

East Hartford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Marcia A. Leclerc
Mayor

Michael P. Walsh
Director of Finance

Comprehensive Annual Financial Report

of the

Town of East Hartford Connecticut

Fiscal Year Ended June 30, 2018

Prepared by:
Department of Finance
Michael P. Walsh
Director of Finance

TOWN OF EAST HARTFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2018

Introductory Section		Page
	Principal Officials	i
	Organizational Chart of the Town Government	ii
	Letter of Transmittal	iii-vii
	Certificate of Achievement for Excellence in Financial Reporting	viii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-10
Basic Financial Statements		
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	11
II	Statement of Activities	12
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16
	Proprietary Funds:	
V	Statement of Net Position	17
VI	Statement of Revenues, Expenses and Changes in Net Position	18
VII	Statement of Cash Flows	19
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position	20
IX	Statement of Changes in Fiduciary Net Position	21
	Notes to the Financial Statements	22-67
Required Supplementary Information		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	68-69
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	70-71
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - East Hartford Retirement System	72
RSI-4	Schedule of Employer Contributions - East Hartford Retirement System	73
RSI-5	Schedule of Investment Returns - East Hartford Retirement System	74
RSI-6	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	75
RSI-7	Schedule of Changes in Net OPEB Liability and Related Ratios - Retiree Health Plan	76
RSI-8	Schedule of Employer Contributions - Retiree Health Plan	77
RSI-9	Schedule of Investment Returns - Retiree Health Plan	78
RSI-10	Schedule of Town's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	79

<u>Exhibit</u>		<u>Page</u>
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Comparative Balance Sheet	80
A-2	Report of Tax Collector	81
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	82-83
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84-85
	Internal Service Funds:	
C-1	Combining Statement of Net Position	86
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	87
C-3	Combining Statement of Cash Flows	88
	Fiduciary Funds:	
	Agency Funds:	
D-1	Combining Statement of Changes in Assets and Liabilities	89
<u>Schedule</u>		
	Capital Improvement Fund	
1	Schedule of Project Authorizations and Expenditures	90

Statistical Section

<u>Table</u>		
	Financial Trends:	
1	Net Position by Component	91
2	Changes in Net Position	92
3	Fund Balances, Governmental Funds	93
4	Changes in Fund Balances, Governmental Funds	94
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	95
6	Principal Property Taxpayers	96
7	Property Tax Levies and Collections	97
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	98
9	Schedule of Debt Limitation	99
10	Legal Debt Margin Information	100
11	Direct and Overlapping Governmental Activities Debt	101
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	102
13	Principal Employers	103
	Operating Information:	
14	Full-Time Equivalent Town Government Employees by Function/Program	104
15	Operating Indicators by Function/Program	105
16	Capital Asset Statistics by Function/Program	106



Introductory Section

PRINCIPAL OFFICIALS

MAYOR

Marcia A. Leclerc

TREASURER

Donald M. Currey

TOWN COUNCIL

Richard F. Kehoe, Chairman
Linda A. Russo, Vice Chairman
Ram Aberasturia, Majority Leader
Esther Clarke, Minority Leader
Joseph R. Carlson
Pat Harmon
Caroline Torres
Marc I. Weinberg
Shelby Brown

ADMINISTRATION

Corporation Counsel
Town Clerk
Director of Development
Director of Finance
Director of Health and
Social Services
Director of Libraries
Director of Human Resources
Director of Inspect. and Permits
Director of Parks and Recreation
Director of Public Works
Director of Youth Services
Chief of Fire
Chief of Police
Mayor's Administrative Aide

Scott Chadwick, Esq.
Robert Pasek
Eileen Buckheit
Michael P. Walsh

James Cordier
Sarah Morgan
Santiago Malave
Greg Grew
Theodore Fravel
Keith Chapman
Cephus Nolen, Jr.
John Oates
Scott Sansom
Jessica Carrero

BOARD OF EDUCATION

Bryan R. Hall, Chairman
Harry Amadasun, Jr.
Tyron V. Harris
Marilyn S. Pet
Dorese Roberts
Tom Rup
Valerie Scheer
Stephanie K. Watkins
Ann Grabowski

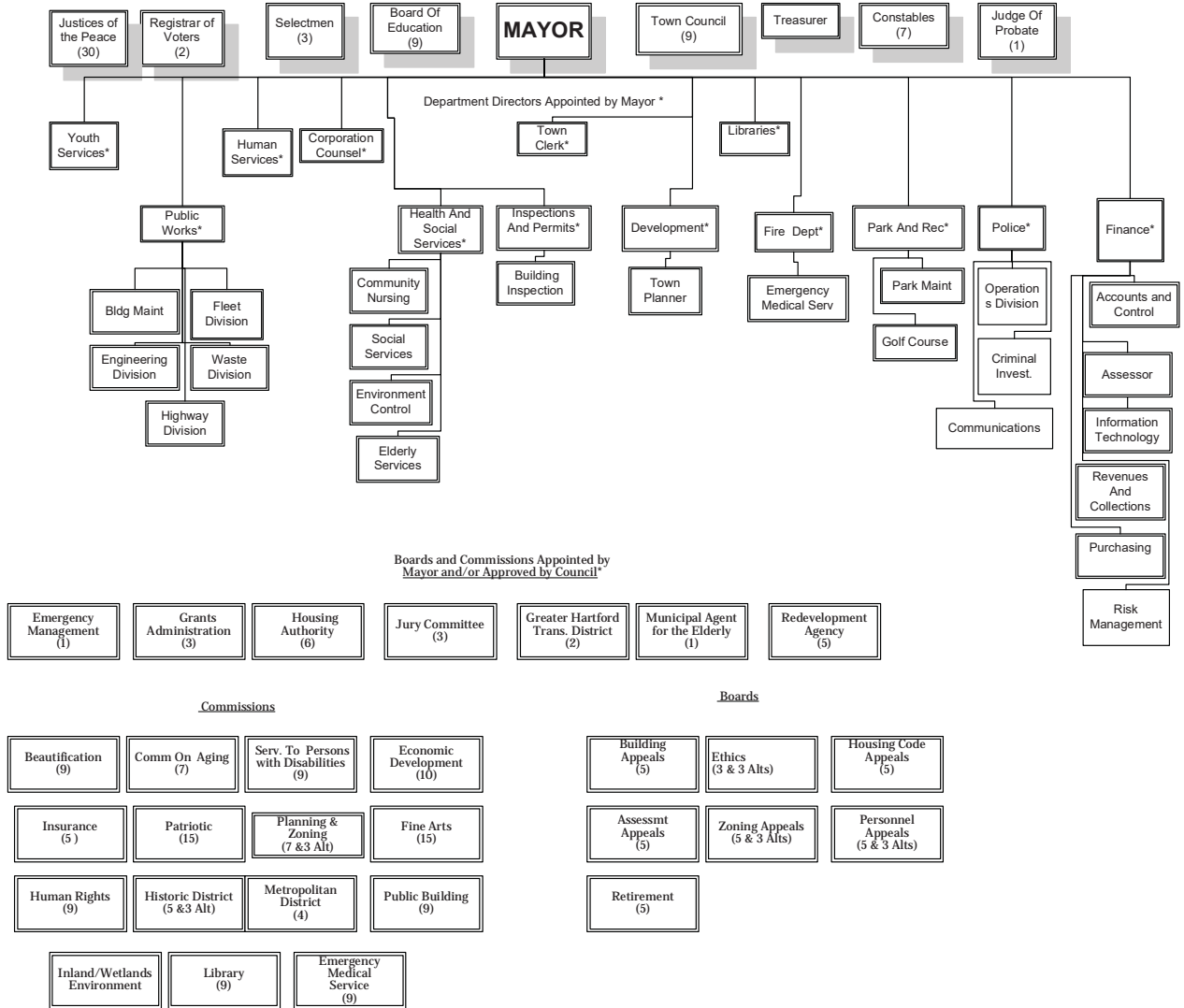
Superintendent of Schools
Deputy Superintendent, Secondary
Assistant Superintendent, Elementary
Director of Business Services
Director of Human Resources
Director of Pupil Personnel
Director of Facilities

Nathan D. Quesnal
Anne Marie Mancini
Cynthia Ritchie
Paul F. Mainuli
Christopher T. Wethje
Sharon A. Bremner, Ed.D.
Benjamin Whittaker

Organization Chart

Voters

Elect





TOWN OF EAST HARTFORD

740 Main Street

East Hartford, Connecticut 06108-3114

Telephone: (860) 291-7240
Facsimile: (860) 289-0831

MARCIA A. LECLERC,
MAYOR

Finance Department
December 19, 2018

Honorable Mayor Marcia A. Leclerc,
Members of the Town Council
Town of East Hartford
East Hartford, Connecticut

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of East Hartford, Connecticut (the Town) for the fiscal year ended June 30, 2018. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner to present fairly the financial position and results of operations of the Town of East Hartford. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit is issued as a separate report.

The State of Connecticut has enacted legislation referred to as the *State Single Audit Act*. The Act requires financial and compliance audits of State Assistance received by municipalities. Information related to this single audit is issued as a separate report.

This report includes all funds of the Town of East Hartford. The Town provides a full range of services including public safety, street maintenance and sanitation, health and human services, public parks and recreation, library, education, culture, public improvements, planning, zoning and general administrative services.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Town

The Town of East Hartford was incorporated in 1783. Covering an area of 18.7 square miles, the Town borders on the City of Hartford on the west, the Towns of Glastonbury and Wethersfield on the south, the Town of Manchester on the east, and the Town of South Windsor on the north. The Town has a Strong Mayor/Council form of government. The Town Council is the governing body, and the Mayor is the Chief Executive Officer. Nine councilors are elected at large in odd-numbered years for two-year terms. The nine members of the Board of Education are elected to overlapping four-year terms as provided by the Town Charter. The Board of Education appoints the Superintendent of Schools.

The Local Economy and the Employment Market

The Town of East Hartford is the home of over 75 diversified manufacturing plants and 1,800 businesses lending to the relative stability of the local economy. The Town continues to work to diversify its employment base by adding businesses and jobs, primarily in the service industry sector.

The Town serves as the corporate and general headquarters for the Pratt & Whitney Division of United Technologies Corporation (UTC), which employs 30,000 people worldwide and 8,000 people in East Hartford. As part of a \$400 million economic development incentive package awarded by the State of Connecticut to Pratt and Whitney and subsidiaries in 2015, a new headquarters and Engineering Building was completed in early 2018 recommitting Pratt and Whitney to East Hartford for a least another 15 years.

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.

With the withdrawal of the Horizon Property Group from the planned construction of the Outlet Mall on Rentschler Field, the Town maintains an on-going dialogue with UTC to determine future development opportunities for the property, which is also home to a Cabela's store and the University of Connecticut's football stadium. Rentschler Field, 920 acres, a former airfield servicing Pratt & Whitney Aircraft, has been rededicated as a mixed-used development.

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 Town also enjoys an expanding footprint from Goodwin College, which is a private, nonprofit, four-year college located along the Connecticut River and Route 2. They are 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. 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. The Town 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.

Long-Term Financial Planning

The Town follows a prudent path when issuing debt by retiring most debt over a ten-year life. When budgeting for pension purposes, the Town always contributes the ARC (Annual Required Contribution) in order to maintain a stable pension fund.

Relevant Financial Policies

The Town of East Hartford currently maintains a fund balance of \$24.6 million of which \$20.1 million is unassigned in its General Fund. As a percentage of the current adopted budget, East Hartford maintains 13.2% in total reserves and 10.8% in unassigned reserves.

The Town receives approximately one-third of budgeted revenues from the State of Connecticut. The vast majority of the State revenues that come to the Town are in the form of Educational Cost Sharing Grants (ECS) which provide a direct subsidy to the local education system.

Financial Information

The Finance Department includes Accounting, Tax Collection, Tax Assessment, Purchasing, Information Technology and Risk Management. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance to record transactions.

Budgetary Controls

The accounts of the Town are organized in funds and accounted for on the Town's financial management system. Each fund operates with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Budgetary control of disbursements and encumbrances against appropriations is maintained by department, division or major activity. The Town also maintains an encumbrance accounting system as one technique towards accomplishing budgetary control.

The Town Charter prescribes the following as the budgetary sequence and time schedule:

- The Town's departments and commissions receive their budget preparation forms in December.

- In early January the departments and commissions submit budgets to the Finance Department for compilation. The Finance Department also submits an assembled budget to the Mayor.
- During the month of January, the Mayor and Finance Director review the budget requests with the departments and commissions. The current year revenues and expenditures are also reviewed and the Board of Education requested budget is forwarded to the Mayor.
- By February 23rd, the Mayor must submit to the Town Council revenue and expenditure estimates for the ensuing fiscal year as the Mayor's Recommended Budget. In the later part of February and the beginning of March, the Town Council holds meetings with the Mayor, Finance Director and all departments and commissions to review recommended budgets.
- During the first week of March, the Town Council holds meetings with the Board of Education to review their budgets. By March 11th, the Town Council must conduct one or more public 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.
- In accordance with the recommendations of the Charter Revision Commission, a Budget Referendum may now be called by the Town Council upon receipt of a petition signed by not less than fifteen (15) percent of qualified electors within fifteen days of the final approval of the Town budget by the Town Council. If the majority of the votes at the referendum are in the affirmative and the total number of votes cast is 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 becomes the budget for the next fiscal year.

Independent Audit

State Statute and the Town Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). This report has been prepared in accordance with these standards. The auditors' opinion has been included in this report.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of East Hartford for its comprehensive annual financial report for the last thirty-eight (38) fiscal years ended June 30, 1980-2017.

In order to receive the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The presentation of this report could not have been accomplished without the efficient and dedicated services of the Department of Finance staff. I would like to express my appreciation to all those who may have assisted and contributed to this report. Special appreciation is conveyed to the Finance Department staff, especially Assistant Finance Director Linda Trzetzziak, as well as Joanne Zatarain, CPA for Business Services at the Board of Education, who were instrumental in completing the report. I also appreciate the continuing support of the Mayor and the Town Council, and the people of East Hartford who are committed to fiscal integrity and financial leadership.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Michael P. Walsh". The signature is fluid and cursive, with the first name "Michael" being more prominent than the last name "Walsh".

Michael P. Walsh, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of East Hartford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

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, 2018, and the related notes to the financial statements, which collectively comprise the Town of East Hartford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2018 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 14 to the financial statements, during the fiscal year ended June 30, 2018, the Town of East Hartford, Connecticut adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of East Hartford, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of East Hartford, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon December 7, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the Town of East Hartford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of East Hartford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Hartford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 19, 2018

**TOWN OF EAST HARTFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. 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 \$1.4 million, or 0.7%.
- During the year, the Town had expenses of \$260.4 million, which were \$1.4 million more than the \$259.0 million generated in taxes, grants and other revenues for governmental programs.
- The total cost of all of the Town's programs was \$260.4 million.
- The General Fund reported a total fund balance as of June 30, 2018 of \$24.6 million. The General Fund unassigned component of fund balance was \$20.1 million.
- Actual revenues were \$188.0 million compared to the final budget of \$185.2 million, resulting in higher revenues of \$2.8 million.
- Actual expenditures were \$184.7 million compared to the final budget of \$185.2 million, resulting in lower expenditures of \$506 thousand.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Government-Wide Financial Analysis

The Town's combined net position decreased from \$(197.2) million to \$(198.6) 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	
	2018	2017 (as Restated)
Current and other assets	\$ 55,727	\$ 64,338
Capital assets, net of accumulated depreciation	154,344	158,685
Total assets	210,071	223,023
Deferred outflows	25,206	25,400
Long-term debt outstanding	392,666	414,925
Other liabilities	9,582	13,604
Total liabilities	402,248	428,529
Deferred inflows	31,618	17,086
Net Position:		
Net investment in capital assets	96,199	93,695
Restricted	142	141
Unrestricted	(294,930)	(291,028)
Total Net Position	\$ (198,589)	\$ (197,192)

Net position of the Town's governmental activities decreased by \$1.4 million or 0.7%. 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 \$(294.9) million at June 30, 2018 compared to \$(291.0) million at June 30, 2017. 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	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 16,387	\$ 15,711
Operating grants and contributions	106,013	115,285
Capital grants and contributions		
General revenues:		
Property taxes	127,984	123,703
Grants and contributions not restricted to specific purposes	5,540	6,638
Unrestricted investment earnings	579	257
Other general revenues	2,510	991
Total revenues	<u>259,013</u>	<u>262,585</u>
Program expenses:		
General government	32,983	39,889
Public safety	33,727	31,446
Inspection and permits	691	674
Public works	17,707	28,544
Parks and recreation	3,836	4,674
Health and social services	7,644	7,502
Education	161,998	172,436
Interest on long-term debt	1,824	1,467
Total program expenses	<u>260,410</u>	<u>286,632</u>
Decrease in Net Position	(1,397)	(24,047)
Net Position at Beginning of Year	(197,192)	(98,223)
Restatement		<u>(74,922)</u>
Net Position at End of Year	<u>\$ (198,589)</u>	<u>\$ (197,192)</u>

The Town's total revenues were \$259.0 million. The total cost of all programs and services was \$260.4 million. The Town's overall decrease of \$1.4 million in net position compared with a decrease in net position of \$24.0 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 decreased \$3.6 million to \$259.0 million compared to \$262.6 million in the prior year. Decreases in Operational Grants of \$9.3 million predominately related to State BOE construction grants for athletic field upgrades at the High School and window replacement at the Middle School received in the prior year, increases in property taxes of \$4.3 million due to a higher mill rate and the issuance of a supplemental motor vehicle tax bill, and increases in Other general revenues of \$1.5 million due to the close-out of the East Hartford/Glastonbury Magnet School construction project.

The total program expenses decreased \$26.2 million to \$260.4 million compared with \$286.6 million in the prior year. Public Works reductions of \$10.8 million predominately from Fire and Public Works capital equipment purchases and BOE capital projects completed in FY 17 coupled with Education and General government reductions of \$10.4 million and \$6.9 million respectively which were a result of OPEB reclassifications related to the prior year.

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	
	2018	2017	2018	2017
General government	\$ 32,983	\$ 39,889	\$ 27,188	\$ 29,812
Public safety	33,727	31,446	30,170	28,867
Public works	17,707	28,544	15,969	23,621
Parks and recreation	3,836	4,674	3,185	3,842
Education	161,998	172,436	59,300	67,861
All others	10,159	9,643	2,198	1,633
Totals	\$ <u>260,410</u>	\$ <u>286,632</u>	\$ <u>138,010</u>	\$ <u>155,636</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 \$23.5 million, which is a \$4.2 million decrease from last year's total of \$27.7 million.

Increases of \$3.8 million in the General Fund, a decrease of \$8.5 million in the Capital Improvement Fund, and an increase in Nonmajor Governmental Funds of \$460 thousand accounted for the changes to fund balance.

The town's General Fund balance of \$24.6 million reported on Exhibit III differs from the General Fund's Budgetary Fund Balance of \$20.1 million. This is principally because budgetary fund balance does not include \$3.4 million of prepaid debt service items and \$1.0 million of outstanding encumbrances at year end.

The General Fund's budgetary revenue estimates generated a \$2.8 million favorable variance as reported in RSI-1 while the General Fund's budgetary expenses generated a \$506 thousand favorable variance as reported in RSI-2.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Town had \$154.3 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment roads and bridges - Table 4. This amount represents a net decrease of \$4.3 million, or 2.7%, over last year.

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

	Governmental Activities	
	2018	2017
Land	\$ 12,527	\$ 12,239
Buildings and improvements	72,287	74,891
Furniture, vehicles and equipment	10,597	11,456
Infrastructure	41,812	43,597
Construction in progress	17,121	16,502
Totals	<u>\$ 154,344</u>	<u>\$ 158,685</u>

The Town's FY 2018-19 Adopted Capital Budget calls for it to spend up to \$2.1 million, excluding referendum items, for various capital equipment including a replacement town-wide phone system, HVAC work at the Community Cultural Center, various replacement Public Works vehicles and small capital equipment like mowers, replacement defibrillators, up to ten police cars, a variety of furniture and carpeting replacements, and funding for a renovation of the Wickham Library including handicap accessibility.

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, 2018, the Town had \$41.1 million in bonds outstanding versus \$47.4 million last year - a decrease of \$6.3 million or 13.2% - as shown in Table 5. The decrease is a result of the Town paying down existing debt without issuing new debt during the reporting period.

Table 5
OUTSTANDING DEBT
(In Millions)

	Governmental Activities	
	2018	2017
General Obligation Bonds	<u>\$ 41.1</u>	<u>\$ 47.4</u>

The Town's general obligation bond rating is AA/Stable as issued by S&P Global Ratings. The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below the 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 5.9% compared with the prior year of 4.9%.

The appropriation for expenditures totals \$188.4 million in the Adopted Budget for the 2018-19 fiscal year, representing an increase of \$3.2 million or 1.7% compared to the final amended budget for the fiscal year ended June 30, 2018.

The increase in the budget was a result of \$1.8 million of additional pension plan contributions as the town lowers its discount rate to 7.65%, \$800 thousand due to rising labor costs, higher Debt and Capital borrowing costs of \$375 thousand combined, and \$255 thousand to the Board of Education.

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 2018-19 fiscal year.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 47.66 for real estate and personal property and 45.00 for motor vehicles for the Adopted Budget for the 2018-19 fiscal year. Overall, when factoring in the increasing mill rate on real estate and motor vehicles, the tax burden increased 2.9% when compared year over year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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



Basic Financial Statements

TOWN OF EAST HARTFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018
In Thousands

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 41,616
Investments	315
Receivables, net	9,320
Due from fiduciary funds	166
Other assets	4,310
Capital assets:	
Assets not being depreciated	29,648
Assets being depreciated, net	124,696
Total assets	<u>210,071</u>
Deferred Outflows of Resources:	
Related to pension	24,530
Deferred charge on refunding	676
Total deferred outflows of resources	<u>25,206</u>
Liabilities:	
Accounts and other payables	6,222
Unearned revenue	3,360
Noncurrent liabilities:	
Due within one year	18,093
Due in more than one year	374,573
Total liabilities	<u>402,248</u>
Deferred Inflows of Resources:	
Related to pension	2,597
Related to OPEB	21,443
Advance property tax collections	7,578
Total deferred inflows of resources	<u>31,618</u>
Net Position:	
Net investment in capital assets	96,199
Restricted for trust purposes:	
Expendable	142
Unrestricted	<u>(294,930)</u>
Total Net Position	<u>\$ (198,589)</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, 2018
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	\$ 32,983	\$ 1,039	\$ 4,756	\$	\$ (27,188)
Public safety	33,727	3,285	272		(30,170)
Inspections and permits	691	2,839			2,148
Public works	17,707	167	1,571		(15,969)
Parks and recreation	3,836	651			(3,185)
Health and social services	7,644	211	4,911		(2,522)
Education	161,998	8,195	94,503		(59,300)
Interest on long-term debt	1,824				(1,824)
Total	<u>\$ 260,410</u>	<u>\$ 16,387</u>	<u>\$ 106,013</u>	<u>\$ -</u>	<u>(138,010)</u>
General revenues:					
Property taxes					127,984
Grants and contributions not restricted to specific programs					5,540
Unrestricted investment earnings					579
Other general revenues					2,510
Total general revenues					<u>136,613</u>
Change in net position					(1,397)
Net Position, Beginning of Year, as Restated					<u>(197,192)</u>
Net Position, End of Year					<u>\$ (198,589)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
In Thousands

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 27,198	\$ 587	\$ 3,638	\$ 31,423
Investments	247		68	315
Receivables, net	5,121		4,199	9,320
Due from other funds	8,620	2,585	2,316	13,521
Other assets	<u>3,588</u>	<u>371</u>	<u>25</u>	<u>3,984</u>
Total Assets	<u>\$ 44,774</u>	<u>\$ 3,543</u>	<u>\$ 10,246</u>	<u>\$ 58,563</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,181	\$ 192	\$ 1,005	\$ 5,378
Due to other funds	5,038	8,111	266	13,415
Unearned revenue	<u>50</u>	<u></u>	<u>3,310</u>	<u>3,360</u>
Total liabilities	<u>9,269</u>	<u>8,303</u>	<u>4,581</u>	<u>22,153</u>
Deferred inflows of resources:				
Advance property tax collections	7,578			7,578
Unavailable revenue - property taxes	3,145			3,145
Unavailable revenue - loan receivables			1,817	1,817
Unavailable revenue - other receivables	<u>183</u>	<u></u>	<u>194</u>	<u>377</u>
Total deferred inflows of resources	<u>10,906</u>	<u>-</u>	<u>2,011</u>	<u>12,917</u>
Fund balances:				
Nonspendable	3,437	371	169	3,977
Restricted			1,235	1,235
Committed			2,250	2,250
Assigned	1,051			1,051
Unassigned	<u>20,111</u>	<u>(5,131)</u>	<u></u>	<u>14,980</u>
Total fund balances	<u>24,599</u>	<u>(4,760)</u>	<u>3,654</u>	<u>23,493</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,774</u>	<u>\$ 3,543</u>	<u>\$ 10,246</u>	<u>\$ 58,563</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
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	\$ 23,493
--	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 322,528	
Less accumulated depreciation	<u>(168,184)</u>	
Net capital assets		154,344

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	2,332
Interest receivable on property taxes	814
Housing rehabilitation loans receivable	1,817
Other accounts receivable	377
Deferred outflows of resources related to pension	24,530
Deferred charge on refunding	676

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.	4,869
--	-------

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	(203,889)
Net OPEB obligation	(108,209)
Bonds and notes payable	(41,125)
Unamortized bond premiums	(2,780)
Interest payable on bonds and notes	(322)
Landfill post closure monitoring	(392)
Compensated absences	(16,110)
Retirement obligations	(58)
Capital leases	(14,916)
Deferred inflows of resources related to pension	(2,597)
Deferred inflows of resources related to OPEB	<u>(21,443)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ (198,589)</u></u>
---	----------------------------

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, 2018
In Thousands

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 128,413	\$	\$	\$ 128,413
Licenses and permits	2,948			2,948
Intergovernmental revenues	77,839	859	32,686	111,384
Charges for services	9,977		3,366	13,343
Investment income (loss)	364	17		381
Other	1,880	145	481	2,506
Total revenues	<u>221,421</u>	<u>1,021</u>	<u>36,533</u>	<u>258,975</u>
Expenditures:				
Current:				
General government	39,923		493	40,416
Public safety	28,862		1,550	30,412
Inspection and permits	691			691
Public works	9,175		1,489	10,664
Parks and recreation	3,254		608	3,862
Health and social services	4,550		1,929	6,479
Education	119,545		29,410	148,955
Capital outlay		10,591		10,591
Debt and sundry	10,133	1,009		11,142
Total expenditures	<u>216,133</u>	<u>11,600</u>	<u>35,479</u>	<u>263,212</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,288</u>	<u>(10,579)</u>	<u>1,054</u>	<u>(4,237)</u>
Other Financing Sources (Uses):				
Transfers in	497	2,066	63	2,626
Transfers out	(1,969)		(657)	(2,626)
Total other financing sources (uses)	<u>(1,472)</u>	<u>2,066</u>	<u>(594)</u>	<u>-</u>
Net Change in Fund Balances	3,816	(8,513)	460	(4,237)
Fund Balances at Beginning of Year	<u>20,783</u>	<u>3,753</u>	<u>3,194</u>	<u>27,730</u>
Fund Balances at End of Year	<u>\$ 24,599</u>	<u>\$ (4,760)</u>	<u>\$ 3,654</u>	<u>\$ 23,493</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, 2018
In Thousands

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (4,237)
---	------------

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	2,596
Depreciation expense	(6,904)
Loss on disposal of capital assets	(33)

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	(294)
Property tax interest and lien revenue - accrual basis change	(135)
Housing rehabilitation loans - accrual basis change	113
Other accounts receivable - accrual basis change	99
Change in deferred outflows amounts related to pension economic/demographic gains or losses	(1,464)
Change in deferred outflows amounts related to pension changes in assumptions	11,214
Change in deferred outflows amounts related to pension investment gains or losses	(5,683)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	6,270
Capital lease payments	2,763
Amortization of deferred charge on refunding	(83)
Amortization of bond premiums	341

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	(29)
Accrued interest	19
Retirement obligations	16
Change in net pension liability	(24,119)
Change in net OPEB liability	37,395
Landfill post closure expense	28
Change in deferred inflows amounts related to pension	2,783
Change in deferred inflows amounts related to OPEB	(21,443)

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.

(610)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(1,397)</u>
--	-------------------

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018
In Thousands

	Governmental Activities Internal Service Funds
Assets:	
Current:	
Cash and cash equivalents	\$ 10,195
Due from other funds	137
Other assets	<u>326</u>
Total assets	<u>10,658</u>
Liabilities:	
Current liabilities:	
Accounts payable	525
Due to other funds	77
Risk management claims	<u>2,987</u>
Total current liabilities	<u>3,589</u>
Noncurrent liabilities:	
Risk management claims	<u>2,200</u>
Total liabilities	<u>5,789</u>
Net Position:	
Unrestricted	\$ <u><u>4,869</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, 2018
In Thousands

	Governmental Activities Internal Service Funds
Operating Revenues:	
Employer contributions	\$ 23,420
Charges for goods and services	2,658
Other	531
Total operating revenues	<u>26,609</u>
Operating Expenses:	
Claims	24,498
Premiums and administrative charges	2,897
Other	22
Total operating expenses	<u>27,417</u>
Operating Income	(808)
Nonoperating Revenue:	
Interest income	<u>198</u>
Change in Net Position	(610)
Net Position at Beginning of Year	<u>5,479</u>
Net Position at End of Year	<u>\$ 4,869</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, 2018
In Thousands

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from employer contributions	\$ 23,420
Cash received from charges for services	2,658
Cash received from other revenues	531
Cash paid to other funds	(22)
Cash paid for claims	(24,164)
Cash paid to other suppliers for services	(2,940)
Receipts from interfund transactions	1,564
Payments from interfund transactions	(123)
Net cash provided by (used in) operating activities	924
Cash Flows from Investing Activities:	
Investment income	198
Net Increase (Decrease) in Cash and Cash Equivalents	1,122
Cash and Cash Equivalents at Beginning of Year	9,073
Cash and Cash Equivalents at End of Year	\$ 10,195
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (808)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in other assets	(43)
(Increase) decrease in due from other funds	1,564
Increase (decrease) in due to other funds	(123)
Increase (decrease) in accounts payable and accrued liabilities	(73)
Increase (decrease) in risk management claims	407
Total adjustments	1,732
Net Cash Provided by (Used in) Operating Activities	\$ 924

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, 2018
In Thousands

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 349	\$ 1,664
Investments - mutual funds	<u> 243,605</u>	<u> </u>
Total assets	<u> 243,954</u>	<u>\$ 1,664</u>
Liabilities:		
Accounts payable	231	\$
Due to other funds		166
Due to student groups and agencies	<u> </u>	<u> 1,498</u>
Total liabilities	<u> 231</u>	<u>\$ 1,664</u>
Net Position:		
Restricted for Pension and Other Benefits	\$ <u>243,723</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, 2018
In Thousands

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 16,743
Plan members	3,626
Total contributions	<u>20,369</u>
Investment income (loss):	
Net change in fair value of investments	9,643
Interest and dividends	6,945
Total investment income (loss)	<u>16,588</u>
Less investment expense	<u>(79)</u>
Net investment income (loss)	<u>16,509</u>
Total additions	<u>36,878</u>
Deductions:	
Benefits	25,981
Administration	225
Total deductions	<u>26,206</u>
Change in Net Position	10,672
Net Position at Beginning of Year	<u>233,051</u>
Net Position at End of Year	<u>\$ 243,723</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
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, 2018
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 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, 2018
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, 2018
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 and OPEB 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. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience. These amounts are deferred and included in pension and OPEB

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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 and OPEB plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, long-term loans and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

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. Other Post Employment (OPEB) Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB asset), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2018
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	\$	1,051
Capital Improvement Fund		2,547
Nonmajor Governmental Funds		<u>1,027</u>
Total	\$	<u><u>4,625</u></u>

B. Deficit Fund Equity

Capital Improvement Fund	\$	4,760
Internal Service Funds:		
Workers' Compensation		1,161

Deficit within the internal service fund - workers compensation will be reduced in future years when additional revenues are realized or the General Fund appropriates and transfers funds. Deficit within the capital improvement funds will be reduced by a bond sale which occurred subsequent to June 30, 2018.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town's credit risk is mitigated by requiring pre-qualification of financial institutions and by monitoring the credit worthiness of any depository used by the Town. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$21,132 of the Town's bank balance of \$22,420 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,967
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,165</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 21,132</u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$22,830. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Investments

As of June 30, 2018, 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		\$ 248	\$ 248	\$	\$
U.S. Government securities	AAA	67		67	
Total		315	\$ 248	\$ 67	\$ -
Other investments:					
Mutual funds	N/A	243,605			
Total Investments		\$ 243,920			

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2018:

	<u>June 30, 2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government securities	\$ 67	\$ 67	\$	\$
Mutual funds	<u>243,605</u>	<u>243,605</u>		
Total Investments by Fair Value Level	243,672	<u>\$ 243,672</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not included above	<u>248</u>			
Total Investments	<u>\$ 243,920</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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

4. RECEIVABLES

Receivables as of June 30, 2018 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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 3,752	\$	\$ 3,752
Accrued interest	1,020		1,020
Intergovernmental	277	2,188	2,465
Accounts	798	194	992
Loans and accrued interest on loans		1,817	1,817
Gross receivables	<u>5,847</u>	<u>4,199</u>	<u>10,046</u>
Less allowance for uncollectibles:			
Taxes	(404)		(404)
Accrued interest on taxes	(206)		(206)
Accounts	(116)		(116)
Total allowance	<u>(726)</u>	<u>-</u>	<u>(726)</u>
Net Total Receivables	<u>\$ 5,121</u>	<u>\$ 4,199</u>	<u>\$ 9,320</u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	\$ 12,239	\$ 288	\$	\$ 12,527
Construction in progress	16,502	619		17,121
Total capital assets not being depreciated	<u>28,741</u>	<u>907</u>	<u>-</u>	<u>29,648</u>
Capital assets being depreciated:				
Buildings and improvements	140,251	800		141,051
Furniture, fixtures, vehicles and equipment	33,097	889	609	33,377
Infrastructure	118,452			118,452
Total capital assets being depreciated	<u>291,800</u>	<u>1,689</u>	<u>609</u>	<u>292,880</u>
Less accumulated depreciation for:				
Buildings and improvements	65,360	3,404		68,764
Furniture, fixtures, vehicles and equipment	21,641	1,715	576	22,780
Infrastructure	74,855	1,785		76,640
Total accumulated depreciation	<u>161,856</u>	<u>6,904</u>	<u>576</u>	<u>168,184</u>
Total capital assets being depreciated, net	<u>129,944</u>	<u>(5,215)</u>	<u>33</u>	<u>124,696</u>
Governmental Activities Capital Assets, Net	\$ <u>158,685</u>	\$ <u>(4,308)</u>	\$ <u>33</u>	\$ <u>154,344</u>

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

Governmental activities:	
General government	\$ 547
Public safety	1,347
Public works	2,677
Parks and recreation	171
Health and social services	12
Education	<u>2,150</u>
Total Depreciation Expense - Governmental Activities	\$ <u>6,904</u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Construction Commitments

The Town has the following active construction projects as of June 30, 2018. At year end, the Town's projects and commitments with contractors are as follows:

<u>Project Series</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2018</u>
2016 Authorization	\$ 23,000	\$ 2,568	\$ 1,011	\$ 19,421
2014 Authorization	15,000	14,404	596	-
2012 Authorization	18,256	18,535		(279)
2008 Authorization	14,835	15,029		(194)
2007 Authorization	21,000	17,780	652	2,568
Town - Capital and Nonrecurring	1,205	261	24	920
BOE - Capital and Nonrecurring	2,326	1,675	259	392
Capital leases	<u>5,390</u>	<u>5,049</u>	<u>5</u>	<u>336</u>
Total	\$ <u>101,012</u>	\$ <u>75,301</u>	\$ <u>2,547</u>	\$ <u>23,164</u>

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, 2018 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 8,111
	Nonmajor Governmental Funds	266
	Internal Service Fund	77
	Fiduciary Funds	<u>166</u>
		8,620
Capital Improvement Fund	General Fund	2,585
Nonmajor Governmental Funds	General Fund	2,316
Internal Service Fund	General Fund	<u>137</u>
Total		\$ <u>13,658</u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

A summary of interfund transfers is presented below:

	Transfers In			Total
	General Fund	Capital Improvements	Nonmajor Governmental	Transfers Out
Transfers out:				
General Fund	\$	\$ 1,906	\$ 63	\$ 1,969
Nonmajor Governmental	<u>497</u>	<u>160</u>		<u>657</u>
Total Transfers In	<u>\$ 497</u>	<u>\$ 2,066</u>	<u>\$ 63</u>	<u>\$ 2,626</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 47,395	\$	\$ 6,270	\$ 41,125	\$ 6,985
Premium on refunding bonds	<u>3,121</u>		<u>341</u>	<u>2,780</u>	
Total bonds payable	50,516		6,611	43,905	6,985
Capital leases	17,679		2,763	14,916	2,758
Landfill postclosure monitoring	420		28	392	28
Compensated absences	16,081	5,463	5,434	16,110	5,335
Retirement obligations	74		16	58	
Net OPEB obligation*	145,604		37,395	108,209	
Net pension liability	179,770	24,119		203,889	
Risk management claims	<u>4,781</u>	<u>406</u>		<u>5,187</u>	<u>2,987</u>
Governmental Activities Long-Term Liabilities	<u>\$ 414,925</u>	<u>\$ 29,988</u>	<u>\$ 52,247</u>	<u>\$ 392,666</u>	<u>\$ 18,093</u>

*Note: Beginning balance has been restated for GASB 75, see Footnote 20.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Bonds payable at June 30, 2018 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, 2018</u>
Refunding - issues dated 5/1/03	3.000 - 5.000	9/15/2009	5/1/2023	\$ 8,370	\$ 485
General purpose	2.000 - 5.000	7/1/2011	7/1/2021	11,000	1,375
General purpose and school improvements	2.000 - 3.000	2/26/2013	2/26/2028	12,230	5,480
General purpose	2.12	6/17/2014	1/15/2024	19,100	12,725
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>41,125</u>

The annual requirements to amortize bonds payable as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,660	379	5,039
2024-2028	<u>10,375</u>	<u>577</u>	<u>10,952</u>
Total	<u>\$ 41,125</u>	<u>\$ 4,467</u>	<u>\$ 45,592</u>

Prior Year Defeasance of Debt

In prior years, the government defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2018, \$6,225 of defeased bonds remain outstanding. The balance in escrow was \$6,380 at June 30, 2018.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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 2014/2012	25,000		19,996	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>\$ 73,971</u>	<u>\$ 9,629</u>	<u>\$ 31,322</u>	<u>\$ 33,020</u>

The Town's indebtedness (\$192,750) 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	\$ 71,827	\$ 207,864
Schools	559,382	2,318	557,064
Sewers	466,151	118,605	347,546
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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

The assets acquired through capital leases are as follows:

Asset class:		
Building improvements	\$	14,417
Vehicles		10,222
Equipment		5,584
Furniture		556
Total gross value		<u>30,779</u>
Less accumulated depreciation		<u>(15,863)</u>
Net Book Value	\$	<u><u>14,916</u></u>

The net book value approximates the capital lease principal balance payable at June 30, 2018.

Principal payments for 2017-2018 were \$2,595. The following is a summary of capital lease commitments as of June 30, 2018:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 3,231
2020	2,889
2021	2,692
2022	1,989
2023	1,544
Thereafter	<u>4,612</u>
Total minimum lease payments	16,957
Less amount representing interest	<u>(2,041)</u>
Present Value of Minimum Lease Payments	\$ <u><u>14,916</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 \$392. 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2018:

Vested:		
Sick	\$	6,336
Vacation		2,923
Compensatory		816
Nonvested:		
Sick		<u>6,035</u> *
Total	\$	<u><u>16,110</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 \$58 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Endowment	\$	\$	\$ 144	\$ 144
Prepaid expenditures	3,437	371	25	3,833
Restricted for:				
Grants			482	482
Donations			753	753
Committed to:				
Redevelopment			1	1
School cafeteria			1,530	1,530
Youth services			27	27
Recreation programs			396	396
Education programs			296	296
Assigned to:				
Purchases on order:				
General government	379			379
Public works	487			487
Parks and recreation	11			11
Public safety	174			174
Unassigned	20,111	(5,131)		14,980
Total Fund Balances	\$ 24,599	\$ (4,760)	\$ 3,654	\$ 23,493

Significant encumbrances at June 30, 2018 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 \$2,540 for the Workers' Compensation Fund, reported at June 30, 2018, is based on a summary report of outstanding liabilities for workers compensation and heart and hypertension claims. The claims liability of \$1,527 for the Health Benefits Fund, reported at June 30, 2018, is based on estimated claims incurred but not reported.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

A claims liability of \$1,120 for the General Liability Fund, reported at June 30, 2018, 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>
2017-18	\$ 4,781	\$ 24,904	\$ 24,498	\$ 5,187
2016-17	5,083	22,230	22,532	4,781

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 \$118,605 as of June 30, 2018.

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

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2017, the date of the latest actuarial valuation (not rounded):

Retiree, disabled and beneficiaries currently receiving benefits	689
Terminated employees entitled to benefits but not yet receiving them	27
Current employees:	
Vested	27
Nonvested	497
Inactive participants eligible for a refund of contributions	70
	<hr/>
Total	<u>1,310</u>

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

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

Basis of Accounting

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

Method Used to Value Investments

Investments are valued at fair value.

Plan Change

The net investment return assumption was lowered from 7.90% to 7.65% to better reflect future expected experience.

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	9.00
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 35.6% of covered payroll. The annual required contribution for the current year was determined as part of the PERS actuarial valuation dated July 1, 2017.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2018:

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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.99%. 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2018 were as follows:

Total pension liability	\$ 437,933
Plan fiduciary net position	<u>(234,044)</u>
Net Pension Liability	\$ <u><u>203,889</u></u>
Plan fiduciary net position as a percentage of the total pension liability	53.44%

The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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	7.65%, 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2016.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Domestic Equities	6.40%	2.24%
International Developed Markets Equities	7.40%	1.48%
Emerging Markets	9.80%	0.49%
REITs	6.40%	0.32%
Core Fixed Income	1.75%	<u>0.61%</u>
Total Portfolio		5.14%
Long-Term Inflation Expectation		<u>2.00%</u>
Long-Term Expected Nominal Return		<u><u>7.14%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.65%, a decrease from 7.90% for the year ended June 30, 2017. 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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 July 1, 2017	\$ 404,392	\$ 224,622	\$ 179,770
Changes for the year:			
Service cost	5,819		5,819
Interest on total pension liability	31,058		31,058
Differences between expected and actual experience	2,279		2,279
Changes of assumptions	17,621		17,621
Benefit payments	(23,236)	(23,236)	-
Employer contributions		13,707	(13,707)
Member contributions		3,288	(3,288)
Net investment income		15,874	(15,874)
Administrative expenses		(211)	211
Net changes	33,541	9,422	24,119
Balances as of June 30, 2018	\$ 437,933	\$ 234,044	\$ 203,889

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 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 in Discount Rate (6.65%)	Current Discount Rate (7.65%)	1% Increase in Discount Rate (8.65%)
Net Pension Liability as of June 30, 2018	\$ 253,796	\$ 203,889	\$ 162,138

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2018, the Town recognized pension expense of \$30,973. At June 30, 2018, 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	\$ 2,332	\$
Changes of assumptions	15,552	
Changes in pension investment gains or losses	<u>6,646</u>	<u>2,597</u>
Total	\$ <u>24,530</u>	\$ <u>2,597</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	\$ 11,690
2019	7,896
2020	2,135
2021	<u>212</u>
	\$ <u>21,933</u>

13. TEACHERS RETIREMENT PENSION

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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

At June 30, 2018, 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>178,519</u>
Total	\$ <u>178,519</u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$20,650 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, 2017, 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2016.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed income (core)	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bonds	3.0%	1.0%
Cash	6.0%	0.4%
Total	100.0%	

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.

14. 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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, 2017, plan membership consisted of the following:

	Retiree Health Plan (not rounded)
Retired members and spouses	627
Active plan members	<u>1,185</u>
Total Participants	<u><u>1,812</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 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, 2018, plan members contributed \$174 and the TRB subsidy was \$164. 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 \$3,036 were made in accordance with actuarially determined requirements, which represent premium payments.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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.

The following was the Board's adopted asset allocation policy as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap	18.00 %
U.S Small Cap	6.00
International Large Cap	15.00
International Small Cap	7.50
Emerging Markets	7.50
Alternatives (RE, etc.)	6.00
Fixed Income	<u>40.00</u>
Total	<u><u>100.00 %</u></u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 10.96%. 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

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$	117,888
Plan fiduciary net position		<u>9,679</u>
Net OPEB Liability	\$	<u><u>108,209</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		8.21%

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Interest	3.87%
Inflation	2.60%
Healthcare cost trend rates	7.0% decreasing to an ultimate rate of 3.6%

Mortality rates for Teachers, School Administrators, BOE Non-Certified and Town employees were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

Mortality rates for Police and Fire employees were based on the RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

The actuarial assumptions used in the July 1, 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 3.87% (prior 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of July 1, 2017	\$ 154,033	\$ 8,429	\$ 145,604
Changes for the year:			
Service cost	5,302		5,302
Interest on total OPEB liability	5,655		5,655
Effect of plan changes	(19,903)		(19,903)
Effect of economic/demographic gains or losses	(20,421)		(20,421)
Effect of assumptions changes or inputs	(4,033)		(4,033)
Benefit payments	(2,745)	(2,745)	-
Employer contributions		3,036	(3,036)
Member contributions		174	(174)
TRB subsidy		164	(164)
Net investment income		635	(635)
Administrative expenses		(14)	14
Balances as of June 30, 2018	\$ <u>117,888</u>	\$ <u>9,679</u>	\$ <u>108,209</u>

The discount rate in the current year increased to 3.87% from 3.58%. The rate of compensation (including inflation) decreased to 2.60% from 3.00%. Since the OPEB plan's fiduciary net position as the measurement date is not sufficient to cover the first year expected benefit payments for current plan members, the selection of the discount rate is consistent with the GASB 74 and GASB 75 standards linking the discount rate to the 20 year AA municipal bond index for unfunded OPEB plans. The discount rate used for this disclosure is equal to the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2018.

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 or 1 percentage point higher than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability	\$ 123,143	\$ 108,209	\$ 95,870

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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 or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.60%)	Healthcare Cost Trend Rates (7.00% decreasing to 3.60%)	1% Increase (8.00% decreasing to 5.60%)
Net OPEB Liability	\$ 94,185	\$ 108,209	\$ 125,494

OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense (revenue) of (\$12,916). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 17,616
Changes of assumptions		3,570
Net difference between projected and actual earning on pension plan investments		257
Total	\$ -	\$ 21,443

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

Year Ending June 30,

2019	\$ 2,816
2020	2,816
2021	2,816
2022	2,816
2023	2,751
Thereafter	7,428
	<u>\$ 21,443</u>

15. OTHER POST EMPLOYMENT BENEFIT - TEACHERS RETIREMENT PLAN

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

- | | |
|--|-------|
| • Medicare Supplement with Prescriptions | \$ 92 |
| • Medicare Supplement with Prescriptions and Dental | 136 |
| • Medicare Supplement with Prescriptions, Dental, Vision & Hearing | 141 |

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>45,949</u>
Total	<u>\$ 45,949</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$2,129 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB 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%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

16. PENSION AND OPEB COMBINING SCHEDULES

Pension and OPEB Combining Statement of Net Position

	Pension Trust Fund	Retiree Benefit Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 158	\$ 191	\$ 349
Due from other funds			
Accounts receivable			
Investments - mutual funds	<u> 233,907 </u>	<u> 9,698 </u>	<u> 243,605 </u>
Total assets	234,065	9,889	243,954
Liabilities:			
Accounts payable	<u> 21 </u>	<u> 210 </u>	<u> 231 </u>
Net Position:			
Restricted for Pension and Other Benefits	<u> 234,044 </u>	<u> 9,679 </u>	<u> 243,723 </u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

Pension and OPEB Combining Statement of Changes in Net Position

	Pension Trust Fund	Retiree Benefit Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 13,707	\$ 3,036	\$ 16,743
Plan members	3,288	338	3,626
Total contributions	<u>16,995</u>	<u>3,374</u>	<u>20,369</u>
Investment income:			
Net change in fair value of investments	9,295	348	9,643
Interest and dividends	6,652	293	6,945
Total investment income	<u>15,947</u>	<u>641</u>	<u>16,588</u>
Less investment expense	<u>(73)</u>	<u>(6)</u>	<u>(79)</u>
Net investment income	<u>15,874</u>	<u>635</u>	<u>16,509</u>
Total additions	<u>32,869</u>	<u>4,009</u>	<u>36,878</u>
Deductions:			
Benefits	23,236	2,745	25,981
Administration	211	14	225
Total deductions	<u>23,447</u>	<u>2,759</u>	<u>26,206</u>
Change in Net Position	9,422	1,250	10,672
Net Position at Beginning of Year	<u>224,622</u>	<u>8,429</u>	<u>233,051</u>
Net Position at End of Year	<u>\$ 234,044</u>	<u>\$ 9,679</u>	<u>\$ 243,723</u>

17. 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, 2018 is \$9,772. There were 334 participants as of June 30, 2018. During the fiscal year ended June 30, 2018, employees contributed \$918 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$603. Covered payroll totaled \$15,301. 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.

18. 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.

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.

The identified repairs included 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. With the exception of the Meadow Hill Outfall box culvert, additional work and repairs remains to be completed.

The Town voters approved two individual \$7,000 bond authorizations in November 2007 and November 2011, and \$5,000 in November 2016, 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.

TOWN OF EAST HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

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. The recent federal water resources development act legislation (WRDA) provides \$1,000 in funding towards a \$2,000 study of the system to identify projects necessary to finalize the accreditation of the system. The WRDA study would assist the town in completing the project outside of the federal awards previously mentioned.

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.

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.

19. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
In Thousands

20. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$	(122,270)
---	----	-----------

Adjustments:

Eliminate net OPEB asset reported per GASB No. 45		70,682
Record total OPEB liability per GASB No. 75		<u>(145,604)</u>

Net Position at July 1, 2017, as Restated	\$	<u><u>(197,192)</u></u>
---	----	-------------------------

21. SUBSEQUENT EVENT

On October 17, 2018, the Town issued \$14,600 in general obligation bonds that mature serially through October 15, 2028 and bear interest between 3% and 5%.



Required Supplementary Information

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 122,370	\$ 124,227	\$ 125,624	\$ 1,397
Prior years levy	1,300	1,300	1,392	92
Interest and liens	1,250	1,250	1,397	147
Total	124,920	126,777	128,413	1,636
Licenses and permits:				
Protective	13	13	20	7
Amusement	1	1	1	-
Fire marshal	500	500	1,033	533
Building structures and equipment	2,000	2,000	2,827	827
Street privilege and use	11	11	12	1
Health	100	100	78	(22)
Other licenses and fees	8	8	10	2
Total	2,633	2,633	3,981	1,348
Intergovernmental revenues:				
Pilot/Telephone	125	125	155	30
Pilot - State Property	1,424	295	295	-
Pilot - Economic development			2	2
Controlling interest trans tax	1	1	12	11
Municipal revenue sharing	7,037			-
MV mill rate grant	3,928	1,876	1,877	1
State relief - circuit breaker	360	360		(360)
Municipal project grant		4,448	4,448	-
Urban stabilization grant		1,281	1,281	-
Disability exemptions	10	10	10	-
Veterans exemptions	40	40	38	(2)
Abandoned motor vehicles	1	1	5	4
Education cost sharing	38,404	41,710	41,504	(206)
Pequot funds	291	291	291	-
Special education	3,300	1,700	993	(707)
Health and welfare	30	30	27	(3)
UMTA	13	13	12	(1)
Youth Services	39	39	37	(2)
Highway, Planning and Construction			7	7
Total	55,003	52,220	50,994	(1,226)
Charges for services:				
Town Clerk	795	795	1,008	213
Public Safety	628	628	533	(95)
Emergency Management			26	26
Building	21	21	14	(7)
Public Works	151	151	155	4
Libraries	22	21	28	7
Recreation	55	55	60	5
Cemeteries	165	165	133	(32)
Total	1,837	1,836	1,957	121

(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, 2018
In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
Use of money:				
Interest from investments	\$ 60	\$ 60	\$ 364	\$ 304
Fines and forfeits:				
Traffic tags and motor vehicle fines	70	70	55	(15)
Other revenue:				
Rentals	75	75	190	115
Compensation and insurance refunds	100	100	172	72
Miscellaneous	200	1,127	1,418	291
Total	375	1,302	1,780	478
Total revenues	184,898	184,898	187,544	2,646
Other financing sources:				
Appropriation of fund balance				-
Transfers in:				
Capital Improvement Fund	5	5	9	4
Nonmajor funds	328	328	488	160
Total other financing sources	333	333	497	164
Total	\$ 185,231	\$ 185,231	188,041	\$ 2,810
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.			20,650	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' OPEB System for Town teachers are not budgeted.			2,129	
State of Connecticut on-behalf contributions for WIC.			3,237	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.			(100)	
The Town does not budget for proceeds from other organizations associated with capital leases which are credited to debt service expenditures for budgetary purposes. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			145	
The Board of Education does not budget for a combination of intergovernmental grants and charges for services amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			7,816	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 221,918	

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, 2018
In Thousands

	Budgeted Amounts			
	Original	Final	Actual	Variance
General government:				
Town Council	\$ 163	\$ 163	\$ 153	\$ 10
Town Clerk	302	302	285	17
Registrar	114	114	105	9
Selectmen	2	2	2	-
Mayor's Office	405	405	360	45
Corporation Counsel	542	542	535	7
Personnel	324	324	303	21
Libraries	1,239	1,239	1,223	16
Probate	23	23	15	8
Youth services	417	417	402	15
Grants administration	97	97	94	3
Finance administration	134	134	134	-
Accounts and control	473	473	473	-
Data processing	1,338	1,338	1,337	1
Purchasing	171	171	171	-
Treasury	4	4	4	-
Assessing	509	509	509	-
Revenue and collections	430	430	430	-
Employee benefits	27,069	27,069	27,069	-
Risk management	1,098	1,098	1,098	-
Development	269	269	269	-
Economic development	27	27	25	2
Planning and Zoning	11	11	8	3
Inland Wetlands	7	7	4	3
Z.B.A.	5	5	2	3
Boards, committees and commissions	38	38	20	18
M.D.C.	5,208	5,208	5,208	-
Contingency				-
Total general government	<u>40,419</u>	<u>40,419</u>	<u>40,238</u>	<u>181</u>
Public safety:				
Police:				
Administration	12,949	12,949	12,910	39
Operations	23	23	14	9
Criminal investigation	35	35	33	2
Communications	1,670	1,670	1,659	11
Total police	<u>14,677</u>	<u>14,677</u>	<u>14,616</u>	<u>61</u>
Fire:				
Administration	536	536	513	23
Fire suppression	11,764	11,764	11,753	11
Fire Marshal	392	392	391	1
Fire apparatus maintenance	471	471	457	14
Fire alarm maintenance	325	325	309	16
Emergency medical services	606	606	593	13
Emergency management	116	116	111	5
Training	154	154	149	5
Total fire	<u>14,364</u>	<u>14,364</u>	<u>14,276</u>	<u>88</u>
Total public safety	<u>29,041</u>	<u>29,041</u>	<u>28,892</u>	<u>149</u>
Inspections and permits	<u>700</u>	<u>700</u>	<u>691</u>	<u>9</u>

(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, 2018
In Thousands

	Budgeted Amounts			
	Original	Final	Actual	Variance
Public works:				
Administration	\$ 393	\$ 393	\$ 392	\$ 1
Engineering	989	989	985	4
Highway services	2,427	2,427	2,415	12
Waste services	2,412	2,412	2,407	5
Fleet services	1,519	1,519	1,514	5
Building maintenance	1,743	1,743	1,736	7
Total public works	<u>9,483</u>	<u>9,483</u>	<u>9,449</u>	<u>34</u>
Parks and recreation:				
Administration	1,434	1,434	1,364	70
Maintenance	1,622	1,622	1,618	4
Park other facilities	286	286	255	31
Fine arts	21	21	20	1
Total parks and recreation	<u>3,363</u>	<u>3,363</u>	<u>3,257</u>	<u>106</u>
Health and social services:				
Administration	102	102	102	-
Community health and nursing	114	114	108	6
Social services	294	294	284	10
Elderly services - commissions	6	6	6	-
Elderly services	544	544	539	5
Environment control	280	280	274	6
Total health and social services	<u>1,340</u>	<u>1,340</u>	<u>1,313</u>	<u>27</u>
Education	<u>90,436</u>	<u>90,436</u>	<u>90,436</u>	<u>-</u>
Debt service:				
Bond principal and interest	7,724	7,724	7,724	-
Capital improvement - lease financing	2,264	2,264	2,264	-
Total debt service	<u>9,988</u>	<u>9,988</u>	<u>9,988</u>	<u>-</u>
Transfers out:				
Board of Education				
Capital Improvement Funds	<u>461</u>	<u>461</u>	<u>461</u>	<u>-</u>
Total	<u>\$ 185,231</u>	<u>\$ 185,231</u>	<u>184,725</u>	<u>\$ 506</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	20,650
State of Connecticut on-behalf contributions to the Connecticut State Teachers' OPEB System for Town teachers are not budgeted.	2,129
State of Connecticut on-behalf payments for WIC.	3,237
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.	(944)
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.	344
The Board of Education does not budget for a combination of intergovernmental grants, charges for services and other revenue amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	7,816
The Town does not budget for proceeds from other organizations associated with capital leases which are credited to debt service expenditures for budgetary purposes. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	145

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 218,102

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 5,819	\$ 5,896	\$ 6,357	\$ 6,284	\$ 5,581
Interest	31,058	30,694	28,661	27,525	27,709
Changes of benefit terms		894			
Differences between expected and actual experience	2,279	(5,376)	2,080	10,500	
Changes of assumptions	17,621	5,848			
Benefit payments, including refunds of member contributions	<u>(23,236)</u>	<u>(22,680)</u>	<u>(21,313)</u>	<u>(20,322)</u>	<u>(20,114)</u>
Net change in total pension liability	33,541	15,276	15,785	23,987	13,176
Total pension liability - beginning	<u>404,392</u>	<u>389,116</u>	<u>373,331</u>	<u>349,344</u>	<u>336,168</u>
Total pension liability - ending	<u>437,933</u>	<u>404,392</u>	<u>389,116</u>	<u>373,331</u>	<u>349,344</u>
Plan fiduciary net position:					
Contributions - employer	13,707	12,738	11,856	11,046	10,251
Contributions - member	3,288	3,398	3,182	3,285	3,233
Net investment income (loss)	15,874	23,155	(298)	1,851	30,546
Benefit payments, including refunds of member contributions	<u>(23,236)</u>	<u>(22,680)</u>	<u>(21,313)</u>	<u>(20,322)</u>	<u>(20,114)</u>
Administrative expense	<u>(211)</u>	<u>(204)</u>	<u>(202)</u>	<u>(258)</u>	<u>(227)</u>
Net change in plan fiduciary net position	9,422	16,407	(6,775)	(4,398)	23,689
Plan fiduciary net position - beginning	<u>224,622</u>	<u>208,215</u>	<u>214,990</u>	<u>219,388</u>	<u>195,699</u>
Plan fiduciary net position - ending	<u>234,044</u>	<u>224,622</u>	<u>208,215</u>	<u>214,990</u>	<u>219,388</u>
Net Pension Liability - Ending	<u>\$ 203,889</u>	<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	53.44%	55.55%	53.51%	57.59%	62.80%
Covered payroll	\$ 38,498	\$ 38,956	\$ 40,059	\$ 40,940	\$ 40,451
Net pension liability as a percentage of covered payroll	529.61%	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>2018</u>	<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>
Actuarially determined contribution	\$ 13,707	\$ 12,737	\$ 11,879	\$ 11,046	\$ 10,187	\$ 9,331	\$ 9,207	\$ 8,434	\$ 8,189	\$ 7,407
Contributions in relation to the actuarially determined contribution	<u>13,707</u>	<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>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>23</u>	\$ <u>-</u>	\$ <u>(64)</u>	\$ <u>(41)</u>	\$ <u>-</u>	\$ <u>(17)</u>	\$ <u>9</u>	\$ <u>-</u>
Covered payroll	\$ 38,498	\$ 38,956	\$ 40,059	\$ 40,941	\$ 40,451	\$ 41,164	\$ 42,374	\$ 41,404	\$ 41,056	\$ 42,000
Contributions as a percentage of covered payroll	35.60%	32.70%	29.60%	26.98%	25.34%	22.77%	21.73%	20.41%	19.92%	17.64%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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 cost method
Amortization method	Level dollar of payroll, 3.25% (previously 3.25%) annual increase
Remaining amortization period	26 years remaining as of July 1, 2017, closed
Asset valuation method	5-year smoothed market
Inflation	2.00%
Salary increases (General, Dispatcher and Paraprofessions)	2.50% - 9.00%
Salary increases (Police)	3.00% - 20.00%
Salary increases (Fire)	4.50% - 22.00%
Investment rate of return	7.65% (previously, 7.90%)
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 FIVE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.99%	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 FOUR FISCAL YEARS *
In Thousands

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	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>178,519</u>	<u>188,339</u>	<u>145,826</u>	<u>134,612</u>
Total	<u>\$ 178,519</u>	<u>\$ 188,339</u>	<u>\$ 145,826</u>	<u>\$ 134,612</u>
Town's covered payroll	\$ 53,769	\$ 53,796	\$ 53,945	\$ 53,833
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	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 increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 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 TWO FISCAL YEARS*
In Thousands

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 5,302	\$ 4,682
Interest	5,655	5,685
Changes of benefit terms	(20,421)	
Differences between expected and actual experience	(19,903)	(1,998)
Changes of assumptions	(4,033)	8,541
Benefit payments	<u>(2,745)</u>	<u>(2,598)</u>
Net change in total OPEB liability	(36,145)	14,312
Total OPEB liability - beginning	<u>154,033</u>	<u>139,721</u>
Total OPEB liability - ending	<u>117,888</u>	<u>154,033</u>
Plan fiduciary net position:		
Contributions - employer	3,036	3,052
Contributions - member	174	76
Contributions - TRB subsidy	164	187
Net investment income (loss)	635	901
Benefit payments	(2,745)	(2,598)
Administrative expense	<u>(14)</u>	<u>(22)</u>
Net change in plan fiduciary net position	1,250	1,596
Plan fiduciary net position - beginning	<u>8,429</u>	<u>6,833</u>
Plan fiduciary net position - ending	<u>9,679</u>	<u>8,429</u>
Net OPEB Liability - Ending	<u>\$ 108,209</u>	<u>\$ 145,604</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.21%	5.47%
Covered payroll	\$ 82,623	\$ 90,636
Net OPEB liability as a percentage of covered payroll	130.97%	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>2018</u>	<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>
Actuarially determined contribution (1)	\$ 14,086	\$ 13,919	\$ 13,747	\$ 14,515	\$ 13,816	\$ 12,935	\$ 11,284	\$ 10,857	\$ 11,189	\$ 10,767
Contributions in relation to the actuarially determined contribution	<u>3,036</u>	<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>
Contribution Deficiency (Excess)	<u>\$ 11,050</u>	<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>
Covered payroll	\$ 82,623	\$ 90,636	\$ 87,571	\$ 85,819	\$ 84,103	\$ 82,421	\$ 80,772	\$ 79,157	\$ 77,574	\$ 76,022
Contributions as a percentage of covered payroll	3.67%	3.37%	6.51%	4.46%	5.21%	7.24%	5.78%	5.49%	8.10%	8.87%

(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, 2017

Measurement date: June 30, 2018

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	19 years remaining as of July 1, 2017, closed
Asset valuation method	Market value
Inflation/Salary Increase	2.60%
Interest	3.87% (prior 3.58%)
Mortality - Teachers and School Administrators and BOE Non-Certified and Town	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.
Mortality - Police and Fire	RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

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

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

	2018	2017
Annual money-weighted rate of return, net of investment expense	10.96%	13.42%

*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 OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>45,949</u>
Total	<u>\$ 45,949</u>
Town's covered payroll	\$ 53,833
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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



Combining and Individual Fund Statements and Schedules



General Fund

GENERAL FUND

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not included in other specific funds. The General Fund accounts for the normal recurring activities of the Town (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses, and grants from other governmental units.

TOWN OF EAST HARTFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2018 AND 2017
In Thousands

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 27,198	\$ 31,600
Investments	247	247
Receivables:		
Property taxes receivable, net	3,348	3,619
Property taxes accrued interest receivable, net	814	949
Accounts receivable, net	959	1,825
Due from other funds	8,620	4,081
Other assets	<u>3,588</u>	<u>3,803</u>
Total Assets	\$ <u>44,774</u>	\$ <u>46,124</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,181	\$ 5,154
Due to other funds	5,038	7,422
Unearned revenue	<u>50</u>	<u>1,554</u>
Total liabilities	<u>9,269</u>	<u>14,130</u>
Deferred inflows of resources:		
Advance property tax collections	7,578	7,523
Unavailable revenue - property taxes	3,145	3,575
Unavailable revenue - other receivables	<u>183</u>	<u>113</u>
Total deferred inflows of resources	<u>10,906</u>	<u>11,211</u>
Fund balance:		
Nonspendable	3,437	3,652
Assigned	1,051	549
Unassigned	<u>20,111</u>	<u>16,582</u>
Total fund balance	<u>24,599</u>	<u>20,783</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>44,774</u>	\$ <u>46,124</u>

TOWN OF EAST HARTFORD, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

Grand List Year	Uncollected Taxes July 1, 2017	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Taxes Collected	Interest	Lien Fees	Total Collected	Uncollected Taxes June 30, 2018	**
		Additions	Deductions								
2016	\$ 128,277 *	\$ 191	\$ 1,354	\$ 61	\$ 127,053	\$ 124,562	\$ 540	\$ 63	\$ 125,165	\$ 2,491	
2015	2,585	96	46		2,635	1,780	366	19	2,165	855	
2014	993	48	15	510	516	417	142	3	562	99	
2013	109	1	10		100	46	23	1	70	54	
2012	55	2	10		47	11	5	1	17	36	
2011	53		12		41	2	2		4	39	
2010	21		6		15		1		1	15	
2009	11		5		6					6	
2008	26		5		21		1		1	21	
2007	22		9		13		1		1	13	
2006	37		4		33					33	
2005	22		1		21					21	
2004	4		1		3					3	
2003	2		1		1					1	
2002 and prior	1		1		0					0	
Total	\$ 132,218	\$ 338	\$ 1,480	\$ 571	\$ 130,505	\$ 126,818	\$ 1,081	\$ 87	127,986	\$ 3,687	
Suspense collections									380		
Tax overpayment balance - June 30, 2017									89		
Tax overpayment balance - June 30, 2018									(65)		
Total tax collections									128,390		
Property taxes receivable considered available:											
June 30, 2017									(994)		
June 30, 2018									1,017		
Total									\$ 128,413		

* Includes MVS tax levy of \$1,816.

**Amount represents property tax receivable of \$3,752 less overcollected balance of \$65, which is recorded as accounts payable.



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in the Town of East Hartford pursuant to State Statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

Fund	Funding Source	Function
Redevelopment	Bonds	Operation of the South Meadows redevelopment
Community Development	Federal grant	Housing and community development
School Cafeteria	Sale of food and grants	School lunch and breakfast programs
State and Federal Education Grants	State and federal grants	Education programs
WIC Fund	Federal grant	Women, Infant and Children Health Program
Youth Services	State and federal grants	Town Youth Services Department
Dog Fund	Licenses and fees	Animal control program
Town Aid Road	State grant	General town road maintenance
Special State Grant Programs	State grant	Various state funded programs
Miscellaneous Projects and Programs	Various	Miscellaneous activities
Local Capital Improvement Program	State grant	Capital improvements
Health Service Grant	State grant	Health services
Police Private Duty	Charges for services	Police services - private duty
Parks and Recreation	Charges for services	Recreational programs
Hockanum River Linear Park	State grant	Park renovations
Danahy Scholarship Fund	Trust and investment income	Scholarships to high school students
Brewer House Trust	Trust and investment income	Maintaining the Selden Brewer House
Education Scholarships Fund	Contributions	Scholarships to students
Education Fee Based Programs	Charges for services	Education programs

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
In Thousands

	Special Revenue									
	Redevelopment	Community Development	School Cafeteria	State and Federal Education Grants	WIC Fund	Youth Services	Dog Fund	Town Aid Road	Special State Grant Programs	Miscellaneous Projects and Programs
ASSETS										
Cash and cash equivalents	\$	\$ 25	\$ 1,172	\$ 2,079	\$	\$	\$	\$		\$
Investments										
Accounts receivable, net		1,846	692	459					756	
Due from other funds	1				12	46	10	152	589	857
Other assets										
Total Assets	\$ 1	\$ 1,871	\$ 1,864	\$ 2,538	\$ 12	\$ 46	\$ 10	\$ 152	\$ 1,345	\$ 857
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 15	\$ 334	\$ 358	\$ 1	\$ 12	\$ 10	\$ 6	\$ 170	\$ 70
Due to other funds		17								
Unearned revenue				2,180	11	7		146	749	
Total liabilities	-	32	334	2,538	12	19	10	152	919	70
Deferred inflows of resources:										
Unavailable revenue - loan receivables		1,817								
Unavailable revenue - other receivables										
Total deferred inflows of resources	-	1,817	-	-	-	-	-	-	-	-
Fund balances:										
Nonspendable										
Restricted		22							426	787
Committed	1		1,530			27				
Total fund balances	1	22	1,530	-	-	27	-	-	426	787
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1	\$ 1,871	\$ 1,864	\$ 2,538	\$ 12	\$ 46	\$ 10	\$ 152	\$ 1,345	\$ 857

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
In Thousands

	Special Revenue									
	Local Capital Improvement Program	Health Service Grant	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	Total
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 66	\$ 296	\$ 3,638
Investments						68				68
Accounts receivable, net	244		194		8					4,199
Due from other funds		33		606			10			2,316
Other assets				25						25
Total Assets	\$ 244	\$ 33	\$ 194	\$ 631	\$ 8	\$ 68	\$ 10	\$ 66	\$ 296	\$ 10,246
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 3	\$	\$	26	\$	\$	\$	\$	\$	1,005
Due to other funds	241				8					266
Unearned revenue		33		184						3,310
Total liabilities	244	33	-	210	8	-	-	-	-	4,581
Deferred inflows of resources:										
Unavailable revenue - loan receivables										1,817
Unavailable revenue - other receivables			194							194
Total deferred inflows of resources	-	-	194	-	-	-	-	-	-	2,011
Fund balances:										
Nonspendable				25		68	10	66		169
Restricted										1,235
Committed				396					296	2,250
Total fund balances	-	-	-	421	-	68	10	66	296	3,654
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 244	\$ 33	\$ 194	\$ 631	\$ 8	\$ 68	\$ 10	\$ 66	\$ 296	\$ 10,246

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	Special Revenue									
	Redevelopment	Community Development	School Cafeteria	State and Federal Education Grants	WIC Fund	Youth Services	Dog Fund	Town Aid Road	Special State Grant Programs	Miscellaneous Projects and Programs
Revenues:										
Intergovernmental	\$	\$ 511	\$ 4,044	\$ 24,354	\$ 922	\$ 74	\$ 14	\$ 612	\$ 1,490	\$ 382
Charges for services			946							559
Investment income (loss)		1								
Miscellaneous		27							15	412
Total revenues	-	539	4,990	24,354	922	74	14	612	1,505	1,353
Expenditures:										
General government									79	179
Public safety							10		214	303
Public works		26						612	837	11
Parks and recreation		41							24	
Health and social services		539			922	90			321	27
Education			4,897	24,354						
Total expenditures	-	606	4,897	24,354	922	90	10	612	1,475	520
Excess (Deficiency) of Revenues over Expenditures	-	(67)	93	-	-	(16)	4	-	30	833
Other Financing Sources (Uses):										
Transfers in						4				44
Transfers out						(4)	(4)		(55)	(579)
Total other financing uses	-	-	-	-	-	-	(4)	-	(55)	(535)
Net Change in Fund Balances	-	(67)	93	-	-	(16)	-	-	(25)	298
Fund Balances at Beginning of Year	1	89	1,437	-	-	43	-	-	451	489
Fund Balances at End of Year	\$ 1	\$ 22	\$ 1,530	\$ -	\$ -	\$ 27	\$ -	\$ -	\$ 426	\$ 787

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	Special Revenue									
	Local Capital Improvement Program	Health Service Grant	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	Total
Revenues:										
Intergovernmental	\$ 267	\$ 30	\$	\$	\$	\$	\$	\$	\$	\$ 32,686
Charges for services			1,023	562					262	3,366
Investment income (loss)						(1)				-
Miscellaneous							1	26		481
Total revenues	<u>267</u>	<u>30</u>	<u>1,023</u>	<u>562</u>	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>26</u>	<u>262</u>	<u>36,533</u>
Expenditures:										
General government	235									493
Public safety			1,023							1,550
Public works	3									1,489
Parks and recreation	29			514						608
Health and social services		30								1,929
Education						3		20	136	29,410
Total expenditures	<u>267</u>	<u>30</u>	<u>1,023</u>	<u>514</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>20</u>	<u>136</u>	<u>35,479</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>(4)</u>	<u>1</u>	<u>6</u>	<u>126</u>	<u>1,054</u>
Other Financing Sources (Uses):										
Transfers in	15									63
Transfers out	(15)									(657)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(594)</u>
Net Change in Fund Balances	-	-	-	48	-	(4)	1	6	126	460
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>373</u>	<u>-</u>	<u>72</u>	<u>9</u>	<u>60</u>	<u>170</u>	<u>3,194</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 10</u>	<u>\$ 66</u>	<u>\$ 296</u>	<u>\$ 3,654</u>



Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Health Benefits - A fund used to pay health insurance claims and to purchase administrative services and stop loss insurance for the health care plans. Both the Town and the Board of Education pay this fund for health insurance.

Workers' Compensation - Accounts for the receipt of General Fund contributions to fund Town and Board of Education incurred Workers' Compensation claims. Contribution amounts are based on projections from an actuarial valuation.

General Liability - To account for the receipt of General Fund contributions to fund general and auto liability claims.

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018
In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Assets:				
Current:				
Cash and cash equivalents	\$ 7,012	\$ 1,304	\$ 1,879	\$ 10,195
Due from other funds	137			137
Other assets		200	126	326
Total assets	<u>7,149</u>	<u>1,504</u>	<u>2,005</u>	<u>10,658</u>
Liabilities:				
Current liabilities:				
Accounts payable	400	125		525
Due to other funds			77	77
Risk management claims	<u>1,527</u>	<u>340</u>	<u>1,120</u>	<u>2,987</u>
Total current liabilities	1,927	465	1,197	3,589
Noncurrent liabilities:				
Risk management claims		<u>2,200</u>		<u>2,200</u>
Total liabilities	<u>1,927</u>	<u>2,665</u>	<u>1,197</u>	<u>5,789</u>
Net Position:				
Unrestricted	\$ <u>5,222</u>	\$ <u>(1,161)</u>	\$ <u>808</u>	\$ <u>4,869</u>

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Operating Revenues:				
Employer contributions	\$ 20,038	\$ 1,722	\$ 1,660	\$ 23,420
Charges for goods and services	2,658			2,658
Other	447	34	50	531
Total operating revenues	<u>23,143</u>	<u>1,756</u>	<u>1,710</u>	<u>26,609</u>
Operating Expenses:				
Claims	20,575	2,142	1,781	24,498
Premiums and administrative charges	2,739	68	90	2,897
Other			22	22
Total operating expenses	<u>23,314</u>	<u>2,210</u>	<u>1,893</u>	<u>27,417</u>
Operating loss	(171)	(454)	(183)	(808)
Nonoperating Revenue:				
Interest income	<u>141</u>	<u>27</u>	<u>30</u>	<u>198</u>
Change in Net position	(30)	(427)	(153)	(610)
Net Position at Beginning of Year	<u>5,252</u>	<u>(734)</u>	<u>961</u>	<u>5,479</u>
Net Position at End of Year	<u>\$ 5,222</u>	<u>\$ (1,161)</u>	<u>\$ 808</u>	<u>\$ 4,869</u>

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	Health Benefits	Workers' Compensation	General Liability	Total
Cash Flows from Operating Activities:				
Cash received from employer contributions	\$ 20,038	\$ 1,722	\$ 1,660	\$ 23,420
Cash received from charges for services	2,658			2,658
Cash received from other revenues	447	34	50	531
Cash paid for claims	(20,811)	(1,595)	(1,758)	(24,164)
Cash paid to other suppliers for services	(2,739)	(68)	(133)	(2,940)
Cash paid to other funds			(22)	(22)
Receipts from interfund transactions	1,564			1,564
Payments from interfund transactions			(123)	(123)
Net cash provided by (used in) operating activities	<u>1,157</u>	<u>93</u>	<u>(326)</u>	<u>924</u>
Cash Flows from Investing Activities:				
Investment income (loss)	<u>141</u>	<u>27</u>	<u>30</u>	<u>198</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,298	120	(296)	1,122
Cash and Cash Equivalents at Beginning of Year	<u>5,714</u>	<u>1,184</u>	<u>2,175</u>	<u>9,073</u>
Cash and Cash Equivalents at End of Year	\$ <u>7,012</u>	\$ <u>1,304</u>	\$ <u>1,879</u>	\$ <u>10,195</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>(171)</u>	\$ <u>(454)</u>	\$ <u>(183)</u>	\$ <u>(808)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in other assets			(43)	(43)
(Increase) decrease in due from other funds	1,564			1,564
Increase (decrease) in due to other funds			(123)	(123)
Increase (decrease) in accounts payable	(194)	121		(73)
Increase (decrease) in risk management claims	(42)	426	23	407
Total adjustments	<u>1,328</u>	<u>547</u>	<u>(143)</u>	<u>1,732</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>1,157</u>	\$ <u>93</u>	\$ <u>(326)</u>	\$ <u>924</u>



Fiduciary Funds

FIDUCIARY FUNDS

Trust Funds

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

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

Agency Funds

Student Activity Fund - to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle school and elementary schools.

Developers' Escrow Fund - to account for cash deposits required by various agencies.

Flexible Spending Plan - to account for the employees' tax savings plan for health and welfare costs.

TOWN OF EAST HARTFORD, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>224</u>	\$ <u>584</u>	\$ <u>588</u>	\$ <u>220</u>
Liabilities:				
Due to student groups	\$ <u>224</u>	\$ <u>584</u>	\$ <u>588</u>	\$ <u>220</u>
Developers' Escrow Fund				
Assets:				
Cash and cash equivalents	\$ 1,364	\$ 295	\$ 245	\$ 1,414
Accounts receivables	<u>62</u>		<u>62</u>	-
Total Assets	\$ <u>1,426</u>	\$ <u>295</u>	\$ <u>307</u>	\$ <u>1,414</u>
Liabilities:				
Due to other funds	\$	\$ 166	\$	\$ 166
Due to agencies	<u>1,426</u>	<u>129</u>	<u>307</u>	<u>1,248</u>
Total Liabilities	\$ <u>1,426</u>	\$ <u>295</u>	\$ <u>307</u>	\$ <u>1,414</u>
Flexible Spending Plan				
Assets:				
Cash and cash equivalents	\$ <u>29</u>	\$ <u>94</u>	\$ <u>93</u>	\$ <u>30</u>
Liabilities:				
Due to agencies	\$ <u>29</u>	\$ <u>94</u>	\$ <u>93</u>	\$ <u>30</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 1,617	\$ 973	\$ 926	\$ 1,664
Accounts receivables	<u>62</u>		<u>62</u>	-
Total Assets	\$ <u>1,679</u>	\$ <u>973</u>	\$ <u>988</u>	\$ <u>1,664</u>
Liabilities:				
Due to student groups	\$ 224	\$ 584	\$ 588	\$ 220
Due to other funds		166		166
Due to agencies	<u>1,455</u>	<u>223</u>	<u>400</u>	<u>1,278</u>
Total Liabilities	\$ <u>1,679</u>	\$ <u>973</u>	\$ <u>988</u>	\$ <u>1,664</u>



Supplementary Data

TOWN OF EAST HARTFORD, CONNECTICUT
CAPITAL IMPROVEMENT FUND
SCHEDULE OF PROJECT AUTHORIZATIONS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018
In Thousands

<u>Project Description</u>	<u>Amended Budget</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Available Budget</u>
2016 Authorization:					
Road Construction	\$ 10,000	\$ 956	\$ 1,689	\$ 1,011	\$ 7,300
Levees	5,000				5,000
Senior Center	5,000	879	879		4,121
Silver Lane School	3,000				3,000
Total	<u>23,000</u>	<u>1,835</u>	<u>2,568</u>	<u>1,011</u>	<u>19,421</u>
2014 Authorization:					
Road Construction	<u>15,000</u>	<u>4,834</u>	<u>14,404</u>	<u>596</u>	<u>-</u>
2012 Authorization:					
Road Reconstruction	10,000		10,000		-
East Hartford Middle School WW	8,256	1,487	8,535		(279)
Total	<u>18,256</u>	<u>1,487</u>	<u>18,535</u>	<u>-</u>	<u>(279)</u>
2008 Authorization:					
Road Reconstruction	10,000		10,000		-
School Improvements	2,735	235	2,929		(194)
Library Improvements	2,100	12	2,100		-
Total	<u>14,835</u>	<u>247</u>	<u>15,029</u>	<u>-</u>	<u>(194)</u>
2007 Authorization:					
Levees	20,716	619	17,612	652	2,452
Capital Improvement Program	284		168		116
Total	<u>21,000</u>	<u>619</u>	<u>17,780</u>	<u>652</u>	<u>2,568</u>
Town - Capital and Nonrecurring:					
CIP 18-19	961	39	39	12	910
EHGC Water Division	244	95	222	12	10
Total	<u>1,205</u>	<u>134</u>	<u>261</u>	<u>24</u>	<u>920</u>
BOE - Capital and Nonrecurring:					
Hockanum Flooring	330	10	10	243	77
CIP 17-18	813	777	777		36
Stevens Flooring	300	5	5	16	279
CIP 16-17	883	24	883		-
Total	<u>2,326</u>	<u>816</u>	<u>1,675</u>	<u>259</u>	<u>392</u>
Capital Leases:					
Town Leases 2016	3,675	13	3,675		-
Town Leases 2016-2017	853	19	780		73
Town Leases 2017-2018	862	588	594	5	263
Total	<u>5,390</u>	<u>620</u>	<u>5,049</u>	<u>5</u>	<u>336</u>
Total	<u>\$ 101,012</u>	<u>\$ 10,592</u>	<u>\$ 75,301</u>	<u>\$ 2,547</u>	<u>\$ 23,164</u>



Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF EAST HARTFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 96,199	\$ 93,695	\$ 102,090	\$ 102,696	\$ 100,706	\$ 115,911	\$ 112,960	\$ 118,754	\$ 116,335	\$ 115,698
Restricted	142	141	154	162	174	171	190	191	196	194
Unrestricted	<u>(294,930)</u>	<u>(291,028)</u>	* <u>(200,467)</u>	<u>(179,731)</u>	<u>(158,501)</u>	<u>(30,577)</u>	<u>(20,864)</u>	<u>(21,534)</u>	<u>(13,234)</u>	<u>(4,360)</u>
Total Governmental Activities Net Position	<u>\$ (198,589)</u>	<u>\$ (197,192)</u>	<u>\$ (98,223)</u>	<u>\$ (76,873)</u>	<u>\$ (57,621)</u>	<u>\$ 85,505</u>	<u>\$ 92,286</u>	<u>\$ 97,411</u>	<u>\$ 103,297</u>	<u>\$ 111,532</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

* Restated for GASB 75

TOWN OF EAST HARTFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 32,983	\$ 39,889	\$ 39,739	\$ 40,425	\$ 39,230	\$ 38,508	\$ 34,681	\$ 31,495	\$ 31,334	\$ 33,606
Public safety	33,727	31,446	30,616	32,764	29,437	27,903	29,661	27,576	25,749	25,809
Inspections and permits	691	674	636	654	644	656	639	645	682	849
Public works	17,707	28,544	21,419	19,575	20,209	16,112	13,219	20,549	16,204	17,712
Parks and recreation	3,836	4,674	3,881	3,852	3,421	3,332	3,165	3,666	3,308	3,641
Health and social services	7,644	7,502	6,410	5,706	5,392	3,255	3,063	3,336	3,306	3,086
Education	161,998	172,436	158,237	149,674	140,193	126,568	124,623	124,447	115,034	118,104
Interest on long-term debt	1,824	1,467	1,697	1,778	1,918	1,941	1,519	1,640	1,208	2,020
Total governmental activities expenses	260,410	286,632	262,635	254,428	240,444	218,275	210,570	213,354	196,825	204,827
Program Revenues:										
Governmental activities:										
Charges for services										
General government	1,039	1,137	952	765	777	886	938	849	1,069	1,158
Public safety	3,285	2,010	1,553	1,699	1,701	1,570	1,554	2,294	1,365	674
Inspections and permits	2,839	2,973	1,659	784	1,204	616	1,966	484	481	458
Education	8,195	8,698	9,083	8,305	8,307	7,784	7,869	6,640	5,727	5,062
Other	1,029	893	945	849	810	936	909	930	1,029	997
Operating grants and contributions	106,013	115,285	93,335	92,176	87,389	76,654	76,757	77,598	72,772	71,002
Capital grants and contributions			5	20	3	200	276	6,536	1,751	3,736
Total governmental activities program revenues	122,400	130,996	107,532	104,598	100,191	88,646	90,269	95,331	84,194	83,087
Net Expense:										
Governmental activities	(138,010)	(155,636)	(155,103)	(149,830)	(140,253)	(129,629)	(120,301)	(118,023)	(112,631)	(121,740)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	127,984	123,703	125,332	121,369	117,749	116,396	107,062	104,956	98,212	100,021
Grants and contributions not restricted to specific programs	5,540	6,638	7,056	6,505	6,955	5,667	6,349	5,418	5,728	5,846
Unrestricted investment earnings	579	257	108	54	30	40	67	42	79	561
Other general revenues	2,510	991	1,257	2,650	969	745	1,698	1,721	377	2,125
Special items										
Total governmental activities	136,613	131,589	133,753	130,578	125,703	122,848	115,176	112,137	104,396	108,553
Changes in Net Position:										
Governmental Activities	\$ (1,397)	\$ (24,047)	\$ (21,350)	\$ (19,252)	\$ (14,550)	\$ (6,781)	\$ (5,125)	\$ (5,886)	\$ (8,235)	\$ (13,187)

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 3

**TOWN OF EAST HARTFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
In Thousands**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	906	943
Unreserved									12,038	12,699
Nonspendable	3,437	3,652								
Assigned	1,051	549	961	583	626	1,338	1,257	668		
Unassigned	20,111	16,582	16,312	15,713	13,967	13,288	13,954	12,850		
Total General Fund	\$ <u>24,599</u>	\$ <u>20,783</u>	\$ <u>17,273</u>	\$ <u>16,296</u>	\$ <u>14,593</u>	\$ <u>14,626</u>	\$ <u>15,211</u>	\$ <u>13,518</u>	\$ <u>12,944</u>	\$ <u>13,642</u>
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	11,335	6,329
Unreserved, reported in:										
Special revenue funds									1,149	1,187
Capital projects funds	(5,131)								209	(3,994)
Nonspendable	540	526	154	162	174	171	190	192		
Restricted	1,235	1,029	938	1,078	726	613	1,239	1,678		
Committed	2,250	5,392	11,613	5,356	12,060	8,212	5,166	5,947		
Unassigned			(11,826)	(1,613)	(1,473)	(7,791)	(1,535)	(7,867)		
Total All Other Governmental Funds	\$ <u>(1,106)</u>	\$ <u>6,947</u>	\$ <u>879</u>	\$ <u>4,983</u>	\$ <u>11,487</u>	\$ <u>1,205</u>	\$ <u>5,060</u>	\$ <u>(50)</u>	\$ <u>12,693</u>	\$ <u>3,522</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) The government applied GASB 54 in Fiscal 2011 which accounts for the change to fund balance categories.

TOWN OF EAST HARTFORD, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
General property taxes	\$ 128,413	\$ 124,038	\$ 124,808	\$ 122,150	\$ 118,022	\$ 115,890	\$ 107,495	\$ 103,943	\$ 98,458	\$ 100,745
Licenses and permits	2,948	3,111	1,760	867	1,389	782	2,132	648	652	616
Intergovernmental revenues	111,384	121,928	100,392	98,700	94,347	81,970	82,919	89,271	80,178	80,566
Charges for services	13,343	12,644	12,755	11,480	11,246	10,564	10,839	10,060	8,661	8,327
Investment income	381	177	70	38	23	37	66	31	63	415
Other	2,506	1,101	1,299	2,695	1,001	1,490	2,400	2,135	777	1,590
Total revenues	<u>258,975</u>	<u>262,999</u>	<u>241,084</u>	<u>235,930</u>	<u>226,028</u>	<u>210,733</u>	<u>205,851</u>	<u>206,088</u>	<u>188,789</u>	<u>192,259</u>
Expenditures:										
Current:										
General government	40,416	39,071	40,055	41,044	35,326	35,450	31,988	28,606	27,582	27,488
Public safety	30,412	30,216	29,318	29,629	28,168	26,849	26,491	26,655	25,199	24,916
Inspections and permits	691	674	636	654	644	656	639	645	682	849
Public works	10,664	11,292	10,488	10,010	9,778	8,877	8,548	9,338	9,151	10,422
Parks and recreation	3,862	4,722	3,683	3,652	3,224	3,135	3,071	3,627	3,549	3,551
Health and social services	6,479	6,382	6,502	5,848	5,605	3,186	2,985	2,900	2,680	2,707
Education	148,955	148,858	137,566	131,100	132,181	120,645	118,527	115,802	109,723	110,383
Capital outlay	10,591	19,253	10,570	12,465	11,885	8,231	8,916	23,668	8,391	14,603
Debt service:										
Principal	9,689	8,796	9,335	9,101	8,747	8,626	8,005	7,409	6,235	7,807
Interest	1,453	1,536	1,536	1,536	1,536	1,536	1,753	1,753	3,304	1,970
Total expenditures	<u>263,212</u>	<u>270,800</u>	<u>249,689</u>	<u>245,039</u>	<u>237,094</u>	<u>217,191</u>	<u>210,923</u>	<u>220,403</u>	<u>196,496</u>	<u>204,696</u>
Excess of Revenues Under Expenditures	<u>(4,237)</u>	<u>(7,801)</u>	<u>(8,605)</u>	<u>(9,109)</u>	<u>(11,066)</u>	<u>(6,458)</u>	<u>(5,072)</u>	<u>(14,315)</u>	<u>(7,707)</u>	<u>(12,437)</u>
Other Financing Sources (Uses):										
Multi-year lease purchase agreements		862	5,478	4,308	2,215	1,900	813	2,146	7,400	1,861
Bonds issued		14,835			19,100		16,280		8,675	
Refunding bonds		6,225				12,230			8,370	
Premium on refunding bonds		732				1,076	193		457	
Premium on bond issuance		1,612								
Payment to refunding bond escrow agent		(6,887)				(13,188)	(5,411)		(8,701)	
Transfers in	2,626	2,671	2,671	2,397	1,741	2,347	1,303	644	416	836
Transfers out	(2,626)	(2,671)	(2,671)	(2,397)	(1,741)	(2,347)	(1,303)	(644)	(436)	(962)
Total other financing sources	<u>-</u>	<u>17,379</u>	<u>5,478</u>	<u>4,308</u>	<u>21,315</u>	<u>2,018</u>	<u>11,875</u>	<u>2,146</u>	<u>16,181</u>	<u>1,735</u>
Net Change in Fund Balances	<u>\$ (4,237)</u>	<u>\$ 9,578</u>	<u>\$ (3,127)</u>	<u>\$ (4,801)</u>	<u>\$ 10,249</u>	<u>\$ (4,440)</u>	<u>\$ 6,803</u>	<u>\$ (12,169)</u>	<u>\$ 8,474</u>	<u>\$ (10,702)</u>
Debt Service as a % of Noncapital Expenditures	<u>4.28%</u>	<u>3.88%</u>	<u>4.39%</u>	<u>4.42%</u>	<u>4.46%</u>	<u>4.77%</u>	<u>4.74%</u>	<u>4.44%</u>	<u>4.98%</u>	<u>5.07%</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

TABLE 5

TOWN OF EAST HARTFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
In Thousands

Fiscal Year	Grand List Year	Real Property		Vacant Land	Motor Vehicles	Personal Property	Gross Taxable Assessed Value	Less Tax Exempt Property	Net Taxable Assessed Value	Basic Rate	General Obligation Debt Service Rate	Total Direct Tax Rate (in mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Industrial and Commercial											
2018	2016	\$ 1,455,048	\$ 757,770	\$ 25,651	\$ 275,873	\$ 554,381	\$ 3,068,723	\$ 303,851	\$ 2,764,872	44.18	2.87	47.05	\$ 3,949,817	70.00%
2017	2015	1,470,788	729,524	24,460	264,499	536,879	3,026,150	295,768	2,730,382	43.01	2.85	45.86	3,900,546	70.00%
2016	2014	1,471,517	730,914	25,416	265,734	503,716	2,997,297	304,264	2,693,033	42.86	3.00	45.86	3,847,190	70.00%
2015	2013	1,466,809	744,072	25,082	261,402	461,197	2,958,562	266,051	2,692,511	42.34	3.06	45.40	3,846,444	70.00%
2014	2012	1,465,915	750,497	25,775	260,188	431,244	2,933,619	241,911	2,691,708	40.82	3.08	43.90	3,845,297	70.00%
2013	2011	1,464,763	747,531	25,689	269,822	411,994	2,919,799	224,557	2,695,242	39.72	3.07	42.79	3,850,346	70.00%
2012	2010	1,877,590	764,534	25,836	248,757	433,077	3,349,794	254,495	3,095,299	31.81	2.61	34.42	4,421,856	70.00%
2011	2009	1,873,732	764,118	25,992	242,084	418,351	3,324,277	234,160	3,090,117	31.19	2.63	33.82	4,414,453	70.00%
2010	2008	1,868,224	769,427	27,637	242,895	407,506	3,315,689	212,152	3,103,537	28.90	2.77	31.67	4,433,624	70.00%
2009	2007	1,862,039	777,269	27,266	252,061	425,747	3,344,382	171,889	3,172,493	29.13	2.54	31.67	4,532,133	70.00%

Source: Town of East Hartford, Office of Tax Assessor

Notes:

- (1) 2006 and 2011 real property grand lists are adjusted to reflect statutory revaluation.
- (2) 2006 exemptions include \$444,945 for revaluation phase-in.
- (3) The Town assesses property at 70% of actual value for all types of real and personal property.

TABLE 6

**TOWN OF EAST HARTFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
In Thousands**

Taxpayer	Nature of Business	October 1, 2016			October 1, 2007		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
United Technologies Corp.	Manufacturing	\$ 389,860	1	14.10%	\$ 354,025	1	11.16%
Goodwin College	College	124,667	2	4.51%			0.00%
Coca Cola Bottling Co.	Beverage Mfg/Dist.	43,744	3	1.58%	26,729	3	0.84%
Connecticut Light and Power	Utility	35,864	4	1.30%	20,891	7	0.66%
Freemont Group	Offices	35,754	5	1.29%	24,293	4	0.77%
Merchant Group	Offices	29,683	6	1.07%	16,639	9	0.52%
Connecticut Natural Gas	Utility	29,360	7	1.06%	21,435	6	0.68%
Ansonia Acquisitions LLC	Apartment Buildings	23,612	8	0.85%	23,717	5	0.75%
Cabela's Inc.	Retail	19,374	9	0.70%	27,148	2	0.86%
US Bank N A as Trustee	Retail	14,253	10	0.52%			0.00%
East Hartford Founders LLC	Commercial R.E.				15,208	10	0.48%
Computer Sciences	Leasing				20,619	8	0.65%
Total		<u>\$ 746,171</u>		<u>26.99%</u>	<u>\$ 550,704</u>		<u>17.36%</u>

Source: Town of East Hartford, Office of Tax Assessor

TABLE 7

**TOWN OF EAST HARTFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
In Thousands**

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Assessed Value	Tax Rate in Mils	Original Tax Levy	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections To Date	
						Amount	Percent of Levy		Amount	Percentage of Levy
2018	2016	\$ 2,764,873	47.05	\$ 128,277	\$ 127,053	\$ 124,562	97.10%	\$	\$ 124,562	98.04%
2017	2015	2,736,033	45.86	123,771	122,966	120,381	97.26%	1,780	122,161	99.35%
2016	2014	2,693,034	45.86	124,918	124,388	121,080	96.93%	2,107	123,187	99.03%
2015	2013	2,692,513	45.40	122,155	121,245	118,320	96.86%	1,924	120,244	99.17%
2014	2012	2,691,710	43.90	118,547	117,379	114,914	96.94%	1,148	116,062	98.88%
2013	2011	2,695,243	42.79	115,680	115,155	111,797	96.64%	1,976	113,773	98.80%
2012	2010	3,095,299	34.42	106,409	106,016	103,104	96.89%	1,787	104,891	98.94%
2011	2009	3,090,117	33.82	104,383	104,001	101,051	96.81%	1,793	102,844	98.89%
2010	2008	3,103,537	31.67	98,018	97,618	95,398	97.33%	1,241	96,639	99.00%
2009	2007	3,172,493	31.67	100,533	99,128	96,764	96.25%	1,633	98,397	99.26%

Source: Tax Collector's Report; Comprehensive Annual Financial Report

TABLE 8

TOWN OF EAST HARTFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
In Thousands

Fiscal Year	Governmental Activities								Total Primary Government Debt Per Capita	Ratio of Primary Government Debt to Personal Income	Ratio of Net Bonded Debt to Estimated Actual Assessed Value	Ratio of Net Bonded Debt Per Capita
	General Obligation Bonds											
	General Purpose	Schools	Urban Renewal	Unamortized Bond Premium	Less: School Building Grants (2)	Total Net Bonded Debt	Capital Leases					
2018	\$ 40,823	\$ 302	\$	\$ 2,780	\$	\$ 43,905	\$ 14,916	\$ 58,821	\$ 1,157	3.86%	1.11%	\$ 864
2017	46,959	436		3,121		50,516	17,679	68,195	1,334	5.34%	1.30%	988
2016	38,164	591		1,052		39,807	19,412	59,219	1,156	4.53%	1.03%	777
2015	44,164	746		1,198		46,108	16,880	62,988	1,231	4.81%	1.20%	901
2014	50,683	897		1,344		52,924	14,692	67,616	1,318	5.32%	1.38%	1,032
2013	37,938	1,052		1,490		40,480	14,505	54,985	1,073	4.31%	1.05%	790
2012	43,939	1,852	74	511		46,376	14,503	60,879	1,180	4.65%	1.05%	899
2011	38,462	2,615	148	393		41,618	15,306	56,924	1,111	5.10%	0.94%	812
2010	43,765	3,430	205	428		47,828	14,545	62,373	1,279	5.88%	1.08%	981
2009	40,185	3,614	1,351			45,150	9,070	54,220	1,084	4.98%	1.00%	903

Notes:

(1) Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(2) School building grants applicable to outstanding bond issues.

TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2018
In Thousands

Total tax collections, including interest and lien fees for the year ended June 30, 2017					\$ 124,307
Reimbursement for revenue loss on:					
Tax relief for elderly - freeze					
Total					<u>\$ 124,307</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 279,691	\$	\$	\$	\$
4-1/2 times base		559,382			
3-3/4 times base			466,151		
3-1/4 times base				403,998	
3 times base					372,921
Total debt limitation	<u>279,691</u>	<u>559,382</u>	<u>466,151</u>	<u>403,998</u>	<u>372,921</u>
Indebtedness:					
Bonds payable	40,823	302			
Bonds authorized and unissued	31,004	2,016			
Overlapping debt			118,605		
Total indebtedness	<u>71,827</u>	<u>2,318</u>	<u>118,605</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 207,864</u>	<u>\$ 557,064</u>	<u>\$ 347,546</u>	<u>\$ 403,998</u>	<u>\$ 372,921</u>

Notes:

- (1) In no event shall total debt exceed seven times annual receipts from taxation \$870,149.
- (2) Bonds authorized-unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.

TABLE 10

TOWN OF EAST HARTFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limitation	\$ 870,149	\$ 874,237	\$ 852,782	\$ 828,359	\$ 811,027	\$ 747,572	\$ 727,692	\$ 691,145	\$ 702,534	\$ 685,587
Total net debt applicable to limit	<u>192,750</u>	<u>195,632</u>	<u>175,404</u>	<u>125,881</u>	<u>141,833</u>	<u>136,287</u>	<u>112,066</u>	<u>99,841</u>	<u>87,791</u>	<u>89,575</u>
Legal Debt Margin	<u>\$ 677,399</u>	<u>\$ 678,605</u>	<u>\$ 677,378</u>	<u>\$ 702,478</u>	<u>\$ 669,194</u>	<u>\$ 611,285</u>	<u>\$ 615,626</u>	<u>\$ 591,304</u>	<u>\$ 614,743</u>	<u>\$ 596,012</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>22.15%</u>	<u>22.38%</u>	<u>20.57%</u>	<u>15.20%</u>	<u>17.49%</u>	<u>18.23%</u>	<u>15.40%</u>	<u>14.45%</u>	<u>12.50%</u>	<u>13.07%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

Note:

(1) See Table 9 for calculation of current year debt limitation

TABLE 11

TOWN OF EAST HARTFORD, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS
In Thousands

Fiscal Year	MDC Overlapping Debt	Percentage Applicable to East Hartford	Town Share of Debt	General Purpose	Unamortized Bond Premiums	Capital Leases	Total Direct	Total Direct and Overlapping Debt	Ratio of Total Overall Net Debt to Estimated Actual Assessed Value	Ratio of Total Overall Net Debt Per Capita
2018	\$ 972,976	12.19 %	\$ 118,606	\$ 41,125	\$ 2,780	\$ 14,916	\$ 58,821	\$ 177,427	4.49%	\$ 3.490
2017	949,066	12.14	115,217	47,395	3,121	17,679	68,195	183,412	4.70%	3.587
2016	914,104	12.23	111,795	38,755	1,052	19,412	59,219	171,014	4.45%	3.339
2015	601,753	11.99	72,150	44,910	1,198	16,880	62,988	135,138	3.51%	2.641
2014	650,055	11.65	75,731	51,580	1,344	14,692	67,616	143,347	3.73%	2.795
2013	559,041	11.39	63,675	38,990	1,490	14,505	54,985	118,660	3.08%	2.315
2012	419,411	11.51	48,274	45,865	511	14,503	60,879	109,153	2.47%	2.116
2011	33,288	11.65	3,878	41,225	393	15,306	56,924	60,802	1.38%	1.186
2010	206,461	12.13	25,044	47,400	428	14,545	62,373	87,417	1.97%	1.793
2009	134,807	12.53	16,891	45,150		9,070	54,220	71,111	1.57%	1.422

Note: MDC overlapping debt is calculated by the Metropolitan District Commission based on the percentage of taxes owed by East Hartford.

TABLE 12

**TOWN OF EAST HARTFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Calendar Year	Population (1)	School Enrollment (1)	Employed (2)	Medium Family Income (1)	Personal Income (in thousands)	Per Capita Income (1)	Percentage Unemployed (2)			
							Town of East Hartford	Hartford Labor Market	State of Connecticut	United States
2018	50,834	6,987	24,833	\$ 61,359	\$ 1,523,728	\$ 25,303	5.9%	4.8%	4.7%	4.4%
2017	51,137	6,876	27,229	48,369	1,276,431	24,961	4.9%	4.1%	4.0%	4.1%
2016	51,211	6,732	25,933	50,355	1,305,856	25,509	5.8%	5.1%	5.1%	4.9%
2015	51,171	6,880	25,788	50,400	1,308,852	25,578	6.5%	5.1%	5.1%	4.9%
2014	51,284	7,060	24,184	47,056	1,271,802	24,799	10.0%	7.3%	7.0%	6.3%
2013	51,252	7,209	23,880	51,284	1,274,801	24,799	10.6%	8.7%	8.4%	7.3%
2012	51,594	7,918	24,042	49,772	1,309,817	25,387	10.5%	8.2%	8.9%	7.8%
2011	51,252	7,423	26,037	50,540	1,115,397	21,763	11.5%	9.1%	9.0%	9.6%
2010	48,766	7,916	26,482	51,270	1,061,294	21,763	12.5%	9.4%	9.3%	9.5%
2009	50,010	7,258	23,391	49,754	1,088,368	21,763	10.4%	7.9%	7.9%	9.1%

Sources:

(1) Connecticut Economic Resource Center

(2) State of Connecticut, Department of Labor

N/A - Not available

TABLE 13

**TOWN OF EAST HARTFORD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Pratt and Whitney Aircraft	Engine Manufacturer	8,700	1	35.03%	8,000	1	34.20%
Town of East Hartford	Municipality	1,685	2	6.79%	1,717	2	7.34%
Goodwin College	Educational Institution	606	3	2.44%	169		0.72%
Coca Cola Bottling Company	Beverage Mfg. and Dist.	600	4	2.42%	550	4	2.35%
Riverside Health Center	Medical Care and Rehabilitation	420	5	1.69%	465	6	1.99%
Bank of America (formerly Fleet)	Banking Headquarters	400	6	1.61%	650	3	2.78%
United Technologies Research	Research Laboratory	400	7	1.61%	467	5	2.00%
Quest Global	Engineering Software	400	8	1.61%	-		0.00%
Hoffman Auto	Automotive	297	9	1.20%	-		0.00%
Connecticut Natural Gas	Energy Utility	294	10	1.18%	292	7	1.25%
Gengras Auto	Automotive	255	11	1.03%	-		0.00%
Cabela's Outdoor Store	Outdoor Supplies	250	12	1.01%	260	9	1.11%
United Steel	Manufacturing	215	13	0.87%	-		0.00%
DXC Technologies	Software Services	165	14	0.66%	200	11	0.86%
InterCommunity	Healthcare	150	15	0.60%	-		0.00%
Red Thread	Office Furniture Retailer	137	16	0.55%	254	10	1.09%
CT Dept. of Info. Technology	State of Connecticut	113	17	0.46%	283	8	1.21%
Conduent	Office Equipment	100	18	0.40%	-		0.00%
Oakleaf Waste Management	Waste Management	-		0.00%	430	7	1.84%
Total		15,187		61.16%	13,737		58.73%

Source: Town of East Hartford, Development Department

TABLE 14

TOWN OF EAST HARTFORD, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government (1):										
Administration	47	47	47	47	48	43	49	50	41	42
Police	164	164	163	163	163	169	169	163	179	185
Public Works	71	71	71	71	71	70	69	69	70	73
Inspections and Permits	11	11	11	11	11	11	11	11	11	13
Civil Preparedness	1	1	1	1	1	1	1	1	1	1
Fire	133	133	133	133	133	133	132	131	132	133
Library	14	14	14	14	14	14	14	14	14	15
Parks and Recreation	25	25	25	25	25	25	24	24	25	25
Youth Services	5	5	5	5	5	5	5	5	5	5
Health and Social Services	13	13	13	13	13	13	13	13	13	15
Total General Government	<u>484</u>	<u>484</u>	<u>483</u>	<u>483</u>	<u>484</u>	<u>484</u>	<u>487</u>	<u>481</u>	<u>491</u>	<u>507</u>
Board of Education (2):										
Administration and Principals	49	49	48	47	47	46	45	41	46	41
Teachers	624	624	636	637	640	633	613	637	636	657
Other	528	528	545	534	609	535	508	516	562	499
Total Board of Education	<u>1,201</u>	<u>1,201</u>	<u>1,229</u>	<u>1,218</u>	<u>1,296</u>	<u>1,214</u>	<u>1,166</u>	<u>1,194</u>	<u>1,244</u>	<u>1,197</u>
Total	<u>1,685</u>	<u>1,685</u>	<u>1,712</u>	<u>1,701</u>	<u>1,780</u>	<u>1,698</u>	<u>1,653</u>	<u>1,675</u>	<u>1,735</u>	<u>1,704</u>

Sources:

- (1) Town of East Hartford, Finance Department
- (2) East Hartford Board of Education

TABLE 15

**TOWN OF EAST HARTFORD, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government (1):										
Building permits issued	2,734	2,452	2,409	2,370	2,635	2,561	2,827	2,544	947	2,795
Police (2):										
Physical arrests	1,939	2,461	2,553	2,538	2,599	2,485	2,185	2,329	2,884	2,451
Parking violations	402	654	1,179	1,072	1,148	1,921	1,183	1,619	1,373	1,899
Traffic violations	6,841	6,385	7,576	7,864	7,930	8,155	6,477	6,362	3,581	1,751
Fire (3):										
Emergency responses	10,500	10,402	10,620	10,317	10,476	10,164	10,083	9,781	9,274	9,321
Fires extinguished	225	203	220	141	137	151	185	193	118	131
Inspections	1,500	1,001	1,928	1,596	1,658	1,542	1,520	1,680	1,949	1,513
Refuse collection (4):										
Municipal Solid Waste collected (tons)	14,400	14,601	14,500	14,363	14,862	14,750	14,775	14,287	16,129	16,326
Parks and recreation (5):										
Community center admissions	36,000	37,500	35,000	36,500	35,500	35,000	36,500	46,361	36,817	27,322
Library (6):										
Volumes in collection	79,191	77,066	71,996	121,326	158,622	198,957	233,761	212,211	225,780	214,639
Total volumes borrowed	84,199	75,191	67,968	89,720	120,169	133,522	152,876	153,424	239,669	142,709

Sources:

- (1) Town of East Hartford, Inspections and Permits Department
- (2) Town of East Hartford, Police Department
- (3) Town of East Hartford, Fire Department
- (4) Town of East Hartford, Public Works Department
- (5) Town of East Hartford, Parks Department
- (6) Town of East Hartford, Library Department

TABLE 16

**TOWN OF EAST HARTFORD, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government (1):										
Town buildings	52	52	52	52	52	52	52	52	52	54
Public safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire (2):										
Firefighting/rescue vehicles	15	15	14	15	16	16	17	17	17	17
Other vehicles	13	13	13	12	15	14	16	16	18	18
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation (3):										
Parks	17	17	17	17	17	17	17	17	17	17
Recreation fields and courts:										
Number of basketball courts	19	19	19	19	19	19	19	19	19	19
Number of football fields	2	2	2	2	2	2	2	2	2	2
Number of multi-use fields	4	4	4	4	4	4	4	4	4	4
Number of playgrounds	15	15	15	15	15	15	15	15	15	15
Number of soccer fields	9	9	9	9	9	9	9	9	9	9
Number of softball fields	7	7	7	7	7	7	7	7	7	7
Number of tennis courts	10	10	6	6	6	6	6	6	6	6
Mowers	10	10	10	10	10	10	10	10	10	10
Other vehicles	22	22	22	22	22	22	22	22	22	22
Education (4):										
School buildings	16	16	16	16	16	16	16	16	17	17
Administrative buildings	2	2	2	2	2	2	2	2	2	2

Sources:

- (1) Town of East Hartford, Public Works Department
- (2) Town of East Hartford, Fire Department
- (3) Town of East Hartford, Park Department
- (4) East Hartford Board of Education