciated	<u>290,241</u>	<u>4,518</u>	<u>2,959</u>	<u>291,800</u>
Less accumulated depreciation for:				
Buildings and improvements	61,947	3,413		65,360
Furniture, fixtures, vehicles and equipment	22,889	1,610	2,858	21,641
Infrastructure	72,929	1,926		74,855
Total accumulated depreciation	<u>157,765</u>	<u>6,949</u>	<u>2,858</u>	<u>161,856</u>
Total capital assets being depreciated, net	<u>132,476</u>	<u>(2,431)</u>	<u>101</u>	<u>129,944</u>
Governmental Activities Capital Assets, Net	\$ <u>160,964</u>	\$ <u>(2,178)</u>	\$ <u>101</u>	\$ <u>158,685</u>

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

Governmental activities:	
General government	\$ 568
Public safety	1,253
Public works	2,783
Parks and recreation	155
Health and social services	14
Education	<u>2,176</u>
Total Depreciation Expense - Governmental Activities	\$ <u>6,949</u>

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Construction Commitments

The Town has the following active construction projects as of June 30, 2017. At year end the Town's projects and commitments with contractors are as follows:

Project Series	Project Authorization	Cumulative Expenditures	Encumbered	Balance June 30, 2017
2016 Authorization	\$ 23,000	\$ 733	\$ 721	\$ 21,546
2014 Authorization	15,000	9,458	5,542	-
Urban Action Grant	250	240		10
2012 Authorization	18,256	17,049	1,543	(336)
2008 Authorization	14,835	14,782	5	48
2007 Authorization	21,000	17,161	1,443	2,396
Town - Capital and Nonrecurring	244	127	99	18
BOE - Capital and Nonrecurring	5,853	4,881		972
Capital leases	6,922	5,949	116	857
Total	\$ 105,360	\$ 70,380	\$ 9,469	\$ 25,511

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, 2017 is presented below:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 3,665
	Nonmajor Governmental Funds	216
	Internal Service Fund	200
		<u>4,081</u>
Capital Improvement Fund	General Fund	3,307
Nonmajor Governmental Funds	General Fund	2,414
Internal Service Fund	General Fund	<u>1,701</u>
Total		\$ <u>11,503</u>

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A summary of interfund transfers is presented below:

	Transfers In			Total Transfers Out
	General Fund	Capital Improvements	Nonmajor Governmental	
Transfers out:				
General Fund	\$	\$ 2,442	\$ 15	\$ 2,457
Capital Improvements	13			13
Nonmajor Governmental	<u>1,097</u>			<u>1,097</u>
Total Transfers In	<u>\$ 1,110</u>	<u>\$ 2,442</u>	<u>\$ 15</u>	<u>\$ 3,567</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 38,755	\$ 21,060	\$ 12,420	\$ 47,395	\$ 6,270
Premium on refunding bonds	<u>1,052</u>	<u>2,344</u>	<u>275</u>	<u>3,121</u>	
Total bonds payable	39,807	23,404	12,695	50,516	6,270
Capital leases	19,412	862	2,595	17,679	2,792
Landfill postclosure monitoring	370	78	28	420	28
Compensated absences	15,510	5,283	4,712	16,081	5,434
Retirement obligations	87		13	74	
Net OPEB obligation	61,572	12,162	3,052	70,682	
Net pension liability	180,901		1,131	179,770	
Risk management claims	<u>5,083</u>	<u>22,230</u>	<u>22,532</u>	<u>4,781</u>	<u>2,981</u>
Governmental Activities Long-Term Liabilities	<u>\$ 322,742</u>	<u>\$ 64,019</u>	<u>\$ 46,758</u>	<u>\$ 340,003</u>	<u>\$ 17,505</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, 2017 are comprised of the following individual issues:

<u>Description</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2017</u>
Refunding - issues dated 5/1/03	3.000 - 5.000	9/15/2009	5/1/2023	\$ 8,370	\$ 965
General purpose	2.000 - 5.000	7/1/2011	7/1/2021	11,000	2,750
General purpose and school improvements	2.000 - 3.000	2/26/2013	2/26/2028	12,230	7,770
General purpose	2.12	6/17/2014	1/15/2024	19,100	14,850
General purpose	2.125 - 4.000	9/28/2016	10/15/2026	14,835	14,835
Refunding - issues dated 9/15/09 and 7/1/11	2.125 - 4.000	9/28/2016	10/15/2026	6,225	6,225
Total				\$	<u>47,395</u>

The annual requirements to amortize bonds payable as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,270	\$ 1,454	\$ 7,724
2019	6,985	1,229	8,214
2020	7,045	989	8,034
2021	6,025	747	6,772
2022	6,035	546	6,581
2023-2027	14,710	947	15,657
2028	<u>325</u>	<u>9</u>	<u>334</u>
Total	<u>\$ 47,395</u>	<u>\$ 5,921</u>	<u>\$ 53,316</u>

General Obligation Bonds Issuance

On September 28, 2016, the Town issued \$21,060 of general obligation bonds with interest rates ranging from 2.13% to 4.00% of which \$14,835 will be used to finance new projects of the Town and \$6,225 will be used to advance refund all or a portion of the outstanding maturities of the Towns' General Obligation Refunding Bonds, Issue of 2009, dated September 15, 2009 and General Obligation Bonds, Issue of 2011, Series A, dated July 1, 2011.

For the bonds refunded, the net proceeds of \$6,887 (including a premium of \$732 and issuance costs of \$69, including underwriter's fees) will reduce total debt service payments over the next 10 years by approximately \$209 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$213. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account until all the defeased bonds have been called. The balance in escrow was \$6,586 at June 30, 2017. The outstanding balance of the defeased bonds as of June 30, 2017 is \$6,225.

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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>
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
Flood Control System Improve 2010	7,000		4,000	3,000
East Hartford Middle School Window Wall	1,600			1,600
Road Improvements 2014	15,000		9,996	5,004
Road Improvements/Flood Control 2016	15,000			15,000
Senior Center/Multi-purpose Facility 2016	5,000			5,000
Silver Lane Corridor Improvements 2016	3,000			3,000
Total	<u>\$ 63,971</u>	<u>\$ 9,629</u>	<u>\$ 21,322</u>	<u>\$ 33,020</u>

The Town's indebtedness (\$195,632) 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	\$ 279,691	\$ 77,957	\$ 201,734
Schools	559,382	2,458	556,924
Sewers	466,151	115,217	350,934
Urban renewal	403,998		403,998
Pension deficit	372,921		372,921

The total overall statutory debt limitation for the Town is equal to seven times annual receipts from taxation \$870,149.

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	\$	14,417
Vehicles		9,914
Equipment		5,416
Furniture		557
Total gross value		<u>30,304</u>
Less accumulated depreciation		<u>(12,625)</u>
Net Book Value	\$	<u><u>17,679</u></u>

The net book value approximates the capital lease principal balance payable at June 30, 2017.

Principal payments for 2016-2017 were \$2,595. The following is a summary of capital lease commitments as of June 30, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 3,370
2019	3,253
2020	2,904
2021	2,699
2022	1,989
Thereafter	<u>6,082</u>
Total minimum lease payments	20,297
Less amount representing interest	<u>(2,618)</u>
Present Value of Minimum Lease Payments	\$ <u><u>17,679</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 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 15-year monitoring period are \$420. 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.

Post closure monitoring is approximately \$28 per year.

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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, 2017:

Vested:		
Sick	\$	6,535
Vacation		2,917
Compensatory		757
Nonvested:		
Sick		<u>5,872</u> *
Total	\$	<u><u>16,081</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 \$74 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, 2017 are as follows:

	Major Funds			
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Endowment	\$	\$	\$ 141	\$ 141
Prepaid expenditures	3,652	385		4,037
Restricted for:				
Grants			574	574
Donations			455	455
Committed to:				
Capital projects		3,368		3,368
Redevelopment			1	1
School cafeteria			1,437	1,437
Youth services			43	43
Recreation programs			373	373
Education programs			170	170
Assigned to:				
Purchases on order:				
General government	111			111
Public works	339			339
Parks and recreation	16			16
Public safety	83			83
Unassigned	16,582			16,582
Total Fund Balances	\$ 20,783	\$ 3,753	\$ 3,194	\$ 27,730

Significant encumbrances at June 30, 2017 are contained in the above table in the assigned category of the General 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 \$2,114 for the Workers' Compensation Fund, reported at June 30, 2017, is based on a summary report of outstanding liabilities for workers compensation and heart and hypertension claims. The claims liability of \$1,570 for the Health Benefits Fund, reported at June 30, 2017, is based on estimated claims incurred but not reported.

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A claims liability of \$1,097 for the General Liability Fund, reported at June 30, 2017, 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>
2016-17	\$ 5,083	\$ 22,230	\$ 22,532	\$ 4,781
2015-16	5,267	22,666	22,850	5,083

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 \$115,217 as of June 30, 2017.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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, dispatchers 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

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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. The paraprofessional employee pension plan closed as of June 30, 2015. 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.
- 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, 2016, the date of the latest actuarial valuation (not rounded):

Retiree, disabled and beneficiaries currently receiving benefits	682
Terminated employees entitled to benefits but not yet receiving them	27
Current employees:	
Vested	428
Nonvested	121
Inactive participants eligible for a refund of contributions	67
	<hr/>
Total	<u>1,325</u>

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

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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, 2016 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.

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

General Employees	8.50 %
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 32.7% of covered payroll. The annual required contribution for the current year was determined as part of the PERS actuarial valuation dated July 1, 2016.

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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, 2017:

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, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 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.

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F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017 were as follows:

Total pension liability	\$	404,392
Plan fiduciary net position		<u>(224,622)</u>
Net Pension Liability	\$	<u><u>179,770</u></u>
Plan fiduciary net position as a percentage of the total pension liability		55.55%

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	varies by age and department
Investment rate of return	7.9%, including inflation

Mortality rates were based on the RP-2000 Healthy Mortality Table projected 16 years with scale BB.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

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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, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weighting
Domestic Equities	6.71%	2.35%
International Developed Markets Equities	7.71%	1.54%
Emerging Markets	9.81%	0.49%
REITs	6.71%	0.34%
Core Fixed Income	2.11%	<u>0.74%</u>
Total Portfolio		5.46%
Long-Term Inflation Expectation		<u>2.00%</u>
Long-Term Expected Nominal Return		<u><u>7.46%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.90%. 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 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, 2016	\$ 389,116	\$ 208,215	\$ 180,901
Changes for the year:			
Service cost	5,896		5,896
Interest on total pension liability	30,694		30,694
Change of benefit terms	894		894
Differences between expected and actual experience	(5,376)		(5,376)
Changes of assumptions	5,848		5,848
Benefit payments	(22,680)	(22,680)	-
Employer contributions		12,738	(12,738)
Member contributions		3,398	(3,398)
Net investment income		23,155	(23,155)
Administrative expenses		(204)	204
Net changes	15,276	16,407	(1,131)
Balances as of June 30, 2017	\$ 404,392	\$ 224,622	\$ 179,770

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 7.90%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.90%) or 1 percentage point higher (8.90%) than the current rate:

	1% Decrease in Discount Rate (6.90%)	Current Discount Rate (7.90%)	1% Increase in Discount Rate (8.90%)
Net Pension Liability as of June 30, 2017	\$ 225,581	\$ 179,770	\$ 141,295

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Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense of \$26,475. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in pension economic/demographic gains or losses	\$ 3,794	\$ 3,987
Changes of assumptions	4,337	
Changes in pension investment gains or losses	<u>16,510</u>	<u>5,576</u>
Total	\$ <u>24,641</u>	\$ <u>9,563</u>

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

<u>Year Ending June 30,</u>	
2018	\$ 8,370
2019	5,947
2020	2,155
2021	(1,394)

13. 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.

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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.

Management of the post employment benefits plan is vested with the Director of Finance and the Pension and Retiree Benefits Board. Policy oversight is provided by the Pension and Retiree Benefits Board, which consists of five members, including the Town Treasurer, one member of the Town Council, two electors of the Town and one labor member.

At July 1, 2015, plan membership consisted of the following:

	Retiree Health Plan (not rounded)
Retired members and spouses	1,056
Active plan members	<u>1,364</u>
Total Participants	<u><u>2,420</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, 2017, plan members contributed \$76 and the TRB subsidy was \$187. 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 \$3,052 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)	\$	13,919
Interest on net OPEB obligation		2,463
Adjustment to annual required contribution		<u>(4,220)</u>
Annual OPEB cost		12,162
Contributions made		<u>3,052</u>
Change in net OPEB obligation		9,110
Net OPEB obligation, beginning of year		<u>61,572</u>
Net OPEB Obligation, End of Year	\$	<u><u>70,682</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, 2017, 2016 and 2015 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/15	\$ 14,282	\$ 3,831	26.8 %	\$ 55,102
6/30/16	12,174	5,704	46.9	61,572
6/30/17	12,162	3,052	25.1	70,682

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, 2015 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 3.0%.

An annual healthcare cost trend rate of 8.0% is used initially, decreasing to an ultimate rate of 5.0% in 2021 and beyond. The remaining amortization period at July 1, 2015 was 21 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)
7/1/2011	\$ 525	\$ 148,883	0.35 %	\$ N/A	N/A
7/1/2013	1,037	160,456	0.65	92,364	173%
7/1/2015	2,448	134,043	1.83	87,571	150%

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension and Retiree Benefits Board by a majority vote of its members. It is the policy of the Pension and Retiree Benefits Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Pension and Retiree Benefits Board'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.

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The following was the Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	18.00 %	5.60 %
U.S Small Cap	6.00	5.90
International Large Cap	15.00	5.80
International Small Cap	7.50	5.80
Emerging Markets	7.50	6.85
Alternatives (RE, etc.)	6.00	4.25
Fixed Income	40.00	1.75
Total	<u>100.00 %</u>	

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$	154,033
Plan fiduciary net position		<u>(8,429)</u>
Net OPEB Liability	\$	<u>145,604</u>
Plan fiduciary net position as a percentage of the total OPEB liability		5.47%

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Interest	4.00%
Inflation	4.00%
Healthcare cost trend rates	8.0% for 2015, decreasing 0.5% per year to an ultimate rate of 5.0% for 2021 and beyond

Mortality rates for Teachers, School Administrators, BOE Non-Certified and Town employees were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.

Mortality rates for Police and Fire employees were based on the RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for nonannuitants and annuitants, projected to the valuation date with Scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation, as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	18.00 %	5.60 %
U.S Small Cap	6.00	5.90
International Large Cap	15.00	5.80
International Small Cap	7.50	5.80
Emerging Markets	7.50	6.85
Alternatives (RE, etc.)	6.00	4.25
Fixed Income	40.00	1.75
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 169,419	\$ 145,604	\$ 126,441

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00% decreasing to 4.00%) or 1 percentage point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB Liability	\$ 122,513	\$ 145,604	\$ 175,010

14. DEFINED CONTRIBUTION PLAN

The Town 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 4% 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, 2017 is \$7,917. There were 300 participants as of June 30, 2017. During the fiscal year ended June 30, 2017, employees contributed \$833 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$549. Covered payroll totaled \$13,895. 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, 2017, 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>188,339</u>
Total	<u>\$ 188,339</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$20,539 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

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For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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%	0.4%
Total	100.0%	

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F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

16. PENSION AND OPEB COMBINING SCHEDULES

Pension and OPEB Combining Statement of Net Position

	Pension Trust Fund	Retiree Benefit Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 482	\$ 173	\$ 655
Investments - mutual funds	<u>224,161</u>	<u>8,505</u>	<u>232,666</u>
Total assets	224,643	8,678	233,321
Liabilities:			
Accounts payable	<u>21</u>	<u>249</u>	<u>270</u>
Net Position:			
Restricted for Pension and Other Benefits	<u>\$ 224,622</u>	<u>\$ 8,429</u>	<u>\$ 233,051</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	\$ 12,738	\$ 3,052	\$ 15,790
Plan members	3,398	263	3,661
Total contributions	<u>16,136</u>	<u>3,315</u>	<u>19,451</u>
Investment income:			
Net change in fair value of investments	17,108	659	17,767
Interest and dividends	6,121	247	6,368
Total investment income	<u>23,229</u>	<u>906</u>	<u>24,135</u>
Less investment expense	<u>(74)</u>	<u>(5)</u>	<u>(79)</u>
Net investment income	<u>23,155</u>	<u>901</u>	<u>24,056</u>
Total additions	<u>39,291</u>	<u>4,216</u>	<u>43,507</u>
Deductions:			
Benefits	22,680	2,598	25,278
Administration	204	22	226
Total deductions	<u>22,884</u>	<u>2,620</u>	<u>25,504</u>
Change in Net Position	16,407	1,596	18,003
Net Position at Beginning of Year	<u>208,215</u>	<u>6,833</u>	<u>215,048</u>
Net Position at End of Year	<u>\$ 224,622</u>	<u>\$ 8,429</u>	<u>\$ 233,051</u>

17. COMMITMENTS AND CONTINGENCIES

The Town is located on the eastern bank of the Connecticut River, a major tributary, which 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 (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 to maintain the System after its construction. The System consists of earthen levee, concrete floodwall, two closure structures, three storm water pump stations, storage pond and other associated infrastructure.

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 and 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 insure that the System provides the appropriate level of protection.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

In response to the Army Corps Engineer's 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-of wall, replacement of a failing timber bulkhead with a new steel sheeting bulkhead, replacement of a concrete retaining wall, and various repairs to the three storm water pump stations.

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, and replacement of the toe drain system to assist in the control of seepage within the levee structure.

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 also 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 which 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.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
In Thousands

The remediation is estimated to be around \$3,000 but it's difficult to ascertain until DEEP provides a remediation standard to meet. There are conflicting positions within DEEP on this and they are not speaking with one voice.

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 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.

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, 2017
In Thousands

	Budgeted Amounts			
	Original	Final	Actual	Variance
General property taxes:				
Current tax levy	\$ 119,136	\$ 119,136	\$ 121,379	\$ 2,243
Prior years levy	1,550	1,550	1,386	(164)
Interest and liens	1,350	1,350	1,273	(77)
Total	<u>122,036</u>	<u>122,036</u>	<u>124,038</u>	<u>2,002</u>
Licenses and permits:				
Protective	13	13	49	36
Amusement	2	2	1	(1)
Building structures and equipment	1,500	1,500	2,961	1,461
Street privilege and use	11	11	12	1
Health	70	70	80	10
Other licenses and fees	19	19	8	(11)
Total	<u>1,615</u>	<u>1,615</u>	<u>3,111</u>	<u>1,496</u>
Intergovernmental revenues:				
Pilot/Telephone	125	125	147	22
Pilot - State Property	1,050	1,050	781	(269)
Distressed Municipalities			232	232
Controlling interest trans tax	1	1		(1)
Municipal revenue sharing	2,037	2,037	1,480	(557)
MV mill rate grant	3,455	3,455	2,603	(852)
State relief - circuit breaker	360	360	360	-
Disability exemptions	10	10	10	-
Veterans exemptions	40	40	38	(2)
Abandoned motor vehicles	1	1	9	8
Education cost sharing	41,711	41,711	41,656	(55)
Pequot funds	309	309	294	(15)
Special education	1,700	1,700	1,203	(497)
Health and welfare	30	30	25	(5)
Transportation	510	510		(510)
Revenue sharing	4,448	4,448	4,448	-
UMTA	13	13	14	1
Youth Services	39	39	39	-
Highway, Planning and Construction			44	44
Total	<u>55,839</u>	<u>55,839</u>	<u>53,383</u>	<u>(2,456)</u>
Charges for services:				
Town Clerk	720	720	1,109	389
Public Safety	523	523	32	(491)
Emergency Management			51	51
Building	26	26	14	(12)
Public Works	153	153	144	(9)
Libraries	16	16	28	12
Recreation	65	65	66	1
Cemeteries	165	165	149	(16)
Total	<u>1,668</u>	<u>1,668</u>	<u>1,593</u>	<u>(75)</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, 2017
In Thousands

	Budgeted Amounts			
	Original	Final	Actual	Variance
Use of money:				
Interest from investments	\$ 30	\$ 30	\$ 163	\$ 133
Fines and forfeits:				
Traffic tags and motor vehicle fines	70	70	65	(5)
Other revenue:				
Rentals	75	75	81	6
Compensation and insurance refunds	90	90	180	90
Miscellaneous	75	75	161	86
Total	240	240	422	182
Total revenues	181,498	181,498	182,775	1,277
Other financing sources:				
Transfers in:				
Capital Improvement Fund	5	5	13	8
Nonmajor funds	321	321	1,097	776
Total other financing sources	326	326	1,110	784
Total	\$ 181,824	\$ 181,824	183,885	\$ 2,061
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.			20,539	
State of Connecticut on-behalf contributions for WIC.			3,278	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.			(1)	
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.			8,100	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 215,801	

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, 2017
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
Town Council	\$ 158	\$ 158	\$ 154	\$ 4
Town Clerk	290	290	281	9
Registrar	115	120	118	2
Selectmen	2	2	2	-
Mayor's Office	433	433	370	63
Corporation Counsel	411	466	426	40
Personnel	305	380	371	9
Libraries	1,186	1,187	1,077	110
Probate	47	47	38	9
Youth services	412	412	394	18
Grants administration	108	108	66	42
Finance administration	130	135	133	2
Accounts and control	364	385	384	1
Data processing	1,499	1,510	1,429	81
Purchasing	197	197	161	36
Treasury	4	4	4	-
Assessing	530	536	527	9
Revenue and collections	407	419	405	14
Employee benefits	26,495	26,176	25,944	232
Risk management	1,034	1,034	1,033	1
Development	256	256	254	2
Economic development	35	35	5	30
Planning and Zoning	11	11	6	5
Inland Wetlands	7	7	4	3
Z.B.A.	5	5	3	2
Boards, committees and commissions	41	41	26	15
M.D.C.	4,898	4,898	4,898	-
Contingency	995	10		10
Total general government	40,375	39,262	38,513	749
Public safety:				
Police:				
Administration	12,792	12,558	12,420	138
Operations	40	35	26	9
Criminal investigation	18	18	17	1
Communications	1,576	1,603	1,568	35
Total police	14,426	14,214	14,031	183
Fire:				
Administration	582	554	538	16
Fire suppression	10,846	12,087	12,026	61
Fire Marshal	416	397	394	3
Fire apparatus maintenance	458	567	492	75
Fire alarm maintenance	302	330	305	25
Emergency medical services	655	554	503	51
Emergency management	75	81	75	6
Training	175	65	54	11
Total fire	13,509	14,635	14,387	248
Total public safety	27,935	28,849	28,418	431
Inspections and permits	733	733	674	59

(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, 2017
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
Public works:				
Administration	\$ 333	\$ 417	\$ 415	\$ 2
Engineering	617	520	509	11
Highway services	2,673	2,735	2,675	60
Waste services	2,436	2,368	2,328	40
Fleet services	1,487	1,449	1,396	53
Building maintenance	1,636	1,765	1,657	108
Total public works	9,182	9,254	8,980	274
Parks and recreation:				
Administration	1,268	1,363	1,308	55
Maintenance	1,592	1,536	1,506	30
Park other facilities	339	286	256	30
Fine arts	20	20	15	5
Total parks and recreation	3,219	3,205	3,085	120
Health and social services:				
Administration	109	108	107	1
Community health and nursing	136	121	116	5
Social services	288	308	300	8
Elderly services - commissions	6	6	5	1
Elderly services	847	806	603	203
Community service persons disabilities	3	3		3
Environment control	256	281	281	-
Total health and social services	1,645	1,633	1,412	221
Education	89,266	87,326	87,323	3
Debt service:				
Bond principal and interest	7,545	7,305	7,303	2
Capital improvement - lease financing	1,924	1,799	1,797	2
Total debt service	9,469	9,104	9,100	4
Transfers out:				
Capital Improvement Funds		2,443	2,443	-
Special Revenue Funds		15	15	-
Total transfers out	-	2,458	2,458	-
Total	\$ 181,824	\$ 181,824	179,963	\$ 1,861

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.

20,539

State of Connecticut on-behalf payments for WIC.

3,278

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.

(443)

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.

854

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.

8,100

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

\$ 212,291

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 5,896	\$ 6,357	\$ 6,284	\$ 5,581
Interest	30,694	28,661	27,525	27,709
Changes of benefit terms	894			
Differences between expected and actual experience	(5,376)	2,080	10,500	
Changes of assumptions	5,848			
Benefit payments, including refunds of member contributions	(22,680)	(21,313)	(20,322)	(20,114)
Net change in total pension liability	15,276	15,785	23,987	13,176
Total pension liability - beginning	389,116	373,331	349,344	336,168
Total pension liability - ending	<u>404,392</u>	<u>389,116</u>	<u>373,331</u>	<u>349,344</u>
Plan fiduciary net position:				
Contributions - employer	12,738	11,856	11,046	10,251
Contributions - member	3,398	3,182	3,285	3,233
Net investment income (loss)	23,155	(298)	1,851	30,546
Benefit payments, including refunds of member contributions	(22,680)	(21,313)	(20,322)	(20,114)
Administrative expense	(204)	(202)	(258)	(227)
Net change in plan fiduciary net position	16,407	(6,775)	(4,398)	23,689
Plan fiduciary net position - beginning	208,215	214,990	219,388	195,699
Plan fiduciary net position - ending	<u>224,622</u>	<u>208,215</u>	<u>214,990</u>	<u>219,388</u>
Net Pension Liability - Ending	<u>\$ 179,770</u>	<u>\$ 180,901</u>	<u>\$ 158,341</u>	<u>\$ 129,956</u>
Plan fiduciary net position as a percentage of the total pension liability	55.55%	53.51%	57.59%	62.80%
Covered-employee payroll	\$ 38,956	\$ 40,059	\$ 40,940	\$ 40,451
Net pension liability as a percentage of covered-employee payroll	461.47%	451.59%	386.76%	321.27%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 12,737	\$ 11,879	\$ 11,046	\$ 10,187	\$ 9,331	\$ 9,207	\$ 8,434	\$ 8,189	\$ 7,407	\$ 7,147
Contributions in relation to the actuarially determined contribution	<u>12,738</u>	<u>11,856</u>	<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>
Contribution Deficiency (Excess)	\$ <u>(1)</u>	\$ <u>23</u>	\$ <u>-</u>	\$ <u>(64)</u>	\$ <u>(41)</u>	\$ <u>-</u>	\$ <u>(17)</u>	\$ <u>9</u>	\$ <u>-</u>	\$ <u>(29)</u>
Covered-employee payroll	\$ 38,956	\$ 40,059	\$ 40,941	\$ 40,451	\$ 41,164	\$ 42,374	\$ 41,404	\$ 41,056	\$ 42,000	\$ 41,759
Contributions as a percentage of covered-employee payroll	32.70%	29.60%	26.98%	25.34%	22.77%	21.73%	20.41%	19.92%	17.64%	17.18%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

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, 3.25% (previously 3.50%) annual increase
Remaining amortization period	27 years remaining as of July 1, 2016, closed
Asset valuation method	5-year smoothed market
Inflation	2.00%
Salary increases (General, Dispatcher and Paraprofessions)	3.50% - 6.50%
Salary increases (Police and Fire Employees)	4.00% - 22.00%
Investment rate of return	7.90% (previously, 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 16 years (previously 14) with Scale BB
Mortality - Females	RP-2000 Combined Healthy Mortality Table, projected 16 years (previously 14) with Scale BB

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

**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
EAST HARTFORD RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS ***

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.01%	(0.11%)	0.08%	15.55%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS *
In Thousands

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	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>188,339</u>	<u>145,826</u>	<u>134,612</u>
Total	<u>\$ 188,339</u>	<u>\$ 145,826</u>	<u>\$ 134,612</u>
Town's covered-employee payroll	\$ 53,796	\$ 53,945	\$ 53,833
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality 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, 2015.
	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	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
LAST FISCAL YEAR*
In Thousands

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 4,682
Interest	5,685
Differences between expected and actual experience	(1,998)
Changes of assumptions	8,541
Benefit payments	(2,598)
Net change in total OPEB liability	14,312
Total OPEB liability - beginning	139,721
Total OPEB liability - ending	<u>154,033</u>
Plan fiduciary net position:	
Contributions - employer	3,052
Contributions - member	76
Contributions - TRB subsidy	187
Net investment income (loss)	901
Benefit payments	(2,598)
Administrative expense	(22)
Net change in plan fiduciary net position	1,596
Plan fiduciary net position - beginning	6,833
Plan fiduciary net position - ending	<u>8,429</u>
Net OPEB Liability - Ending	<u>\$ 145,604</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.47%
Covered-employee payroll	\$ 90,636
Net OPEB liability as a percentage of covered-employee payroll	160.65%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution (1)	\$ 13,919	\$ 13,747	\$ 14,515	\$ 13,816	\$ 12,935	\$ 11,284	\$ 10,857	\$ 11,189	\$ 10,767	\$ 10,360
Contributions in relation to the actuarially determined contribution	<u>3,052</u>	<u>5,704</u>	<u>3,831</u>	<u>4,383</u>	<u>5,966</u>	<u>4,666</u>	<u>4,347</u>	<u>6,285</u>	<u>6,746</u>	<u>4,079</u>
Contribution Deficiency (Excess)	<u>\$ 10,867</u>	<u>\$ 8,043</u>	<u>\$ 10,684</u>	<u>\$ 9,433</u>	<u>\$ 6,969</u>	<u>\$ 6,618</u>	<u>\$ 6,510</u>	<u>\$ 4,904</u>	<u>\$ 4,021</u>	<u>\$ 6,281</u>
Covered-employee payroll	\$ 90,636	\$ 87,571	\$ 85,819	\$ 84,103	\$ 82,421	\$ 80,772	\$ 79,157	\$ 77,574	\$ 76,022	\$ 74,502
Contributions as a percentage of covered-employee payroll	3.37%	6.51%	4.46%	5.21%	7.24%	5.78%	5.49%	8.10%	8.87%	5.48%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2017

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, 3.50% annual increase
Remaining amortization period	21 years remaining as of July 1, 2015, closed
Asset valuation method	Market value
Inflation/Salary Increase	3.00%
Interest	4.00%
Mortality - Teachers and School Administrators and BOE Non-Certified and Town	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for nonannuitants and annuitants, projected to the valuation date with Scale BB
Mortality - Police and Fire	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for nonannuitants and annuitants, projected to the valuation date with Scale BB

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

**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
RETIREE HEALTH PLAN
LAST FISCAL YEAR***

2017

Annual money-weighted rate of return,
net of investment expense

13.42%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

APPENDIX B - FORM OF OPINION OF BOND COUNSEL



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

October __, 2018

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 __, 2018 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$14,600,000 Town of East Hartford, Connecticut General Obligation Bonds, Issue of 2018, dated October __, 2018 (the “Bonds”), maturing on October 15 in each of the years, in the principal amounts and bearing interest payable on October 15, 2019 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</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
2020	\$1,625,000	%	2025	\$1,625,000	%
2021	1,625,000		2026	1,620,000	
2022	1,625,000		2027	1,615,000	
2023	1,625,000		2028	1,615,000	
2024	1,625,000				

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 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. 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

Town of East Hartford, Connecticut
\$14,600,000 General Obligation Bonds, Issue of 2018
dated October ___, 2018

October ___, 2018

WHEREAS, the Town of East Hartford, Connecticut (the “Town”) has heretofore authorized the issuance of \$14,600,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2018, dated October ___, 2018 (the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated October ___, 2018 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale dated October 10, 2018 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, 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: _____
Name: Marcia A. Leclerc
Title: Mayor

By: _____
Name: Donald M. Currey
Title: Treasurer

By: _____
Name: Michael P. Walsh
Title: Director of Finance

APPENDIX D- NOTICE OF SALE

REVISED NOTICE OF SALE
\$14,600,000
TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2018

Electronic bids (as described herein) will be received by the **TOWN OF EAST HARTFORD, CONNECTICUT** (the “Town”), until 11:30 A.M. (E.T.) Wednesday,

OCTOBER 17, 2018

(the “Sale Date”) for the purchase of all, but not less than all, of the \$14,600,000 Town of East Hartford, Connecticut General Obligation Bonds, Issue of 2018 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Revised Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated October 31, 2018, mature in the principal amounts of \$1,625,000 on October 15 in each of the years 2020 to 2025, both inclusive, \$1,620,000 on October 15, 2026, and \$1,615,000 on October 15 in each of the years 2027 and 2028, both inclusive, bear interest payable on October 15, 2019 and semiannually thereafter on October 15 and April 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated October 10, 2018 (the “Preliminary Official Statement”).

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 election of the Town, on and after October 15, 2024, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

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

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, 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.

Bank Qualification

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 (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Revised Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Revised Notice of Sale. If any provisions of this Revised Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Revised Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$14,600,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 31, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to October 31, 2018, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut ("Bond Counsel"), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) 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 (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Bill Lindsay, Director, Independent Bond and Investment Consultants, LLC, Email: bill.lindsay@ibicllc.com, Telephone: (203) 245-9603, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Revised Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about October 31, 2018. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’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 the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Bill Lindsay, Director, Independent Bond and Investment Consultants, LLC, Email: bill.lindsay@ibicllc.com, Telephone: (203) 245-9603, municipal advisor to the Town.

DONALD M. CURREY

Treasurer

MICHAEL P. WALSH

Director of Finance

October __, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of East Hartford, Connecticut
\$14,600,000 General Obligation Bonds, Issue of 2018

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Revised Notice of Sale for the Bonds, dated October 10, 2018 (the "Revised Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Revised Notice of Sale. Capitalized terms used but not defined herein are defined in the Revised Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
10/15/2020	\$1,625,000	0.000%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2021	1,625,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2022	1,625,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2023	1,625,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2024	1,625,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2025	1,625,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2026	1,620,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2027	1,615,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
10/15/2028	1,615,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on October 17, 2018:

Bond Counsel: sspinelli@rc.com

Municipal Advisor: bill.lindsay@ibicllc.com