

Preliminary Official Statement Dated August 20, 2019

New Issue: Book-Entry-Only

RATINGS: S&P Global Ratings: AAA / SP-1+

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Opinion of Bond Counsel and Tax Status" herein.)



Town of East Hampton, Connecticut **\$13,670,000** **General Obligation Bonds, Issue of 2019**

Dated: Date of Delivery

Due: September 1, 2020-2039,
As shown on the inside cover hereof:

The Bonds will bear interest payable March 1, 2020 and semiannually thereafter on September 1 and March 1 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

Electronic bids via PARITY will be received until 11:30 A.M. (Eastern Time) for the Bonds on Wednesday, August 28, 2019 at the offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460.

\$8,181,000 **General Obligation Bond Anticipation Notes**

Dated: September 12, 2019

Due: September 11, 2020

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated August 20, 2019. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein. Purchase of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, plus any odd amount.

The Notes are not subject to redemption prior to maturity.

Sealed proposals and electronic bids via PARITY for the Notes will be received until 11:00 A.M. (Eastern Time) on Wednesday, August 28, 2019 at the offices of the Town's Municipal Advisor, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. A representative of Phoenix Advisors will be available by telephone at 203-878-4945 until 11:00 A.M. on the sale date to assist bidders with the completion of sealed proposals.

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

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and Notes will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC in New York, New York on or about September 12, 2019.

This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



Town of East Hampton, Connecticut
\$13,670,000
General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: September 1, 2020-2039,
As shown on the inside cover hereof:

Maturity	Principal	Coupon	Yield	CUSIP¹	Maturity	Principal	Coupon	Yield	CUSIP¹
2020	\$ 765,000	__%	__%	272659__	2030	\$ 600,000	__%	__%	272659__
2021	770,000	__%	__%	272659__	2031	600,000	__%	__%	272659__
2022	770,000	__%	__%	272659__	2032	600,000	__%	__%	272659__
2023	770,000	__%	__%	272659__	2033	600,000	__%	__%	272659__
2024	770,000	__%	__%	272659__	2034	600,000	__%	__%	272659__
2025	770,000	__%	__%	272659__	2035	595,000	__%	__%	272659__
2026	770,000	__%	__%	272659__	2036	595,000	__%	__%	272659__
2027	770,000	__%	__%	272659__	2037	595,000	__%	__%	272659__
2028	770,000	__%	__%	272659__	2038	595,000	__%	__%	272659__
2029	770,000	__%	__%	272659__	2039	595,000	__%	__%	272659__

\$8,181,000
General Obligation Bond Anticipation Notes

Dated: September 12, 2019
Due: September 11, 2020
CUSIP: 272659__¹

Rate: __%
Yield: __%
Underwriter: tbd

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

No dealer, broker, salesman or other person has been authorized by the Town of East Hampton, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – "2018 Financial Statements Excerpted from the Town's Annual Financial Report" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Opinion of Bond Counsel and Tax Status" herein), and makes no representation that it has independently verified the same.

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Bond Issue Summary

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

Date of Sale:	Wednesday, August 28, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	The offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Tel: (203) 878-4945.
Issuer:	Town of East Hampton, Connecticut (the "Town").
Issue:	\$13,670,000 General Obligation Bonds (the "Bonds"), Issue of 2019.
Dated Date:	September 12, 2019.
Principal and Interest Due:	Principal due serially September 1, 2020 through September 1, 2039. Interest due September 1 and March 1 in each year until maturity, commencing March 1, 2020.
Authorization and Purpose:	The Bonds are being issued to finance school and general purpose projects. See "Authorization and Purpose" herein.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of East Hampton, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AAA" by S&P Global Ratings ("S&P").
Bond Insurance	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Status".
Bank Qualification:	The Bonds <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPs	Separate CUSIP numbers for the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about September 12, 2019. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Jeffery Jylkka, Finance Director/Treasurer, Town of East Hampton, Town Hall, 20 East High Street, East Hampton, Connecticut 06424. Telephone: (860) 267-7548.

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, August 28, 2019 at 11:00 A.M. (Eastern Time).
Location of Sale:	The offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Tel: (203) 878-4945.
Issuer:	Town of East Hampton, Connecticut (the "Town").
Issue:	\$8,181,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	September 12, 2019.
Interest Due:	At maturity: September 11, 2020.
Principal Due:	At maturity: September 11, 2020.
Authorization and Purpose:	The Notes are being issued to finance various school and general purpose projects. See "Authorization and Purpose" herein.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of East Hampton, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated "SP-1+" by S&P Global Ratings ("S&P").
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Status".
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form set out in Appendix C-2 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about September 12, 2019. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Jeffery Jylkka, Finance Director/Treasurer, Town of East Hampton, Town Hall, 20 East High Street, East Hampton, Connecticut 06424. Telephone: (860) 267-7548.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of East Hampton, Connecticut (the "Town"), in connection with the issuance and sale of \$13,670,000 General Obligation Bonds, Issue of 2019 (the "Bonds") and \$8,181,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated August 20, 2019 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds or Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and the Notes.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

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

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town of East Hampton, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will mature on September 1 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on September 1 and March 1 in each year until maturity, commencing March 1, 2020. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of February and August, or the preceding day if such day is not a business day, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before September 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on September 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after September 1, 2025 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2025 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

Description of the Notes

The Notes will be dated September 12, 2019 and will be due and payable as to both principal and interest at maturity on September 11, 2020. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiple thereof; plus any odd amount, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes. The legal opinion for the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B “Opinion of Bond Counsel and Tax Status”.

Authorization and Purpose

The Bonds and the Notes are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of East Hampton, and borrowing resolutions approved by the voters of the Town.

Project	Amount Authorized	Notes Due: 9/12/2019	Additions / (Paydowns)	THIS ISSUE:	
				Notes Due: 9/11/2020	The Bonds
High School Renovations and Additions.....	\$ 51,695,000	\$ 700,000	\$ -	\$ 700,000	\$ -
Fuel Station Construction/Tank Removal.....	475,000	475,000	-	-	475,000
Town Hall.....	18,981,000	11,500,000	7,481,000	7,481,000	11,500,000
Fire Engine Acquisition	679,000	-	-	-	679,000
Police Radio System Upgrades.....	845,000	-	-	-	845,000
Center School Heating System Imps.....	277,000	-	-	-	171,000
Total.....	\$ 72,952,000	\$ 12,675,000	\$ 7,481,000	\$ 8,181,000	\$ 13,670,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

DTC Practices

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

Replacement Securities

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

Security and Remedies

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut General statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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

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

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

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

Availability of Continuing Disclosure Information

The Town prepares, in accordance with State law, annual independent audited financial statements and operating statements and files such annual reports with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide Moody's Investors Service and S&P Global Ratings ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds and the Notes, substantially in the form set out in Appendix C-1 and C-2, respectively, to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The winning bidders' obligation to purchase the Bonds and the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the Continuing Disclosure Agreements.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its long-term debt obligations to provide annual financial information and material event notices pursuant to the Rule. In the past five years, the Town has not failed to comply in any material respect its undertakings under such agreements.

Ratings

The Bonds have been rated "AAA" and the Notes have been rated "SP-1+" by S&P Global Ratings. The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town's bonds and notes, including the Bonds and the Notes.

The Town expects to furnish the rating agency with certain information and materials that the agency may request. However, the Town may issue short-term or other debt for which a rating is not requested.

Bond and Note Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds or the Notes.

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II. The Issuer



Description of the Municipality

The Town of East Hampton was formed on land taken from Middletown. The first settlement was located south of the Middle Haddam Landing on the Connecticut River about 1710. The second settlement was made on Lake Pocotopaug in 1743 by 32 people who were drawn "by the excellent mill-seat at the outlet of Pocotopaug Pond." These two settlements were joined together and incorporated as Chatham, after the English village of the same name, in October 1767. In 1915, the name was changed to East Hampton.

The Town covers an area of 36.8 square miles in east central Connecticut and is on the east bank of the Connecticut River, approximately 21 miles south of Hartford. East Hampton's topography is dominated by numerous hills interspersed with winding stream valleys and level wetland areas. The Town is traversed by State Routes 16, 66, 151, and 196. Route 66 provides access to Route 2 and Hartford as well as Middletown. There are approximately 91 miles of Town-improved roads. The State maintains approximately 35 miles of highway in East Hampton.

East Hampton is a residential community with a light industrial tax base and limited seasonal resorts. Principal industries include manufacture of bells, paper boxes, pharmaceuticals, tools and dies, and forestry. East Hampton's existing development has occurred primarily on the major roadways, Routes 16, 151, and particularly, Route 66. Principal non-residential development has occurred in three historic centers — Cobalt, Middle Haddam, and East Hampton Center. High-density residential development is concentrated around East Hampton Center and Lake Pocotopaug. Approximately 720 acres remain as active farmland, mostly as field crops.

In the village of Cobalt, mining began in 1762. Nickel and several other metals, including gold, cobalt and mica, were found there. The Great Hill area of Cobalt was known as the "Governor's Ring" because Governor Winthrop of New London visited the area and returned with gold rings which were supposedly made from gold found

in Cobalt. In 1985 this story was given new validity when a University of Connecticut professor and his students found veins of gold in the rocks near the old mine shafts.

The village of Middle Haddam was involved extensively in shipbuilding in its early history. Beginning in 1758, many of the finest of the "London Packets" were built there. By 1840, 51 ships, 24 brigs, 21 schooners and 15 sloops were launched from there. The most famous ship built in the Middle Haddam yards was the United States Battleship "Connecticut" launched in 1799.

The village of East Hampton also prospered during the shipbuilding era. The local farms found a steady market for their timber in Middle Haddam, and the forge on the Pocotopaug outlet supplied much of the iron used in the ships. In 1808 William Barton moved to East Hampton and set up a factory for the manufacture of bells. East Hampton, as the center of the bell-making industry for the country, soon became known as "Belltown." One of the oldest firms, Bevin Bros. (1832), was destroyed by fire in 2012. There are plans to rebuild and the company has set up another manufacturing facility in town.

In the late 19th and 20th centuries, the improved accessibility afforded by the railroad led to the development of a successful tourist industry in East Hampton, with Lake Pocotopaug, which is one of Connecticut's largest natural lakes, as the main attraction.

From the colonial period until the arrival of the railroad in 1874, the Connecticut River served as East Hampton's artery for transportation and shipping. With the arrival of the railroad, use of the Connecticut River for transportation decreased until 1927 when the passenger trains stopped coming to East Hampton and 1965 when freight trains ceased operation. However, the river still serves as an important scenic and recreational resource.

Other natural resources contributing to the Town's aesthetic appeal and providing recreational opportunities are numerous lakes, ponds, rivers, and streams including Hurd State Park with 884 acres, Lake Pocotopaug with 511 acres, Meshomasic State Forest with 2,298 acres, Salmon River State Forest with 516 acres, and Wopowog Management Area with 440 acres.

The Lake Pocotopaug Association and Princess Pocotopaug Corporation are separate tax districts or coterminous entities within the territorial limits of the Town of East Hampton.

Form of Government

The Town of East Hampton has a Council-Manager form of government with a Town Council consisting of seven elected members serving concurrent two-year terms and a Board of Finance consisting of seven elected regular members serving overlapping four-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and a Charter which was adopted in 1971, effective 1973, and revised in 1987 and 2016. The legislative power of the Town is vested with the Town Council and the Town Meeting, which must approve the annual budget, all special appropriations or expenditures, and all bond and note authorizations. The Chairman of the Council, who is an elected member of the Council, is appointed Chairman by the Council and is recognized as the official head of the Town for all ceremonial purposes. Presiding over the Council, the Chairman has full voting privileges. The Town Manager is the chief executive officer and chief administrative officer of the Town and is responsible for the administration of all Town matters with the exception of the education system.

A Director of Finance, appointed by the Town Manager, serves as Treasurer for the Town and is responsible for the operation and supervision of the Department of Finance. The Director of Finance has full supervisory responsibilities for the keeping of accounts and financial records; the receipt of operating and other revenues; the custody and disbursement of Town and Board of Education funds and money; the control over expenditures and such other powers and duties as may be required by the Charter and ordinance or resolution of the Council. The Collector of Revenue and the Assessor, both appointed by the Town Manager, work under the supervision of the Director of Finance.

The Board of Finance is the budget-making authority responsible for financial and taxation matters, presenting the annual operating budget and special appropriations to the Council for its approval and establishing the tax rate. The Council is responsible for submitting the annual operating budget and special appropriations to the Town Meeting.

The local Board of Education, which is an elected nine-member board, is the policy-making body for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the education system.

Town Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Length Of Service</i>	<i>Term Expires</i>
Chairman, Town Council.....	Melissa Engel	Elected	4 years	2019
Vice Chairperson, Town Council....	Mark Philhower	Elected	6 years	2019
Councilor.....	James 'Pete' Brown	Elected	4 years	2019
Councilor.....	Tim Feegel	Elected	2 years	2019
Councilor.....	Dean Markham	Elected	2 years	2019
Councilor.....	Josh Piteo	Elected	4 years	2019
Councilor.....	Kevin Reich	Elected	4 years	2019
Chairman, Board of Finance.....	Richard Brown	Elected	1 year	2021
Town Manager.....	Jeffery M. Jylkka	Appointed	Interim	Indefinite
Finance Director.....	Jeffery M. Jylkka	Appointed	20 years	Indefinite
Town Clerk.....	Kelly Bilodeau	Appointed	1 year	Indefinite
Superintendent of Schools.....	Paul K. Smith	Appointed	3 years	Indefinite

Source: Town of East Hampton

Municipal Services

Police Protection: The East Hampton Police Department was organized in 1963. There are sixteen full-time sworn personnel including one chief, four sergeants, and eleven officers, supplemented by two civilian clerks. Effective July 1, 2016 the Town entered into a 5-year agreement with the town of Glastonbury to provide 911 dispatch services. The Town of Glastonbury provides 24 hour, seven days per week service. All police are trained in basic MRT first aid skills.

Fire Protection: Fire protection is provided by the East Hampton Volunteer Fire Department. Equipment and facilities are provided by the Town. Policy decisions of this 70-member volunteer fire department are administered by a five-member Board of Fire Commissioners. There are three stations located strategically throughout the Town.

Animal Protection: Beginning July 1, 2015 the Town of East Hampton entered into a five year agreement with the Town of East Haddam for Animal protection services.

Emergency Medical Service: Assistance is provided by the Town's Volunteer Ambulance Association operating autonomously of the Town government. The Town of East Hampton completed construction of a new ambulance facility during 2005 for the association. The association has two ambulances.

Health: East Hampton is a member of the Chatham Health District. The Health District is composed of six towns including East Hampton, Marlborough, Hebron, Portland, East Haddam and Colchester. The District was formed in June 2002. The Town of East Hampton holds two seats on the District Board of Health. The District consists of a full-time Health Director, who is backed up by seven full-time and six part-time staff. The District provides all essential public health services to member towns.

Housing: The East Hampton Housing Authority, appointed by the Town Council, operates two elderly housing complexes, a 30-unit and a 40-unit development.

Recreation and Open Space: The East Hampton Parks and Recreation Department operates Sears Park on the shore of Lake Pocotopaug as well as sponsors numerous recreation programs at four public school playfield sites and operates several tennis courts and picnic facilities. A full-time Director and a full-time assistant operate the department. Approximately 4,045 acres of State-owned forest and park land located in East Hampton offers outdoor active and passive recreation and natural scenery; and provide facilities for hiking, fishing, hunting, winter trail sports,

picnicking, canoe camping, sport fishing, and whitewater canoeing. In cooperation with D.E.E.P. the Department maintains the "Airline Trail", a rails-to-trails hiking trail. Cobalt Marina, a privately owned facility, offers access to the Connecticut River.

Libraries: The East Hampton Public Library is located in the Community Center. The library contains approximately 65,000 volumes and is open 51 hours a week covering day and evening times. The Middle Haddam Public Library, constructed in the 1790's is privately owned and maintained, and serves the special needs of the community residents.

Economic Development: The Town has an active Economic Development Commission that works with the Council and Town Manager to promote commercial and industrial development objectives.

Public Works: The facility built in 1989 houses the department which maintains 91.06 miles of local roads, 8.92 miles of sidewalks, seven municipal cemeteries, four recreation areas, several town parking lots and supervises infrastructure repairs funded through the Capital Improvement Program.

Community Center: The facility built in 1986 and expanded in 2011 houses a fully-automated public library/community room and senior center.

Wastewater: The Town of East Hampton through an inter-municipal agreement with the Town of Colchester jointly operates a regional wastewater treatment plant. This 3.9 million gallon per day (MGD) facility was completed in 1981. The wastewater treatment facility serves over 3,335 units of residential, commercial and industrial buildings in East Hampton; an additional 2,004 units in Colchester, 1,080 units in Hebron and 240 units in Marlborough. Currently, the plant is operating at 46% of its capacity with an average daily flow of 1,800,000 gallons. The Town through the Joint Facilities meets the public wastewater needs for portions of the Towns of East Hampton, Colchester, Hebron, Marlborough, East Haddam and most recently Portland. The 3.9 MGD wastewater treatment plant utilizes an activated sludge process to remove over 90% of the major pollutants. In 2001 the plant was modified to control the discharge of nitrogen. The 2002 commissioning of a Facilities Plan Study assures the Town and member communities that their wastewater needs will continue to be met for the next 20 years.

Potable Water: Individual on-site private wells or small community water systems provide for the potable drinking water needs of the Town. There are approximately 55 small community water systems in East Hampton. Presently the Town operates the Village Center and the Royal Oaks Water System. The Village Center system, built in 1991 and upgraded in 2008, serves 29 customers and has limited expansion capability. The Royal Oaks system, completed in 2005, serves 82 homes and has been interconnected to serve the Memorial School located on Smith Street. Groundwork has been completed for the development of a municipal water system to serve 40% of the Town's population.

Solid Waste Disposal: The Town entered into a long-term service contract (the "Service Contract") with the Connecticut Resources Recovery Authority ("CRRA") for the disposal of solid waste through the System (the "System"). The Service Contract runs through June 30, 2027.

The Connecticut General Assembly adopted, and on June 6, 2014 Governor Malloy signed, Public Act 14-94, which establishes the Materials Innovation and Recycling Authority ("MIRA") as the successor authority to CRRA. Pursuant to this legislation, MIRA will continue to provide solid waste materials management services, with a focus on the development of additional resource recovery, recycling, and processing enterprises on property owned by the CRRA and the attendant redevelopment of the Connecticut Solid Waste System. The legislation provides generally that MIRA has assumed the rights and responsibilities of CRRA, and that: (1) all orders or regulations of CRRA remain in full force and effect as orders or regulations of MIRA, (2) MIRA is substituted for CRRA in any outstanding legal proceedings, (3) contracts, rights of action or matters undertaken or commenced by CRRA will now be undertaken and completed by MIRA under the same terms and conditions, (4) the officers and employees of CRRA are the officers and employees of MIRA, and (5) all property of CRRA is the property of MIRA.

Each municipality signing such a Service Contract, including the Town, has agreed to cause to be delivered to the System all of the solid waste under the legal control of the municipality. MIRA is required to impose service payments at a uniform rate per ton for all municipalities, such that the aggregate of all such service payments received by MIRA shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract.

Under the Service Contract, the Town has no obligation for a minimum tonnage commitment; however it must commit to a "flow control" provision which requires that all solid waste and residential recyclables generated within its borders be directed to the MIRA facility. Private haulers provide curbside solid waste and recyclables collection services to residents, and pursuant to Town ordinance are required to direct all collections to the System.

Prior to the start of each contract year MIRA estimates (i) the service payments to be paid by each municipality for such contract year and (ii) the annual budget for the System and submits such information to each municipality. Each municipality is then required to make all provisions necessary to pay the service payments on a timely basis. The service payments remain in effect for the contract year with differences between the aggregate of all such service payments and the net cost of operation for each contract year being settled in the following contract year. A municipality is obligated to make service payments only if MIRA accepts solid waste delivered by the municipality. A disposal fee of \$83.00 is in effect for fiscal year 2020.

All municipalities, including the Town, pledge their full faith and credit for the payment of all service payments and any delayed-payment charges and costs and expenses of MIRA and its representatives in collecting overdue service payments. To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to MIRA of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

Local solid waste is collected by private haulers. Haulers' agreements require that all acceptable solid waste and residential recyclables collected within the Town's boundaries be delivered to the MIRA facility. The Town maintains a brush disposal area and a bulky waste transfer station.

Electric Service: Electric power is supplied to the Town by Eversource Energy.

Educational Services

School Enrollment

Historical ¹					
School Year	Pre K-6	7-9	10-12	Special Education	Total
2010-2011	1,151	464	435	11	2,061
2011-2012	1,038	467	423	7	1,935
2012-2013	1,057	438	379	8	1,882
2013-2014	1,020	402	407	10	1,839
2014-2015	1,024	402	403	10	1,839
2015-2016	978	422	386	11	1,797
2016-2017	1,084	414	371	11	1,880
2017-2018	1,107	413	359	15	1,894
2018-2019	1,101	441	368	11	1,921
Projected ²					
2019-2020	1,035	463	375	9	1,882
2020-2021	1,030	455	360	9	1,854
2021-2022	1,030	455	380	9	1,874

Source: Town of East Hampton, Board of Education

¹ In District only, excludes outplacements and magnet schools.

² Projected data includes outplacement and magnet schools.

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2018 Enrollment	Rated Capacity
Memorial School....	Pre-K	1951, 1956, 1992	46	618	700
Center School.....	4-5	1914, 1939, 1993	18	275	350
Middle School.....	6-8	1971, 1992	33	465	480
High School.....	9-12	1963, 1976, 1979, 1992, 2017	43	506	580
Total.....			140	1,864	

Source: Town of East Hampton, Board of Education

Employee Relations and Collective Bargaining Municipal Employees

	2018	2017	2016	2015	2014
General Government.....	77	85	84	82	84
Board of Education.....	275	292	291	300	319
Total.....	352	377	375	382	403

Source: Finance Office, Town of East Hampton. General Government figures include WPCA employees.

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Principals/Administrators - East Hampton School		
Administrators Association.....	11	06/30/2020
Teachers – East Hampton Education Association.....	159	06/30/2022
Custodians & Cafeteria - Municipal Employee Union		
Independent ("MEUI"), Local 506: Services Employees		
International Union ("SEIU") (Custodians & Cafeteria Association)....	22	06/30/2020
Secretaries - MEUI, Local 506: SEIU (Secretaries Association).....	17	06/30/2020
Paraprofessionals - MEUI, Local 506: SEIU (Paraprofessional Assoc.)..	37	06/30/2020
School Nurses - MEUI, Local 506: SEIU (School Nurses Assoc.).....	4	06/30/2021
Non-Bargaining.....	25	
Total Board of Education Employees.....	275	
General Government Groups		
Police - Local 524, AFSME Council 15.....	16	06/30/2020
Town Hall, Public Works and WPCA - Local R-126, National		
Association of Government.....	40	06/30/2021
Supervisors - MEUI Local 506 ¹	9	06/30/2020
Non-Bargaining.....	12	
Total General Government Employees.....	77	

¹ Excludes Facility Director. The position is part of the union but has not been funded for 4 years.

Source: Town of East Hampton, Finance Department.

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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III. Economic and Demographic Information

Population and Density

Year	Population¹	% Increase (Decrease)	Density²
2017 ³	12,890	(0.53%)	350
2010	12,959	14.16%	352
2000	11,352 ⁴	8.86%	308
1990	10,428	21.65%	283
1980	8,572	21.11%	233
1970	7,078	--	192

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 36.8 square miles

³ U.S. Census Bureau, 2013-2017 American Community Survey

⁴ The U.S. Department of Commerce, Bureau of Census, has notified the Town of East Hampton that it has reduced its population counts by 2,000 therefore restating the Town's total number of residents to 11,352.

Age Distribution of the Population

Age	Town of East Hampton		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	505	3.9%	186,188	5.2%
5 - 9.....	740	5.7	206,536	5.7
10 - 14.....	980	7.6	225,831	6.3
15 - 19.....	641	5.0	249,777	6.9
20 - 24.....	638	4.9	245,849	6.8
25 - 34.....	1,206	9.4	439,239	12.2
35 - 44.....	1,549	12.0	433,401	12.1
45 - 54.....	2,489	19.3	535,611	14.9
55 - 59.....	1,181	9.2	266,501	7.4
60 - 64.....	996	7.7	229,788	6.4
65 - 74.....	1,341	10.4	318,515	8.9
75 - 84.....	327	2.5	167,133	4.6
85 and over.....	297	2.3	90,109	2.5
Total.....	12,890	100.0%	3,594,478	100.0%
Median Age (Years).....	45.6		40.8	

Source: U.S. Census Bureau, 2013-2017 American Community Survey

Income Distribution

	Town of East Hampton		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	54	1.6%	27,787	3.1%
\$10,000 to \$14,999.....	-	-	16,143	1.8
\$15,000 to \$24,999.....	75	2.2	41,072	4.6
\$25,000 to \$34,999.....	59	1.8	52,218	5.8
\$35,000 to \$49,999.....	270	8.0	82,371	9.2
\$50,000 to \$74,999.....	386	11.5	134,356	15.0
\$75,000 to \$99,999.....	442	13.1	122,244	13.6
\$100,000 to \$149,999.....	1,012	30.1	186,352	20.8
\$150,000 to \$199,999.....	557	16.5	100,359	11.2
\$200,000 or more.....	511	15.2	132,765	14.8
Total.....	3,366	100.0%	895,667	100.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

Income Levels

	Town of East Hampton	State of Connecticut
Per Capita Income, 2017.....	\$ 43,358	\$ 41,365
Per Capita Income, 2010.....	34,555	36,775
Per Capita Income, 2000.....	22,769	28,776
Median Family Income, 2017.....	\$ 116,790	\$ 93,800
Percent Below Poverty.....	7.0%	2.3%

Source: U.S. Department of Commerce, Bureau of Census, 2000 and 2010.

U.S. Census Bureau, 2013-2017 American Community Survey

Educational Attainment Years of School Completed Age 25 and Over

	Town of East Hampton		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	162	1.0%	104,623	4.5%
9th to 12th grade, no diploma.....	333	2.9	137,877	6.5
High School graduate	2,412	27.3	673,582	27.9
Some college, no degree.....	1,806	18.7	422,535	17.6
Associate degree.....	1,039	10.0	188,481	7.3
Bachelor's degree.....	2,047	22.3	532,055	20.3
Graduate or professional degree.....	1,587	17.8	421,144	15.8
Total.....	9,386	100.0%	2,480,297	100.0%
Percent high school graduate or higher.....	94.7%		90.2%	
Percent bachelor's degree or higher.....	38.7%		38.4%	

Source: U.S. Census Bureau, 2013-2017 American Community Survey

**Major Employers
As of August 2019**

Employer	Type of Business	Approximate Number of Employees
Town of East Hampton.....	Municipality	352
Stop & Shop Supermarket.....	Supermarket	150
Cobalt Lodge	Health	74
American Distilling.....	Manufacturer	50
Eversource Energy.....	Utility	50
Paul's and Sandy's Too.....	Hardware & Garden Center	35
United States Postal Service.....	Mail Delivery	31
Dattco, Inc.....	Transportation	30
Bevin Brothers.....	Manufacturer	18

Source: Town of East Hampton, phone survey.

**Employment by Industry
Employed Persons 16 Years and Over**

Sector	Town of East Hampton		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	52	0.7%	7,166	0.4%
Construction	429	6.0	104,122	5.8
Manufacturing	907	12.7	191,519	10.6
Wholesale trade	181	2.5	44,741	2.5
Retail trade	526	7.4	193,016	10.7
Transportation and warehousing, and utilities	367	5.1	68,926	3.8
Information	161	2.3	42,200	2.3
Finance, insurance, real estate, rental & leasing	718	10.1	163,810	9.1
Professional, scientific, management, administrative, and waste mgmt services	621	8.7	208,130	11.5
Education, health and social services	1,816	25.5	478,083	26.5
Arts, entertainment, recreation, accommodation and food services	581	8.2	153,679	8.5
Other services (except public administration)	302	4.2	82,538	4.6
Public Administration	466	6.5	67,156	3.7
Total Labor Force, Employed	7,127	100.0%	1,805,086	100.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

**Employment Data
By Place of Residence**

Period	Town of East Hampton		Percentage Unemployed		
	Employed	Unemployed	Town of East Hampton	Hartford Labor Market	State of Connecticut
May 2019	7,580	216	2.8	3.6	3.6
Annual Average					
2018	7,526	261	3.4	4.1	4.1
2017	7,409	295	3.8	4.8	4.7
2016	7,320	332	4.3	5.3	5.3
2015	7,332	332	4.3	5.6	5.6
2014	7,170	386	5.1	6.6	6.7
2013	6,631	494	6.9	7.9	7.8
2012	6,660	530	7.4	8.4	8.3
2011	6,772	591	8.0	8.8	8.9
2010	6,716	607	8.3	9.4	9.3
2009	6,702	590	8.1	8.3	8.2

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of East Hampton		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,140	20.6%	338,011	22.4%
1940 to 1969.....	1,164	21.0	535,477	35.5
1970 to 1979.....	720	13.0	200,217	13.3
1980 to 1989.....	998	18.0	191,939	12.7
1990 to 1999.....	493	8.9	114,261	7.6
2000 or 2009.....	986	17.8	105,131	7.0
2010 or later.....	40	0.7	22,675	1.5
Total.....	5,541	100.0%	1,507,711	100.0%
Percent Owner Occupied.....		84.9%		66.5%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

Housing Inventory

Housing Units	Town of East Hampton		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	4,719	85.2%	892,621	59.2%
1-unit, attached.....	293	5.3	81,393	5.4
2 units.....	188	3.4	123,040	8.2
3 or 4 units.....	140	2.5	130,914	8.7
5 to 9 units.....	99	1.8	82,787	5.5
10 to 19 units.....	45	0.8	56,540	3.8
20 or more units.....	45	0.8	128,477	8.5
Mobile home.....	12	0.2	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	5,541	100.0%	1,507,711	100.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

Owner Occupied Housing Values

Specified Owner Occupied Units	Town of East Hampton		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	58	1.4%	24,038	2.7%
\$50,000 to \$99,999.....	16	0.4	29,789	3.3
\$100,000 to \$149,999.....	285	6.6	83,320	9.2
\$150,000 to \$199,999.....	748	17.4	141,024	15.6
\$200,000 to \$299,999.....	1,664	38.8	244,356	26.9
\$300,000 to \$499,999.....	1,336	31.2	236,671	26.1
\$500,000 to \$999,999.....	151	3.5	106,192	11.7
\$1,000,000 or more.....	29	0.7	41,408	4.6
Total.....	4,287	100.0%	906,798	100.0%
Median (dollars).....	\$ 261,400		\$ 270,100	

Source: U.S. Census Bureau, 2013-2017 American Community Survey

Building Permits

Fiscal Year Ending 6/30	Residential		Comm./Industrial		All Other ¹		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2019	995	\$ 9,802,434	134	\$ 13,059,525	-	\$ -	1,129	\$ 22,861,959
2018	948	10,484,668	62	1,999,586	-	-	1,010	12,484,254
2017	1,208	11,220,237	117	1,935,252	21	92,235	1,346	13,247,724
2016	1,169	12,678,525	59	2,554,946	21	784,451	1,249	16,017,922
2015	914	8,684,962	76	2,066,740	13	52,786,800	1,003	63,538,502
2014	805	7,769,668	50	1,428,156	5	240,600	860	9,438,424
2013	244	4,785,302	18	3,067,050	515	1,851,497	777	9,703,849
2012	315	4,444,500	17	592,004	546	2,016,422	878	7,052,926
2011	248	4,203,408	10	979,600	363	1,231,883	621	6,414,891
2010	275	5,621,683	17	990,800	456	1,518,455	748	8,130,938

¹ In previous years Electrical, Mechanical, and Plumbing permits were reported in the "All Other" category. Starting in fiscal year 2014, they are classified in their respective categories.

Source: Town of East Hampton, Building Department

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IV. Tax Base Data

Property Tax – Assessments

The Town of East Hampton had a general property revaluation effective October 1, 2015. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on the generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation the Assessor shall conduct a field review. A 2006 statute permits a municipality, upon approval of its legislative body, to phase-in a real property assessment increase resulting from a revaluation over a period of up to five years. Various state statutes provide for or authorize exemptions, abatement and other adjustments to assessments. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of East Hampton for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable and non-taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1 are subject to a property tax as if the motor vehicle has been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 1. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

Property Tax - Collection Procedure

Taxes for the fiscal year are levied on the grand list of the prior October 1. Real property taxes are payable in two installments on July 1 and January 1. Personal property taxes and motor vehicle taxes are payable in one installment on July 1; motor vehicle supplemental bills are payable on January 1. Payments not received by August 1 and February 1 become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Motor Vehicle Property Tax Cap: Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. For the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town

did not issue supplemental motor vehicle property tax bills for the current fiscal year as permitted up to the new 39 mills rate cap. The Town's mill rate for motor vehicles for the fiscal year ending June 30, 2018 is 31.21 mills.

For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
2018	79.7	5.50	2.60	3.20	9.00	\$ 1,156,476,741	\$ 8,668,633	\$ 1,147,808,108
2017	79.8	5.50	2.50	3.30	8.90	1,148,730,094	10,759,447	1,137,970,647
2016	79.7	5.60	2.70	3.10	8.90	1,135,789,896	7,146,742	1,128,643,154
2015 ¹	80.0	5.70	2.80	2.90	8.60	1,128,905,099	5,525,688	1,123,379,411
2014	80.2	5.40	3.10	2.40	8.80	1,149,028,970	5,886,153	1,143,142,817
2013	80.4	5.50	3.00	2.50	8.70	1,142,151,314	6,094,685	1,136,056,629
2012	80.6	5.50	3.00	2.30	8.60	1,133,427,986	5,923,503	1,127,504,483
2011	80.4	5.50	3.00	2.30	8.80	1,132,004,757	6,340,944	1,125,663,813
2010 ¹	80.6	5.60	3.20	2.30	8.30	1,127,640,132	6,305,275	1,121,334,857
2009	81.2	5.50	3.10	2.20	8.00	1,153,270,884	5,810,031	1,147,460,853

¹ Revaluation.

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

Note: Connecticut General Statutes Section 12-81(72) exempts new manufacturing equipment from property taxation by the Town. The State of Connecticut will directly reimburse the Town for some of the foregone taxes.

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Exempt Property

Public	As of 10/1/18 ¹
Town owned.....	\$ 57,665,871
Volunteer Fire Company.....	1,703,310
State & Federal owned.....	21,396,890
Sub-Total Public.....	80,766,071
Private	
Educational, charitable.....	\$ 3,488,420
Cemeteries.....	808,780
House of religious worship.....	7,906,322
Veterans organization.....	534,540
Parish houses/church schools.....	-
Officiating clergymen houses.....	-
Non-profit camps and recreational facility.....	-
Private Colleges and Hospitals.....	-
Sub-Total Private.....	\$ 12,738,062
Total Exempt Property.....	\$ 93,504,133
Percent Net Taxable Grand List.....	8.15%

¹ Net Taxable Grand List October 1, 2018 of \$1,147,808,108.

Source: Town of East Hampton, Assessor's Office

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ended 6/30	Net Taxable Grand List	Tax Rate (in Mills)	Adjusted Tax Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected As of 6/30/19
2018	2020 ¹	\$ 1,147,808,108	33.27 ³	\$ 37,908,986 ³	IN COLLECTION		
2017	2019 ¹	1,137,970,647	32.21	36,054,269	99.1%	0.9%	0.9%
2016	2018	1,128,643,154	31.32	35,199,822	99.1%	0.9%	0.9%
2015 ²	2017	1,123,379,411	29.44	32,784,953	98.5%	1.5%	0.4%
2014	2016	1,143,142,817	27.78	31,527,451	98.0%	2.0%	0.3%
2013	2015	1,136,056,629	27.14	30,951,102	98.0%	2.0%	0.2%
2012	2014	1,127,504,483	26.63	29,416,354	97.7%	2.3%	0.1%
2011	2013	1,125,663,813	25.97	28,646,589	97.7%	2.4%	0.1%
2010 ²	2012	1,121,334,857	25.68	28,705,137	98.0%	2.0%	0.1%
2009	2011	1,147,460,853	24.98	28,743,643	98.0%	2.1%	0.0%

¹ Subject to audit.

² Revaluation.

³ Proposed.

Source: Town of East Hampton, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Eversource (formerly CL&P).....	Utility	\$ 22,746,270	1.98%
Landmark East Hampton LLC.....	Mall	7,521,320	0.66%
Hampton 66 LLC	Real Estate	3,500,000	0.30%
Connecticut Natural Gas Corp.....	Utility	3,411,490	0.30%
Global Self Storage LW.....	Commercial	2,475,050	0.22%
East High St Realty LLC	Real Estate	2,387,472	0.21%
American Distilling.....	Manufacturer	2,184,420	0.19%
Pauls & Sandy's Too, Inc.....	Commercial/Farm	2,083,510	0.18%
Nolsen Inc.....	Camp Ground	1,827,760	0.16%
Stop and Shop Companies Inc.....	Supermarket	1,802,370	0.16%
Total.....		\$ 49,939,662	4.35%

¹ Net Taxable Grand List October 1, 2018 of \$1,147,808,108.

Source: Town of East Hampton, Assessor's Office

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V. Debt Summary

Principal Amount of Indebtedness As of September 12, 2019 (Pro Forma)

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Fiscal Year of Maturity</u>
General Purpose					
02/01/2006	General Purpose.....	3.40-5.00	\$ 2,249,800	\$ 194,800	2021
04/15/2009	General Purpose.....	2.50-4.50	2,985,000	1,395,000	2029
08/15/2013	General Purpose.....	2.00-4.00	2,545,000	1,705,000	2034
12/18/2015	General Purpose.....	2.00-4.00	1,225,000	985,000	2036
09/14/2017	General Purpose.....	2.00-5.00	405,000	345,000	2038
	Sub-total.....		\$ 9,409,800	\$ 4,624,800	
Schools					
02/01/2006	School Bonds.....	3.40-5.00	\$ 213,000	\$ 23,000	2021
08/15/2013	School Bonds.....	2.00-4.00	1,340,000	920,000	2034
12/18/2015	School Bonds.....	2.00-4.00	20,000,000	16,000,000	2036
09/14/2017	School Bonds.....	2.00-5.00	6,700,000	5,745,000	2038
	Sub-total.....		\$ 28,253,000	\$ 22,688,000	
Sewers					
06/30/2002	Clean Water Fund Bonds....	2.00%	\$ 503,694	\$ 69,003	2022
	Sub-total.....		\$ 503,694	\$ 69,003	
Water					
02/01/2006	Water Bonds.....	3.40-5.00	\$ 712,200	\$ 82,200	2021
	Sub-total.....		\$ 712,200	\$ 82,200	
	Total.....		\$ 38,878,694	\$ 27,464,003	
This Issue					
09/12/2019	General Purpose.....	<i>tbd</i>	\$ 13,499,000	\$ 13,499,000	2040
09/12/2019	School Bonds.....	<i>tbd</i>	171,000	171,000	2030
	Total This Issue.....		\$ 13,670,000	\$ 13,670,000	
	Grand Total.....		\$ 52,548,694	\$ 41,134,003	

Note: The table above excludes capital leases.

Short-Term Debt As of September 12, 2019 (Pro Forma)

<u>Project</u>	<u>Amount</u>	<u>THIS ISSUE:</u>
	<u>Authorized</u>	<u>Notes Due:</u> <u>9/11/2020</u>
High School Renovations and Additions.....	\$ 51,695,000	\$ 700,000
Town Hall.....	18,981,000	7,481,000
Total.....	\$ 70,676,000	\$ 8,181,000

**Annual Bonded Debt Maturity Schedule
As of September 12, 2019
(Pro Forma)**

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue			Total Principal	Cumulative Principal Retired
				General Purpose	Schools	Total This Issue		
2020 ¹	\$ 174,293	\$ 458,984	\$ 633,277	\$ -	\$ -	\$ -	\$ 174,293	0.4%
2021	2,109,658	874,736	2,984,394	747,000	18,000	765,000	2,874,658	7.4%
2022	1,945,053	793,100	2,738,153	753,000	17,000	770,000	2,715,053	14.0%
2023	1,925,000	714,431	2,639,431	753,000	17,000	770,000	2,695,000	20.6%
2024	1,720,000	640,394	2,360,394	753,000	17,000	770,000	2,490,000	26.6%
2025	1,720,000	576,469	2,296,469	753,000	17,000	770,000	2,490,000	32.7%
2026	1,720,000	517,372	2,237,372	753,000	17,000	770,000	2,490,000	38.7%
2027	1,720,000	455,581	2,175,581	753,000	17,000	770,000	2,490,000	44.8%
2028	1,720,000	401,897	2,121,897	753,000	17,000	770,000	2,490,000	50.8%
2029	1,720,000	357,656	2,077,656	753,000	17,000	770,000	2,490,000	56.9%
2030	1,525,000	312,691	1,837,691	753,000	17,000	770,000	2,295,000	62.5%
2031	1,525,000	266,675	1,791,675	600,000	-	600,000	2,125,000	67.6%
2032	1,530,000	219,250	1,749,250	600,000	-	600,000	2,130,000	72.8%
2033	1,530,000	171,750	1,701,750	600,000	-	600,000	2,130,000	78.0%
2034	1,530,000	124,250	1,654,250	600,000	-	600,000	2,130,000	83.2%
2035	1,370,000	79,950	1,449,950	600,000	-	600,000	1,970,000	88.0%
2036	1,370,000	38,850	1,408,850	595,000	-	595,000	1,965,000	92.7%
2037	305,000	13,725	318,725	595,000	-	595,000	900,000	94.9%
2038	305,000	4,575	309,575	595,000	-	595,000	900,000	97.1%
2039	-	-	-	595,000	-	595,000	595,000	98.6%
2040	-	-	-	595,000	-	595,000	595,000	100.0%
Total	\$ 27,464,003	\$ 7,022,336	\$ 34,486,340	\$13,499,000	\$ 171,000	\$13,670,000	\$ 41,134,003	

¹ Excludes \$1,934,805 of principal and \$491,851 of interest paid for the period of July 1, 2019 through September 12, 2019.

Note: Includes Clean Water Fund loans with the State of Connecticut.

Overlapping/Underlying Debt

The Town of East Hampton does not have any overlapping or underlying debt.

**THE TOWN OF EAST HAMPTON HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BOND OR NOTES**

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Debt Statement
As of September 12, 2019
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes This Issue)	\$ 18,123,800
Schools (Includes This Issue).....	22,859,000
Sewers	69,003
Water.....	82,200
Total Long-Term Debt.....	41,134,003

Short-Term Debt:

Bond Anticipation Notes (This Issue: Due September 11, 2020)	8,181,000
Direct Debt.....	49,315,003

Overlapping/Underlying Debt.....	-
Overall Debt.....	49,315,003
Less: School Construction Grants (As of 6/30/19) ¹	-
Overall Net Debt.....	\$ 49,315,003

¹ Represents actual school building grants receivable for previously issued school bonds under the pre-1996 State reimbursement program. See "School Projects" herein for more information.

Note: Excludes refunded bonds and capital leases.

Current Debt Ratios
As of September 12, 2019
(Pro Forma)

Population (2017) ¹	12,890
Net Taxable Grand List (10/1/18)	\$1,147,808,108
Estimated Full Value (70%).....	\$1,639,725,869
Equalized Net Taxable Grand List (10/1/16) ²	\$1,624,575,093
Income per Capita (2017) ¹	\$ 43,358

	Total Long Term Debt	Direct Debt	Overall Net Debt
	\$41,134,003	\$49,315,003	\$49,315,003
Per Capita	\$3,191.16	\$3,825.83	\$3,825.83
Ratio to Net Taxable Grand List	3.58%	4.30%	4.30%
Ratio to Estimated Full Value	2.51%	3.01%	3.01%
Ratio to Equalized Net Taxable Grand List	2.53%	3.04%	3.04%
Debt per Capita to Money Income per Capita 2017	7.36%	8.82%	8.82%

¹ U.S. Department of Commerce, Bureau of Census. American Community Survey 2013-2017.

² State of Connecticut, Office of Policy Management.

Bond Authorization

The Town of East Hampton has the power to incur indebtedness by issuing its notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of the Town Charter. Bond and note issues are authorized by the Town Meeting upon the recommendation of the Town Council and the Board of Finance.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

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

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

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections (including interest, and late payment of taxes) and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**Statement of Debt Limitation
As of September 12, 2019
(Pro Forma)**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2019 ^{1,2}	\$ 37,176,586
Reimbursement for Revenue Loss On:	
Tax relief for elderly for the year ended June 30, 2019 ^{1,2}	-
BASE FOR DEBT LIMITATION COMPUTATION	<u>\$ 37,176,586</u>

	General Purposes	Schools	Sewers	Urban Renewal	Unfunded Past Pension
Debt Limitation:					
2 1/4 times base.....	\$ 83,647,319	-	-	-	-
4 1/2 times base.....	-	\$ 167,294,637	-	-	-
3 3/4 times base.....	-	-	\$ 139,412,198	-	-
3 1/4 times base.....	-	-	-	\$ 120,823,905	-
3 times base.....	-	-	-	-	\$ 111,529,758
Total Debt Limitation	<u>83,647,319</u>	<u>167,294,637</u>	<u>139,412,198</u>	<u>120,823,905</u>	<u>111,529,758</u>

Less Indebtedness:					
Bonds	4,624,800 ³	22,688,000	69,003	-	-
Bonds (This Issue).....	13,499,000	171,000	-	-	-
Notes (This Issue).....	7,481,000	700,000	-	-	-
Underlying Debt.....	-	-	-	-	-
Authorized But Unissued Debt.....	53,000	2,430,932	-	-	-
Total Indebtedness	<u>25,657,800</u>	<u>25,989,932</u>	<u>69,003</u>	<u>-</u>	<u>-</u>
Less: School Grants Receivable	-	-	-	-	-
Net Debt for Calculation of Debt Limit ..	<u>25,657,800</u>	<u>25,989,932</u>	<u>69,003</u>	<u>-</u>	<u>-</u>

Debt Limitation in Excess of Outstanding And Authorized Debt.....	<u>\$ 57,989,519</u>	<u>\$ 141,304,705</u>	<u>\$ 139,343,195</u>	<u>\$ 120,823,905</u>	<u>\$ 111,529,758</u>
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¹ Unaudited.

² Does not include tax collections, if any, of coterminous municipalities permitted by statutes to be included in the base.

³ Excludes \$82,200 in Water Bonds as allowed under Connecticut General Statutes.

*Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$260,236,102.

**Authorized but Unissued Debt
As of September 12, 2019
(Pro Forma)**

Project	Amount Authorized	Grants Received/ Paid-down	Bonds Issued	Notes Due: 9/12/2019	THIS ISSUE:		Authorized but Unissued Debt	Grants Receivable
					Notes Due: 9/11/2020	The Bonds		
Ambulance Facility.....	\$ 700,000	\$ -	\$ 682,000	\$ -	\$ -	\$ -	\$ 18,000	\$ -
HS Fire Alarm System; Water Distribution System HS, Middle School, Memorial Elem School.....	640,000	-	213,000	-	-	-	427,000	-
2004-2005 Public Works Projects.....	761,000	-	735,000	-	-	-	26,000	-
Land Acquisition.....	325,000	-	316,000	-	-	-	9,000	-
Memorial School Road & Oil Tank.....	3,440,000	1,486,650	1,340,000	-	-	-	613,350	-
High School Renovations and Additions ¹	51,695,000	23,010,418	26,700,000	700,000	700,000	-	1,284,582	-
Fuel Station Construction/Tank Removal.....	475,000	-	-	475,000	-	475,000	-	-
Town Hall.....	18,981,000	-	-	11,500,000	7,481,000	11,500,000	-	-
Fire Engine Acquisition	679,000	-	-	-	-	679,000	-	-
Police Radio System Upgrades.....	845,000	-	-	-	-	845,000	-	-
Center School Heating System Imps.....	277,000	-	-	-	-	171,000	106,000	-
Total	<u>\$ 78,818,000</u>	<u>\$ 24,497,068</u>	<u>\$ 29,986,000</u>	<u>\$ 12,675,000</u>	<u>\$ 8,181,000</u>	<u>\$ 13,670,000</u>	<u>\$ 2,483,932</u>	<u>\$ -</u>

¹ This project qualifies for State of Connecticut School Construction Grants of approximately 52.5% of eligible costs. It is anticipated that the Town's net share for the High School project will be approximately \$24.7 million. A portion of the grants receivable are anticipated to be applied to a portion of the Notes at maturity.

**Principal Amount of Outstanding Debt
Last Five Fiscal Years**

Long-Term Debt	2019	2018	2017	2016	2015
Bonds.....	\$ 29,325,000	\$ 31,410,000	\$ 26,010,000	\$ 27,715,000	\$ 23,625,000
Short-Term Debt					
Bond Anticipation Notes...	12,675,000	1,675,000	300,000	5,000,000	16,415,000
Totals.....	\$ 42,000,000	\$ 33,085,000	\$ 26,310,000	\$ 32,715,000	\$ 40,040,000

Note: Includes State of Connecticut Clean Water Fund debt.

Source: Town of East Hampton Financial Reports 2014-2018. 2019 is subject to audit.

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Overall Debt¹	Ratio of Direct Overall Debt to Assessed Value	Ratio of Direct Overall Debt to Estimated Full Value	Population²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income³
2018	\$ 1,128,643,154	\$ 1,612,347,363	\$ 31,410,000	2.78%	1.95%	12,890	\$ 2,436.77	5.62%
2017	1,123,379,411	1,604,827,730	26,010,000	2.32%	1.62%	12,890	2,017.84	4.65%
2016	1,143,142,817	1,633,061,167	27,715,000	2.42%	1.70%	12,890	2,150.12	4.96%
2015	1,136,056,629	1,622,938,041	23,625,000	2.08%	1.46%	12,890	1,832.82	4.23%
2014	1,127,504,483	1,610,720,690	8,460,815	0.75%	0.53%	12,890	656.39	1.51%
2013	1,125,663,813	1,608,091,161	5,436,611	0.48%	0.34%	12,890	421.77	0.97%

¹ Includes State of Connecticut Clean Water fund debt.

² U.S. Bureau of Census, American Community Survey (2015)

³ Bureau of Census, American Community Survey (2017), Money Income Per Capita: \$43,358.

**Ratio of Total General Fund Debt Service Expenditures
To Total General Fund Expenditures and Transfers Out**

Fiscal Year Ended 6/30	Gross Debt Service	Total General Fund Expenditures¹	Ratio of Net Debt Service to General Fund Expenditures (%)
2019 ²	\$ 3,228,384	\$ 50,883,667	6.3%
2018	2,775,513	50,875,298	5.5%
2017	2,736,976	48,287,604	5.7%
2016	1,068,094	44,218,334	2.4%
2015	1,299,679	43,190,538	3.0%
2014	1,076,026	43,348,369	2.5%
2013	1,133,973	38,587,070	2.9%

¹ Includes transfers out.

² Budgetary basis and subject to audit. An estimate for Connecticut State Teachers Pension has been included in Total Expenditures for comparability with prior years.

Source: Town of East Hampton Financial Reports 2014-2018.

Fiscal Year 2019: Finance Department

Capital Improvement Plan

Project	Fiscal Year					Total
	2020	2021	2022	2023	2024	
Culture & Recreation....	\$ 26,000	\$ 160,000	\$ 180,000	\$ 50,000	\$ 110,000	\$ 526,000
Education.....	132,500	247,500	1,882,500	260,000	250,000	2,772,500
General Government.....	50,000	40,000	60,000	40,000	40,000	230,000
Public Safety.....	308,000	287,500	287,500	287,500	287,500	1,458,000
Public Works.....	395,000	530,000	560,000	565,000	570,000	2,620,000
Total.....	\$ 911,500	\$ 1,265,000	\$ 2,970,000	\$ 1,202,500	\$ 1,257,500	\$ 7,606,500
Funding Sources						
Pay As You Go.....	\$ 832,500	\$ 1,186,000	\$ 1,191,000	\$ 1,123,500	\$ 1,178,500	\$ 5,511,500
Bonds.....	-	-	1,700,000	-	-	1,700,000
Grants.....	79,000	79,000	79,000	79,000	79,000	395,000
Total.....	\$ 911,500	\$ 1,265,000	\$ 2,970,000	\$ 1,202,500	\$ 1,257,500	\$ 7,606,500

Note: The Town is in the process of updating it's 5 year capital improvement plan for fiscal years 2020 & 2021. The numbers presented are preliminary at this time and subject to change.

The Town Facilities Building Committee is charged with overseeing the construction of the Town Hall and Police Department. The Committee has hired a construction manager, architect, and project manager for the project and bids for site construction have been advertised.

It is anticipated that the project will be completed in the Spring of 2020. The project is estimated to cost \$18,981,000 and was approved at referendum on November 7, 2017 in that amount.

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VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Basis of Accounting

The financial statements of the Town of East Hampton, Connecticut 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 Town has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2004. Please refer to Appendix A "2018 Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A")— provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements — consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements report financial information for the Town as a whole excluding fiduciary activities.

Fund financial statements — provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information — in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A "2018 Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town of East Hampton.

Budget Procedure

The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year.

The Town Manager compiles preliminary estimates for all departments and agencies, with the exception of the Board of Education, for the annual budget for presentation to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance compiles a total budget based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on its proposal, and presents a recommended budget to the Town Council no later than April 15. After making alterations or reductions as they deem necessary, the Council submits its proposed budget to the Town Meeting for approval.

The Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Council. Additional appropriations which exceed \$25,000 must be approved by Town Meeting. Additional appropriations from fund balance below \$25,000, as well as additional appropriations from revised revenue, must be approved by Town Council.

Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town of East Hampton is in full compliance with said provisions. For the fiscal year ended June 30, 2018, the financial statements of the Town were audited by the firm of Cohn Reznick LLP, Accountants of Farmington, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of East Hampton has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial reports for fiscal year ended June 30, 2018. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program. The Town intends on submitting its financial statements for fiscal year ended June 30, 2019 to the GFOA to determine its eligibility for another certificate.

Pensions

Public Employee Retirement System

The Town of East Hampton is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Town of East Hampton Retirement System covers all employees working more than twenty (20) hours a week except for the following:

- Teachers covered under the State of Connecticut Teachers' Retirement System.
- Employees of Local R1-216 National Association of Municipal Employees (NAGE) Town of East Hampton or Local R1-216 National Association of Municipal Employees Water Pollution Control Authority who are hired on or after July 1, 2015.
- Non-union employees of the Town and Board of Education hired after May 1, 2013.
- Supervisors - MEUI Local 506 hired after July 1, 2016
- Custodians & Cafeteria - Municipal Employee Union Independent, Local 506, SEIU AFL-CIO hired after July 1, 2018.
- Secretaries - MEUI, Local 506: SEIU hired after July 1, 2017
- Paraprofessionals - MEUI, Local 506: SEIU hired after July 1, 2017
- School Nurses - MEUI, Local 506: SEIU hired after July 1, 2018

The Town provides all retirement benefits through a single employer, contributory, defined benefit plan. All employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement, for police the earlier of age 55 with 10 years of service or 20 years of service, for all others age 62, with 5 years of service, receive a retirement benefit.

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	% of APC Contributed
6/30/2020	\$ 1,165,982	\$ 1,165,982	100.00%
6/30/2019	1,095,521	1,131,365	103.27%
6/30/2018	1,115,081	1,148,318	102.98%
6/30/2017	1,020,204	1,026,712	100.64%
6/30/2016	957,490	960,000	100.26%
6/30/2015	980,548	982,321	100.18%
6/30/2014	952,198	953,000	100.08%
6/30/2013	815,329	829,183	101.70%
6/30/2012	746,829	809,304	108.37%

Note: The contributions for Fiscal Year 2019 & 2020 are budgeted amounts.

Actuarial Valuation Date	Actuarial			
	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
	(a)	(b)	(b-a)	(a/b)
7/1/2018	\$ 31,426,893	\$ 41,117,770	(\$9,690,877)	76.43%
7/1/2017	30,012,913	39,074,099	(\$9,061,186)	76.81%
7/1/2016	28,625,342	38,125,018	(\$9,499,676)	75.08%
7/1/2015	27,587,828	36,009,984	(\$8,422,156)	76.61%
7/1/2014	25,493,497	33,133,222	(\$7,639,725)	76.94%

GASB Statement No. 67

The Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – An amendment of GASB Statement No. 25, which replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. As of June 30, 2018, the Town's Net Pension Liability is \$9,272,945.

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Contribution Covered Payroll	Contribution as a % of Covered Payroll
2020 ¹	\$1,165,982	\$ 1,165,982	-	\$ 6,776,648	17.21%
2019 ¹	1,095,521	1,131,365	(35,844)	6,677,666	16.94%
2018	1,115,081	1,148,318	(33,237)	7,030,552	16.33%
2017	1,020,204	1,026,712	(6,508)	7,177,458	14.30%
2016	957,490	960,000	(2,510)	7,202,832	13.33%
2015	980,548	982,321	(1,773)	7,300,421	13.46%
2014	952,198	953,000	(802)	7,621,801	12.50%
2013	815,329	829,183	(13,854)	7,372,236	11.25%

¹ Budgetary basis and subject to audit.

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1- percentage point higher (8.0%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability.....	\$ 13,897,817	\$ 9,272,945	\$ 5,496,273

Statute of Connecticut Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited services, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial report as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions.

Please refer to the Town of East Hampton's "Notes to Basic Financial Statements", in "Appendix A" herein for further information on the Town's Pension Plan.

Other Post-Employment Benefits (OPEB)

The Town administers one single-employer, post-employment retirement benefit healthcare plan for the Board of Education. The plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contribution are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings. The plan does not issue standalone financial reports.

The Town has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2017:

	Actuarial			
	Actuarial Value	Accrued Liability		
Actuarial	of Assets	(AAL)	Unfunded AAL	Funded Ratio
Valuation Date	(a)	(b)	(b-a)	(a/b)
7/1/2017	\$0	\$3,609,516	(\$3,609,516)	0.00%
7/1/2015	\$0	6,492,700	(\$6,492,700)	0.00%
7/1/2013	\$0	5,973,888	(\$5,973,888)	0.00%
7/1/2011	\$0	5,525,000	(\$5,525,000)	0.00%

Change in the OPEB Liability

	2018
Total OPEB Liability	
Service Cost.....	\$ 191,004
Interest.....	139,502
Differences Between Expected and Actual Experience....	-
Changes of Assumptions.....	(118,421)
Benefits Payments, Including Refunds.....	(140,508)
Net Changes in Total OPEB Liability.....	71,577
Total OPEB Liability - Beginning.....	3,775,344
Total OPEB Liability - Ending.....	3,846,921

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease to 2.87%	Current Discount Rate 3.87%	1% Increase to 4.87%
Net OPEB Liability.....	\$ 4,273,237	\$ 3,846,921	\$ 3,468,654

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability.....	\$ 3,325,692	\$ 3,846,921	\$ 4,475,874

Investment Policies and Practices

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

The Town's new investment practices are in compliance with its Charter and the Connecticut General Statutes.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Estimated Actuals and Adopted Budget (Budgetary Basis)

	Adopted Budget 2019-20 ¹	Estimated Actuals 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues:						
Property Taxes	\$ 38,392,678	\$ 37,132,276	\$ 36,935,812	\$ 33,583,829	\$ 31,981,176	\$ 31,199,130
Intergovernmental ²	7,413,814	7,645,946	13,319,088	13,949,064	11,433,052	11,634,584
Charges for Services	514,670	606,962	624,993	588,646	602,999	507,626
Investment Income	52,500	110,384	53,065	22,170	21,548	20,202
Miscellaneous	-	650	2,704	17,168	18,554	18,419
Total Revenues	46,373,662	45,496,218	50,935,662	48,160,877	44,057,329	43,379,961
Expenditures:						
General government	4,400,661	4,063,931	4,110,808	3,942,549	3,405,830	3,396,869
Public Safety	2,640,589	2,517,978	2,494,391	2,365,602	2,373,699	2,263,610
Public Works and Utilities	2,181,183	2,139,161	2,101,978	2,020,216	2,175,339	2,177,710
Culture and Recreation	1,042,402	1,018,236	972,764	997,791	1,002,582	986,720
Health and Human Services	454,478	415,041	406,943	400,835	397,320	406,763
Regulatory	403,015	363,077	352,768	323,558	422,147	368,205
Education ²	31,176,193	30,639,668	36,274,633	34,672,028	31,881,405	31,336,281
Debt Service	3,228,386	3,228,384	2,775,513	2,736,976	1,068,094	1,299,679
Total Expenditures	45,526,907	44,385,476	49,489,798	47,459,555	42,726,416	42,235,837
Revenues over (under) expenditures	846,755	1,110,742	1,445,864	701,322	1,330,913	1,144,124
Other Financing Sources Uses:						
Sale of Equipment	-	-	-	-	-	-
Operating Transfers In	25,745	-	111,791	430,801	56,000	2,468
Operating Transfers (Out)	(872,500)	(852,206)	(1,385,500)	(828,049)	(1,491,918)	(954,701)
Total other Financing Sources (uses)	(846,755)	(852,206)	(1,273,709)	(397,248)	(1,435,918)	(952,233)
Revenues and other financing sources over (under) expenditures and other financing (uses)	-	258,536	172,155	304,074	(105,005)	191,891
Fund Balance, Beginning	5,694,160	5,435,624	5,263,469	4,959,395	5,064,400	4,872,509
Fund Balance, Ending	\$ 5,694,160	\$ 5,694,160	\$ 5,435,624	\$ 5,263,469	\$ 4,959,395	\$ 5,064,400

¹ Budgetary basis and subject to audit.

² Estimated Actual and Budget numbers do not include State of CT on-behalf payments for Teacher's Retirement which, when GAAP'd, are offsetting entries.

Analysis of General Fund Balance

	Adopted Budget 2019-20 ¹	Estimated Actuals 2018-19 ¹	Actuals 2017-18	Actuals 2016-17	Actuals 2015-16	Actuals 2014-15
Nonspendable	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Committed-BOE	N/A	-	-	-	-	-
Assigned	N/A	-	-	-	-	-
Unassigned	N/A	5,694,160	5,435,624	5,263,469	4,959,395	5,064,400
Total Fund Balance	\$ -	\$ 5,694,160	\$ 5,435,624	\$ 5,263,469	\$ 4,959,395	\$ 5,064,400

¹ Budgetary basis and subject to audit.

Municipal General Budget Expenditures Cap

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt

service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation did not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, but provides that such funding will resume following July 1, 2021.

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VII. Legal and Other Information

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's attorney that the ultimate liability of the Town for these cases currently pending will not have a materially adverse effect upon the Town's financial position.

Documents Furnished at Delivery

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Chairman of the Town Council, the Town Manager and the Finance Director/Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The Town of East Hampton has prepared an Official Statement for the Bonds and the Notes which is dated August __, 2019. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Bonds one hundred (100) copies, and the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's municipal advisor no later than seven business days after the bid opening. If the Town's municipal advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchasers shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at offices of U.S. Bank National Association, and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF EAST HAMPTON, CONNECTICUT

By:

Melissa Engel, *Chairman of the Town Council*

By:

Jeffery M. Jylkka, *Interim Town Manager*
and Finance Director/Treasurer

Dated: August __, 2019

Appendix A

2018 Financial Statements Excerpted from the Town's Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of East Hampton, Connecticut for the fiscal year ended June 30, 2018. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditors' Report

**Board of Finance
Town of East Hampton, 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 Hampton, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hampton, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the respective budgetary comparison for the general fund and the pension and other post-employment benefit plan schedules on pages 11 to 20 and pages 74 to 88, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Page 3

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 24, 2019



TOWN OF EAST HAMPTON
20 East High Street
East Hampton, CT 06424

Michael Maniscalco
Town Manager
860.267.4468

Jeffery M. Jylkka
Finance Director
860.267.7548

Management's Discussion and Analysis For the Year Ended June 30, 2018

As management of the Town of East Hampton, Connecticut ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$3,775,344 and to remove the net OPEB obligation previously recorded of \$2,203,971. The current year OPEB expense was \$179,425 and the OPEB liability at year end was \$3,846,921.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$91,573,229 (*net position*). Of this amount, unrestricted net position was a deficit balance of \$1,950,181.
- The Town's total net position decreased by \$1,914,155. The decrease is due substantially to decreases in taxes, sewer assessments, and loan revenues from prior years and increases in pension and OPEB expense, offset by increases in net debt related activity due to accounting basis differences.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,717,755, a decrease of \$122,998 in comparison with the prior year. This slight decrease is a result of the positive operations of the general fund and capital reserves fund funds off set by the decrease in fund balance for the capital initiatives fund of \$817,208 and other governmental funds \$350,769. The capital initiatives fund deficit was due to timing expenditures incurred and when the projects are financed.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,435,624, an increase of \$172,155 in comparison with the prior year. This fund balance represents 12.2% of total budgetary general fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of East Hampton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

Management's Discussion and Analysis (continued)

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 the cash is received or paid.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these accounts being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the *financial* health or position of the Town is improving or deteriorating.

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works and utilities, culture and recreation, civic and human services, regulatory and education.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

Management's Discussion and Analysis (continued)

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital initiatives fund and capital reserve fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 2 and 3 in this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget (RSI-1).

Proprietary fund. The Town maintains two proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured dental benefits and Board of Education retiree medical benefits. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The data for the internal service funds is provided in Exhibits F, G and H of this report.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, 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 (Exhibits I and J). We exclude these activities 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's net pension liability and the progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position decreased by 2.0% from a year ago – decreasing from \$93,487,384 (as restated) to \$91,573,229.

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

Summary Statement of Net Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 18,416,938	\$ 19,131,927
Capital assets, net	<u>127,468,422</u>	<u>127,480,848</u>
Total assets	<u>145,885,360</u>	<u>146,612,775</u>
Deferred outflows of resources	<u>767,736</u>	<u>1,843,268</u>
Long-term liabilities outstanding	46,014,996	47,823,874
Other liabilities	<u>8,563,185</u>	<u>7,144,785</u>
Total liabilities	<u>54,578,181</u>	<u>54,968,659</u>
Deferred inflows of resources	<u>501,686</u>	<u>-</u>
Net investment in capital assets	92,111,852	92,409,066
Restricted	1,411,558	1,224,115
Unrestricted	<u>(1,950,181)</u>	<u>(145,797)</u>
Total net position	<u>\$ 91,573,229</u>	<u>\$ 93,487,384</u>

A portion of the Town's net position (1.54%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit balance in the amount of \$1,950,181.

The Town's net position decreased by \$1,914,155. Key elements of this decrease are as follows:

- Decrease of \$1,629,117 by change in recognition of property taxes, sewer assessments, and loan revenues from prior years.
- Increase offset by net debt related activity of \$1,009,043 due to accounting basis differences.
- Increase in pension and OPEB expense of \$1,045,605.

**Statement of Changes in Net Position
For the Years Ended June 30, 2018 and 2017**

	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 4,097,192	\$ 4,150,167
Operating grants and contributions	15,010,161	15,417,882
Capital grants and contributions	229,450	6,608,161
General revenues:		
Property taxes	35,727,324	33,287,819
Grants and contributions not restricted to specific programs	156,382	410,559
Investment income	92,757	70,147
Other	2,704	26,682
Total revenues	55,315,970	59,971,417
Expenses:		
General government	3,061,842	3,548,663
Public safety	3,925,006	3,801,189
Civic and human services	689,520	665,153
Public works and utilities	6,052,715	6,005,994
Education	40,215,775	40,207,125
Regulatory	522,221	477,104
Culture and recreation	1,729,582	1,930,354
Interest	1,033,464	791,832
Total expenses	57,230,125	57,427,414
Change in net position	(1,914,155)	2,544,003
Net position - July 1 (as restated)	93,487,384	92,305,897
Restatements:		
OPEB liability	-	(1,571,373)
Other (see Note IV G)	-	208,857
Net position - June 30	<u>\$ 91,573,229</u>	<u>\$ 93,487,384</u>

Significant changes in revenues and expenses as compared to the prior year are as follows:

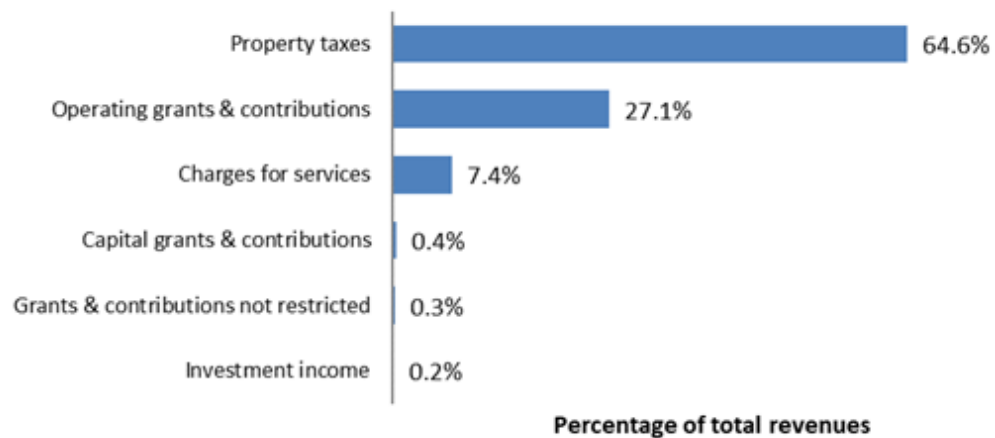
Revenues:

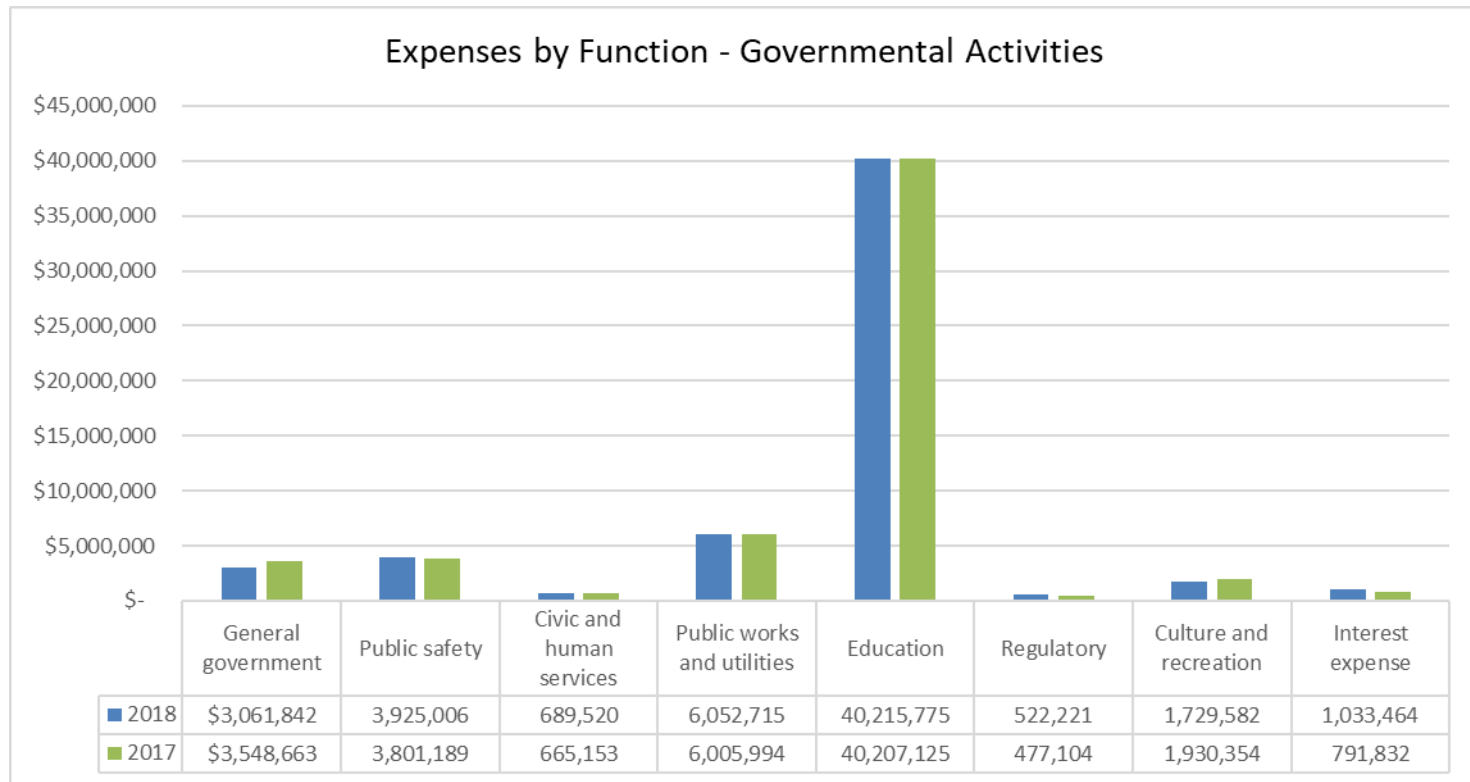
- The \$2,439,505 increase in property taxes was due to increase in the budget and, therefore, the related tax levy.
- Operating grants and contributions decreased by \$407,721 substantially due to a decrease in the Parks & Recreation Airline trail grant.
- Capital grants and contributions decreased by \$6,378,711 substantially due to the receipt of the State of Connecticut school construction grant during the prior year for the High School renovation project.

Expenses:

- General government expenses decreased by \$486,821 due to a decrease in pension expense and other employee benefits.
- Interest expenses increased by \$241,632 due to bonds issued in the prior year and related scheduled interest payments.
- Culture and Recreation expenses decreased by \$200,772 primarily as a result of a decrease in expenses relating to the Airline Trail extension project.
- Public safety increased by \$123,817 due to an increase in pension expense and overtime cost related to police outside services.

Revenue by Source - Governmental Activities





Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,717,155. \$6,290,297 is not available for new spending because it has already been classified as 1) nonspendable (\$224,357) for the library endowment and small cities receivable, 2) restricted (\$1,396,058), and 3) committed (\$4,669,882).

The total fund balance decreased from \$11,840,753 to \$11,717,155. This slight decrease is a result of the positive operations of the general fund and capital reserves fund funds off set by the decrease in fund balance for the capital initiatives fund of \$817,208 and other governmental funds \$350,769. The capital initiatives fund deficit was due to timing expenditures incurred and when the projects are financed.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,435,624. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.2% of total general fund expenditures and transfers out.

Capital Initiatives Fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. The capital initiatives fund's expenditure and other financing uses exceeded its revenues and other financing sources by \$817,208. This is due to use of bond anticipation notes to finance projects (\$1,675,000).

Capital Reserve Fund. This fund accounts for financial resources to be used for capital and non-recurring projects. The primary source of funding is an annual appropriation from the general fund. The capital reserve fund's revenues and transfers exceed its expenditures by \$872,824 as a result of timing of funding and capital purchases.

General Fund Budgetary Highlights

Significant additional appropriations and budget transfers made during the year were as follows:

- Additional appropriation of \$570,000 from fund balance to transfer to Capital Reserve Fund for Library/Community Center roof repairs (\$223,000), Public Works dump truck (\$177,000) and a Public Works paver (\$170,000).
- Legal budget transfer \$25,030 for pre-referendum costs relating to the new Town Hall / Police Department building project and a legal settlement.
- Police regular patrol transfer \$21,043 for payroll.
- Town center fire system transfer \$20,770 for hydrant leak repairs in the Village Center.
- Community center transfer \$11,090 for utility expenses.

Capital Assets and Debt Administration

Capital assets. At year end, the Town's capital assets totaled \$127,468,422, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The decrease in the Town's capital assets for the current fiscal year was \$12,426 or (.01%). This decrease is largely due to the increase in construction in progress, for the High School renovation project (\$713,746) and the Town Hall / Police Department facility project (\$623,208) and machinery and equipment purchases of \$593,638 offset depreciation by \$2,340,222.

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

- Machinery and equipment additions of \$593,638, which included the following:
 - Two 2017 police explorers (\$57,264)
 - Septage receiving station (\$60,359)
 - Automatic bar screen (\$161,155)
 - High school furniture 2018 (\$21,188)
 - HVAC replacement (\$29,692)
 - Dry polymer system (\$41,774)
 - School security window film (\$62,105)

Capital Assets
(Net of Accumulated Depreciation)

	2018	2017
Land	\$ 2,677,322	\$ 2,635,182
Intangible assets	701,650	705,300
Construction in progress	51,296,977	50,776,882
Buildings	24,930,996	25,784,820
Improvements other than buildings	132,729	139,335
Machinery and equipment	8,655,497	8,939,593
Infrastructure	39,073,251	38,499,736
Total	<u>\$ 127,468,422</u>	<u>\$ 127,480,848</u>

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

Long-term debt. At the end of the current fiscal year, the Town had total long-term debt of \$31,512,317, a decrease of \$1,327,943 as compared to the prior year. The decrease is primarily due to the principal payments of \$1,732,943 and debt issuance of \$405,000. All debt is backed by the full faith and credit of the Town.

Outstanding Debt
Long-Term Obligations

	2018	2017
General obligation bonds	\$31,410,000	\$ 26,010,000
Bond anticipation notes	-	6,700,000
Clean water notes	102,317	130,260
Total	<u>\$31,512,317</u>	<u>\$ 32,840,260</u>

The Town maintains a bond rating of "AAA" from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees. The current debt limitation for the Town is \$235,251,737, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III. G.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 3.4%. This is lower than both the state's average unemployment rate of 4.5% and the Hartford Labor Market rate of 4.5%. The Town is slightly below the national average of 4.0%.
- According to the Bureau of Census American Community Survey 5-Year Estimates, 2013-2017, per capita income in East Hampton was \$47,758 compared to Middlesex County (\$43,695) and the State (\$41,365). Median family income was \$116,790 versus \$104,985 for the county and \$93,800 for the State. The percent of families below poverty level was 2.3% for the Town. The county percentage was 4.5% and the State's was 7.0%.
- The net taxable grand list for fiscal year 2018 increased approximately 0.51%. This increase was primarily driven by new motor vehicles and personal property.
- Funding for formulary grants from the State of Connecticut continues to decline. Since 2008 the percent of total general fund revenue from state grants has dropped from 25.9% to 19%. This downward trend has been factored into our intergovernmental revenue estimates.
- The total number of building permits for fiscal year 2018 decreased from 1,346 to 1,010 or 25% over last fiscal year. The value of permits issued decreased by 5.7% and as a result our revenue estimates have been adjusted downward accordingly.
- Debt service payments have increased by \$439,045 compared to 2017-2018. This increase is primarily due to the issuance of \$7,105,000 of bonds to pay for the High School renovation project and Public Works road projects.

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's Office, Town of East Hampton, 20 East High Street, East Hampton, CT 06424.

Basic Financial Statements

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018

<u>Assets</u>	
Current assets:	
Cash	\$ 16,426,929
Restricted cash	58,161
Investments	53,825
Receivables:	
Property taxes	312,050
Assessments	185,713
Intergovernmental	276,899
Other	240,093
Other assets	20,194
Total current assets	<u>17,573,864</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments	979
Permanently restricted investments	<u>15,500</u>
Total restricted assets	<u>16,479</u>
Receivables (net):	
Property taxes	428,074
Assessments	216,864
Loans	<u>181,657</u>
Total receivables (net)	<u>826,595</u>
Capital assets (net of accumulated depreciation and amortization)	
Land	2,677,322
Intangible assets (net)	701,650
Construction in progress	51,296,977
Buildings	24,930,996
Improvements other than buildings	132,729
Machinery and equipment	8,655,497
Infrastructure	<u>39,073,251</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>127,468,422</u>
Total noncurrent assets	<u>128,311,496</u>
Total assets	<u>145,885,360</u>
<u>Deferred Outflows of Resources</u>	
Pension related	<u>767,736</u>

(Continued)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018

<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other payables	\$ 3,084,687
Accrued liabilities	171,058
Accrued payroll	151,712
Accrued interest payable	445,589
Unearned revenue	267,525
Developer bonds	58,161
Bond anticipation notes	1,675,000
Bonds and notes payable	2,113,507
Capital lease payable	251,726
Compensated absences	144,220
Environmental obligation	200,000
	<hr/>
Total current liabilities	8,563,185
Noncurrent liabilities:	
Bonds, notes and related liabilities	30,786,628
Capital lease payable	529,709
Compensated absences	1,378,793
Net pension liability	9,272,945
OPEB liability	3,846,921
Environmental obligation	200,000
	<hr/>
Total noncurrent liabilities	46,014,996
	<hr/>
Total liabilities	54,578,181
	<hr/>
<u>Deferred Inflows of Resources</u>	
Pension related	393,838
OPEB related	107,848
	<hr/>
Total deferred inflows of resources	501,686
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	92,111,852
Restricted for:	
Endowments:	
Expendable	979
Nonexpendable	15,500
Public works	1,336,887
Education	58,192
Unrestricted	(1,950,181)
	<hr/>
Total net position	\$ 91,573,229
	<hr/>

The notes to financial statements are an integral part of these statements.

(Concluded)

Town of East Hampton, Connecticut

Statement of Activities
Governmental Activities
For The Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,061,842	\$ 396,441	\$ 248,020	\$ -	\$ (2,417,381)
Public safety	3,925,006	176,571	-	-	(3,748,435)
Civic and human services	689,520	1,375	15,507	-	(672,638)
Public works and utilities	6,052,715	2,415,293	292,892	-	(3,344,530)
Education	40,215,775	638,599	14,341,689	229,450	(25,006,037)
Regulatory	522,221	193,828	-	-	(328,393)
Culture and recreation	1,729,582	275,085	112,053	-	(1,342,444)
Interest expense	1,033,464	-	-	-	(1,033,464)
Total	\$ 57,230,125	\$ 4,097,192	\$ 15,010,161	\$ 229,450	(37,893,322)
General revenues:					
Property taxes					35,727,324
Grants and contributions not restricted to specific programs					156,382
Investment income					92,757
Other					2,704
Total general revenues					35,979,167
Change in net position					(1,914,155)
Net position - July 1, 2017 (as restated)					93,487,384
Net position - June 30, 2018					\$ 91,573,229

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 7,739,035	\$ 3,482,659	\$ 845,887	\$ 4,359,348	\$ 16,426,929
Restricted cash	58,161	-	-	-	58,161
Investments	53,825	-	-	16,479	70,304
Receivables:					
Property taxes	698,246	-	-	-	698,246
Assessments and use charges	-	-	-	333,812	333,812
Intergovernmental	474	19,410	-	257,015	276,899
Loans	-	-	-	208,857	208,857
Other	20,224	-	-	219,250	239,474
Due from other funds	852,592	1,097,432	1,334,176	373,196	3,657,396
Other	10,893	-	-	9,301	20,194
Total assets	\$ 9,433,450	\$ 4,599,501	\$ 2,180,063	\$ 5,777,258	\$ 21,990,272
<u>Liabilities</u>					
Accounts and other payables	\$ 1,612,581	\$ 1,240,120	\$ 30,531	\$ 201,455	\$ 3,084,687
Accrued liabilities	149,556	21,502	-	-	171,058
Accrued payroll	151,712	-	-	-	151,712
Bond anticipation notes payable	-	1,675,000	-	-	1,675,000
Due to other funds	1,327,570	1,477,234	-	1,058,016	3,862,820
Developer bonds	58,161	-	-	-	58,161
Unearned revenue	-	-	-	267,525	267,525
Total liabilities	3,299,580	4,413,856	30,531	1,526,996	9,270,963
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	698,246	-	-	-	698,246
Water charges	-	-	-	18,602	18,602
Sewer assessment and use charges	-	-	-	284,706	284,706
Total deferred inflows of resources	698,246	-	-	303,308	1,001,554
<u>Fund Balances</u>					
Nonspendable	-	-	-	224,357	224,357
Restricted	-	-	-	1,396,058	1,396,058
Committed	-	185,645	2,149,532	2,334,705	4,669,882
Unassigned	5,435,624	-	-	(8,166)	5,427,458
Total fund balances	5,435,624	185,645	2,149,532	3,946,954	11,717,755
Total liabilities, deferred inflows of resources and fund balances	\$ 9,433,450	\$ 4,599,501	\$ 2,180,063	\$ 5,777,258	\$ 21,990,272

(Continued)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2018

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, page 1)	\$ 11,717,755
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	127,480,848
Current capital asset additions (net of construction in progress decreases)	2,173,916
Donated assets	153,880
Depreciation expense	(2,340,222)
Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:	
Property tax and sewer assessment interest and lien accrual	350,762
Allowance for doubtful accounts	(267,319)
Deferred outflows related to pensions	767,736
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax, water charges, sewer assessment, and loans receivable - accrual basis change	1,001,554
Internal service funds are used by management to charge the cost of insurance premiums and benefits to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	206,043
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(31,512,317)
Premiums	(1,387,818)
Capital lease	(781,435)
Compensated absences	(1,523,013)
Net pension liability	(9,272,945)
OPEB liability	(3,846,921)
Environmental obligation	(400,000)
Accrued interest payable	(445,589)
Deferred inflows related to pensions	(393,838)
Deferred inflows related to OPEB	(107,848)
Net position of governmental activities (Exhibit A)	\$ <u>91,573,229</u>
	(Concluded)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 36,935,812	\$ -	\$ -	\$ -	\$ 36,935,812
Intergovernmental	13,319,088	29,040	-	1,966,413	15,314,541
Charges for services	624,993	-	5,784	3,780,380	4,411,157
Investment income	53,065	17,837	7,323	14,532	92,757
Contributions and donations	-	-	-	81,452	81,452
Other	2,704	-	-	-	2,704
Total revenues	50,935,662	46,877	13,107	5,842,777	56,838,423
Expenditures:					
Current:					
General government	4,110,808	623,208	1,800	91,142	4,826,958
Public safety	2,494,391	-	211,050	256,718	2,962,159
Public works and utilities	2,101,978	248,607	-	2,624,553	4,975,138
Culture and recreation	972,764	-	-	318,887	1,291,651
Health and human services	406,943	-	-	192,745	599,688
Regulatory	352,768	-	-	-	352,768
Education	36,274,633	631,872	280,712	2,709,525	39,896,742
Debt service	2,775,513	265,770	-	30,293	3,071,576
Total expenditures	49,489,798	1,769,457	493,562	6,223,863	57,976,680
Excess (deficiency) of revenues over expenditures	1,445,864	(1,722,580)	(480,455)	(381,086)	(1,138,257)
Other financing sources (uses):					
Issuance of debt	-	405,000	-	-	405,000
Premium (bond and bond anticipation note)	-	500,372	-	-	500,372
Capital lease	-	-	109,887	-	109,887
Transfers in	111,791	-	1,348,000	37,500	1,497,291
Transfers out	(1,385,500)	-	(104,608)	(7,183)	(1,497,291)
Total other financing sources (uses)	(1,273,709)	905,372	1,353,279	30,317	1,015,259
Net change in fund balances	172,155	(817,208)	872,824	(350,769)	(122,998)
Fund balances - July 1, 2017 (as restated)	5,263,469	1,002,853	1,276,708	4,297,723	11,840,753
Fund balances - June 30, 2018	\$ 5,435,624	\$ 185,645	\$ 2,149,532	\$ 3,946,954	\$ 11,717,755

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2018

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are due to:

Net change in fund balances - Total Governmental Funds (Exhibit D) \$ (122,998)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,173,916
Depreciation expense	<u>(2,340,222)</u>

Total	<u>(166,306)</u>
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Donated assets	153,880
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the statement of activities:

Change in property tax, water charges, sewer assessment, and community development block grant receivable - accrual basis change	(1,045,211)
Change in property tax and sewer assessment interest and lien revenue	<u>(477,242)</u>

Total	<u>(1,522,453)</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds and notes	(405,000)
Premium on bonds	(460,443)
Capital leases	(109,887)
Principal repayments:	
General obligation bonds and notes	1,732,943
Capital lease	<u>251,430</u>

Total	<u>1,009,043</u>
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(Continued)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2018

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of bond premium	\$ 81,169
Compensated absences	(232,426)
Net pension liability	603,190
OPEB liability	(71,577)
Accrued interest payable	(67,359)
Amortization of deferred outflows of resources	(1,075,532)
Amortization of deferred inflows of resources	<u>(501,686)</u>
Total	<u>(1,264,221)</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments	<u>(1,100)</u>
Change in net position (Exhibit B)	\$ <u><u>(1,914,155)</u></u>

(Concluded)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2018

		Internal
		Service Funds
<u>Assets</u>		
Current assets:		
Due from other funds		<u>\$ 206,043</u>
<u>Net Position</u>		
Unrestricted		<u><u>\$ 206,043</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2018

	Internal Service Funds
Operating expenses:	
Administration	\$ 1,100
Change in net position	(1,100)
Total net position - July 1, 2017	207,143
Total net position - June 30, 2018	\$ 206,043

The notes to financial statements are an integral part of these statements.

Town of East Hampton, ConnecticutStatement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2018

	Internal Service Funds
Cash flows from operating activities:	
Cash received/(paid) on due to/from balances	\$ 1,100
Cash paid for administration	<u>(1,100)</u>
Net increase (decrease) in cash	-
Cash - July 1, 2017	<u>-</u>
Cash - June 30, 2018	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (1,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	<u>1,100</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension Trust Fund	Custodial Funds
<u>Assets</u>		
Cash	\$ 75,300	\$ 453,434
Investments:		
Mutual funds:		
Equity	17,775,594	1,060,884
U.S. government bonds	4,945,634	160,721
Corporate bonds	4,311,644	-
International bonds	1,984,078	-
Money market	392,041	611
Real estate limited partnership	1,653,137	-
Total investments	31,062,128	1,222,216
Total assets	31,137,428	1,675,650
<u>Liability</u>		
Due to other funds	-	619
<u>Net Position</u>		
Restricted for:		
Pensions	31,137,428	-
Individuals and organizations	-	1,675,031
Total net position	\$ 31,137,428	\$ 1,675,031

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2018

	Pension Trust Fund	Custodial Funds
Additions:		
Contributions:		
Employer	\$ 1,148,318	\$ 15,405
Plan members	374,910	-
Charges for services	-	820,623
Total contributions	1,523,228	836,028
Investment income (loss):		
Net change in fair value of investments	1,211,678	(2,488)
Interest and dividends	902,900	57,302
Total investment income (loss)	2,114,578	54,814
Less investment expenses	(23,755)	-
Net investment income (loss)	2,090,823	54,814
Total additions	3,614,051	890,842
Deductions		
Benefits	2,074,206	619
Administration	72,770	-
Scholarship awards	-	14,885
Activities and events	-	754,706
Total deductions	2,146,976	770,210
Change in net position	1,467,075	120,632
Net position - July 1, 2017 (as restated)	29,670,353	1,554,399
Net position - June 30, 2018	\$ 31,137,428	\$ 1,675,031

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**History and organization**

The Town operates under a Charter which became effective in November 1973 and was last revised in November 2016. The form of government includes an elected seven-member Town Council, which elects a chairman, an elected nine-member Board of Education and an elected seven-member Board of Finance.

The legislative power of the Town is vested with the Town Council and the Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager, who is appointed by the Town Council.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets to the Town Council for Town Meeting approval.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. For reimbursement grants the Town considers revenues to be available if they are collected within one year 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. General capital asset acquisitions are reported as expenditures in governmental funds.

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

The Town reports the following major governmental funds:

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

The *Capital Initiatives Fund* is used to account for various capital projects and equipment purchases.

The *Capital Reserve Fund* is used for various capital and nonrecurring projects.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk financing activities for dental insurance benefits and Board of Education retiree benefits.

The *Pension Trust Fund* accounts for the activities of the East Hampton Employee Retirement System which accumulates resources for pension benefit payments to qualified employees.

The *Custodial Funds* account for monies held on behalf of students and for volunteer firemen awards.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are 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.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

B. Measurement focus, basis of accounting and financial statement presentation (continued)

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 Town Departments for various types of self-insurance. Operating expenses for the internal service funds include the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town plan, the Connecticut State Teachers' Retirement System (TRS), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Cash and investments**

Cash - The Town considers cash as cash on hand and demand deposits.

For cash flow purposes cash and cash equivalents consists of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension plan investment policy targets are 65% equities, 30% fixed income and 5% real estate.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****2. Receivables and payables****a. Interfunds**

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

b. Property taxes and other receivables

In the government-wide financial statements, property tax and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 24 percent of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected by June 30, have been recorded as a deferred inflows of resources since they are not considered to be available to finance expenditures of the current year.

Loans receivable consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

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

3. Restricted assets

The restricted assets for the Town are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. 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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. 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.

Intangible assets include a permanent easement, which is not amortized.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

4. Capital assets (continued)

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangible assets	5-10
Buildings	20-95
Improvements other than buildings	10-25
Machinery and equipment	3-40
Infrastructure	20-65

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in assumptions and return on investments. Experience differences and changes in assumptions will be amortized over the average remaining service life of all plan members. Return on investment will be amortized over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in assumptions and return on investments. Experience differences and changes in assumptions will be amortized over the average remaining service life of all plan members. Return on investment will be amortized over a five year period.

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

6. Net position flow assumption

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

7. Compensated absences

The Town allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Town, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**7. Compensated absences (continued)**

Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

8. Long-term obligations

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

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

9. Fund equity and net position

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

Net investment in capital assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted net position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted net position

This category presents the net position of the Town which is not restricted.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**9. Fund equity and net position (continued)**Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by Town Council or Town Meeting.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by Town Council or by the issuance of a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

The Town Council adopted a minimum fund balance policy for the General Fund. The policy requires the Town to strive to maintain an unassigned general fund balance of not less than 8 percent nor more than 10 percent of current year budgeted general fund operating expenditures.

10. Use of estimates

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

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

II. Stewardship, compliance and accountability

- **Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

- The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year. The Town Manager compiles preliminary estimates for all departments and agencies for submission of a Town Government budget to the Board of Finance. The Board of Education submits its budget directly to the Board of Finance. The Board of Finance holds public meetings for presentation of the proposed budgets.
- The Board of Finance compiles separate budgets for the Town Government and Board of Education based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on the proposed annual budgets and presents recommended budgets to the Town Council no later than April 15th. After making alterations or reductions, the Town Council submits separate budgets to the Town Meeting for approval. The call of the Annual Budget Meeting shall present, as separate resolutions, the Town Government budget and the Board of Education budget. The ballot questions provide for separate approval/disapproval of the Town Government budget and the Board of Education budget. In the event that either or both of the Town Government budget and/or Board of Education budget shall fail to pass at the referendum, such budget(s) which did not pass shall be revised and submitted for consideration at additional annual budget meetings, each of which shall likewise be adjourned for referendum, until such time as each budget shall have been adopted.
- The Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting. Additional appropriations from fund balance below \$25,000, as well as additional appropriations from revised revenue, must be approved by Town Council.

There was an additional appropriation during the year of \$570,000 from fund balance for the purchase of two public works vehicles and library roof repairs.

- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education approval and then the Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

- Capital projects authorizations**

The following is a summary of the project status for current Capital Projects:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
2012 Public Works Road Project	\$ 3,720,000	\$ 3,240,953	\$ 479,047
Brewer Road Pavement Rehabilitation	408,500	513,470	(104,970)
Christopher Brook Culvert Replacement	771,240	1,109,818	(338,578)
Total Road Projects	4,899,740	4,864,241	35,499
High School Renovation Project - Phase I	200,080	183,148	16,932
High School Renovation Project - Phase II	51,695,000	50,568,071	1,126,929
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,762,216	527,784
Public Safety Dispatch	439,710	357,387	82,323
Oakum Dock water easement	790,500	733,487	57,013
Water Tower Demolition	200,000	193,994	6,006
Fuel Island	475,000	234,603	240,397
Town Hall Project	18,981,000	565,213	18,415,787
Public Works Paver	177,000	-	177,000
Public Works Dump Truck	170,000	-	170,000
Community Center Roof Repairs	312,000	-	312,000
Total	<u>\$ 81,780,030</u>	<u>\$ 60,601,636</u>	<u>\$ 21,178,394</u>

The Brewer Road and Christopher Brook projects are over expended due to unexpected engineering oversight costs related to grant compliance. On April 5, 2016, the Town approved increasing the bonding authorization for road projects to \$3,720,000 and to add to the scope to cover the Brewer Road and Christopher Brook projects. Total road project expenditures are below the authorized amount.

- Donor-restricted endowments**

The Town has received certain endowments for library operations purposes. The amounts are reflected in net position as restricted for the library. Investment income (including appreciation) is approved for expenditure by the library director.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

At year end, there is no appreciation available for appropriation.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

III. Detailed notes**A. Cash and investments**

Deposits - custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. \$15,361,857 of the Town's bank balance of \$17,130,336 (including certificates of deposit classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,083,892
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,277,965</u>
Total amount subject to custodial credit risk	<u>\$ 15,361,857</u>

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

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

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
<u>Mutual funds:</u>					
Equity	\$18,836,478	\$18,836,478	\$ -	\$ -	\$ -
U.S. government bonds	5,106,355	-	-	160,721	4,945,634
Corporate bonds	4,311,644	-	-	2,157,606	2,154,038
International bonds	1,984,078	-	-	-	1,984,078
Money market	392,652	-	392,652	-	-
Certificates of deposit	16,479	-	16,479	-	-
Pooled Fixed Income	53,825	-	53,825	-	-
Real Estate Limited Partnership	1,653,137	1,653,137	-	-	-
Total	<u>\$32,354,648</u>	<u>\$20,489,615</u>	<u>\$ 462,956</u>	<u>\$4,302,405</u>	<u>\$7,099,672</u>

Fair value of investments

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active
- Level 3: Unobservable inputs

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Cash and investments (continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
<u>Mutual Funds:</u>				
Equity	\$ 18,836,478	\$ 18,836,478	\$ -	\$ -
Corporate bonds	4,311,644	4,311,644	-	-
International bonds	1,984,078	1,984,078	-	-
U.S. government bonds	5,106,355	-	5,106,355	-
Money market	392,652	392,652	-	-
Total investments by fair value level	30,631,207	\$ 25,524,852	\$ 5,106,355	\$ -
<u>Investments measured at Net Asset Values (NAV)</u>				
Real estate limited partnership	1,653,137			
<u>Other Investments not subject to fair value measurement</u>				
Certificates of deposit	16,479			
Pooled fixed income	53,825			
Total other investments	70,304			
Total Investments	\$ 32,354,648			

Investments Measured at NAV

Investment Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate limited partnership	\$ 1,653,137	\$ -	Quarterly	90 days

Real estate limited partnership. This limited partnership invests primarily in stabilized, income producing, equity U.S. commercial real estate. The fund permits redemptions quarterly with 90 days notices. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Town's ownership interest in net assets.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

A. Cash and investments (continued)

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market funds or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions and advisors with which the Town will do business. The investment portfolio must be diversified so that potential losses on individual securities will be minimized. The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

Ratings	Mutual Funds				
	Government Agency Securities	Corporate Bonds	International Bonds	Money Market	Pooled Fixed Income
AAA	\$ 5,106,355	\$ -	\$ -	\$ 392,652	\$ 53,825
A	-	4,311,644	-	-	-
BB	-	-	1,984,078	-	-
Total	<u>\$5,106,355</u>	<u>\$ 4,311,644</u>	<u>\$ 1,984,078</u>	<u>\$ 392,652</u>	<u>\$ 53,825</u>

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. The Town does not have any investments subject to custodial credit risk since the investments held are pooled investments or are held in the Town's name.

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

B. Receivables

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

B. Receivables (continued)

	Property Taxes			
	Taxes	Interest & Liens	Total	
Current portion	\$ 271,269	\$ 40,782	\$ 312,050	
Long-term portion	\$ 426,977	\$ 231,097	\$ 658,074	
Less allowance for uncollectibles	(160,000)	(70,000)	(230,000)	
Net long-term portion	\$ 266,977	\$ 161,097	\$ 428,074	
	Sewer Use and Assessments			CDBG Loans
	Use	Interest & Liens	Total	
Current portion	\$ 150,215	\$ 35,498	\$ 185,713	\$ -
Long-term portion	\$ 183,597	\$ 43,386	\$ 226,983	\$ 208,857
Less allowance for uncollectibles	(7,815)	(2,304)	(10,119)	(27,200)
Net long-term portion	\$ 175,782	\$ 41,082	\$ 216,864	\$ 181,657

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
<u>Capital assets, not being depreciated:</u>				
Land	\$ 2,635,182	\$ 42,140	\$ -	\$ 2,677,322
Intangible assets	698,000	-	-	698,000
Construction in progress	50,776,882	1,690,272	1,170,177	51,296,977
Total capital assets, not being depreciated	54,110,064	1,732,412	1,170,177	54,672,299
<u>Capital assets, being depreciated:</u>				
Buildings	49,178,303	62,105	-	49,240,408
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	226,937	-	-	226,937
Machinery and equipment	15,541,407	593,638	-	16,135,045
Infrastructure	47,024,338	1,109,818	-	48,134,156
Total capital assets, being depreciated	112,030,985	1,765,561	-	113,796,546
Total capital assets	166,141,049	3,497,973	1,170,177	168,468,845

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Capital Assets (continued)

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
<u>Less accumulated depreciation:</u>				
Buildings	\$23,393,483	\$ 915,929	\$ -	\$ 24,309,412
Intangible assets	52,700	3,650	-	56,350
Improvements other than buildings	87,602	6,606	-	94,208
Machinery and equipment	6,601,814	877,734	-	7,479,548
Infrastructure	8,524,602	536,303	-	9,060,905
Total accumulated depreciation and amortization	38,660,201	2,340,222	-	41,000,423
Total capital assets, being depreciated, net	73,370,784	(574,661)	-	72,796,123
Capital assets, net	<u>\$127,480,848</u>	<u>\$1,157,751</u>	<u>\$1,170,177</u>	<u>\$ 127,468,422</u>

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

General government	\$ 19,394
Public safety	250,950
Public works and utilities	1,090,954
Civic and human services	3,432
Culture and recreation	106,506
Regulatory	3,458
Education	<u>865,528</u>
Total depreciation expense	<u>\$ 2,340,222</u>

Construction commitments

At year end, the Town's commitments with contractors totaled \$725,000 for the Town Hall Project.

E. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

Major funds:	Corresponding Fund	Due From	Due To
General fund:			
Miscellaneous grants	N/A	\$ -	\$ 194,457
Debt service	N/A	161,609	-
Public safety	N/A	882	-
Community development	N/A	84,642	-
Culture and recreation	N/A	21,674	-
Cafeteria	N/A	73,286	-
Education grant	N/A	286,649	-
Capital reserve	N/A	-	393
Capital initiatives	N/A	-	1,097,432
WPCA joint facilities	N/A	223,231	-
WPCA operating	N/A	-	35,288
Volunteer Firemen	N/A	619	-
Total General fund		<u>852,592</u>	<u>1,327,570</u>

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

1. Interfund payables and receivables (continued)

	Corresponding Fund	Due From	Due To
Capital initiatives:			
Public works	N/A	\$ -	\$ 143,451
Capital reserve	N/A	-	1,333,783
General fund	N/A	1,097,432	-
Total Capital initiatives		1,097,432	1,477,234
Capital reserve:			
Capital initiatives	N/A	1,333,783	-
General fund	N/A	393	-
Total Capital reserve		1,334,176	-
<u>Other governmental funds:</u>			
Miscellaneous grants	General fund	194,457	-
Cafeteria	General fund	-	73,286
Education grant	General fund	-	286,649
Culture and recreation	General fund	-	21,674
Community development	General fund	-	84,642
WPCA operating	General fund	35,288	-
WPCA joint facilities	General fund	-	223,231
Public works	Capital Initiatives	143,451	-
Debt service	General fund	-	161,609
Public safety	General fund	-	882
Debt service	Board of education Retiree Benefits	-	206,043
Total Other governmental funds		373,196	1,058,016
<u>Internal service funds:</u>			
Board of education retiree benefits	Debt Service	206,043	-
<u>Fiduciary funds:</u>			
Volunteer firemen		-	619
Total		<u>\$3,863,439</u>	<u>\$3,863,439</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a checking account.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

2. Interfund transfers

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
<u>Major funds:</u>			
General fund:			
Culture and recreation	N/A	\$ 7,183	\$ -
Capital reserve fund	N/A	104,608	1,348,000
Debt service fund	N/A	-	37,500
Total general fund		111,791	1,385,500
Capital reserve fund	General fund	1,348,000	104,608
<u>Nonmajor funds:</u>			
Special revenue funds:			
Culture and recreation	General fund	-	7,183
Debt service fund	General fund	37,500	-
Total		\$1,497,291	\$1,497,291

Transfers are used to account for the financing by the general fund of various programs and activities in the capital reserve, culture and recreation and debt service fund.

F. Short-term obligations - bond anticipation notes

The Town uses Bond Anticipation Notes (BANs) during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term activity for the fiscal year was as follows:

Project	Balance July 1, 2017	Additions	Deductions	Permanently Financed	Balance June 30, 2018
High school renovation project	\$ 300,000	\$ 1,675,000	\$ 300,000	\$ -	\$ 1,675,000

In September 2018, the Town issued \$12,675,000 of bond anticipation notes that mature in September 2019 and carry a coupon interest rate of 2.75% and a true interest cost of 1.9237%.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

G. Changes in long-term obligations**1. Summary of changes**

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion
<u>Bonds:</u>									
General obligation	\$ 2,345,000	08/15/02	08/15/17	3.00%-4.125%	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
General obligation	3,175,000	02/01/06	02/01/21	3.40%-5.0%	600,000	-	150,000	450,000	150,000
General obligation	2,985,000	04/15/09	07/15/28	2.50%-4.50%	1,865,000	-	160,000	1,705,000	155,000
General obligation	3,885,000	02/14/14	08/15/33	2.00%-4.00%	3,255,000	-	210,000	3,045,000	210,000
General obligation	21,225,000	12/15/15	07/15/35	2.00%-4.00%	20,165,000	-	1,060,000	19,105,000	1,060,000
General obligation	6,700,000	09/14/17	09/01/37	2.00%-5.00%	6,700,000	405,000	-	7,105,000	510,000
Total bonds					32,710,000	405,000	1,705,000	31,410,000	2,085,000
<u>Clean water notes:</u>									
Sewer 480C	503,694	06/30/02	12/31/21	2.0%	130,260	-	27,943	102,317	28,507
Total bonds/notes					32,840,260	405,000	1,732,943	31,512,317	2,113,507
Premiums					1,008,544	460,443	81,169	1,387,818	-
Total bonds/notes and related liabilities					33,848,804	865,443	1,814,112	32,900,135	2,113,507
Capital lease payable					922,978	109,887	251,430	781,435	251,726
Compensated absences					1,290,587	719,894	487,468	1,523,013	144,220
Net pension liability					9,876,135	2,938,091	3,541,281	9,272,945	-
OPEB liability					3,775,344	330,506	258,929	3,846,921	-
Environmental obligation					400,000	-	-	400,000	200,000
Total long-term obligations					<u>\$ 50,113,848</u>	<u>\$ 4,963,821</u>	<u>\$ 6,353,220</u>	<u>\$ 48,724,449</u>	<u>\$ 2,709,453</u>

All long-term liabilities listed above are liquidated by the General Fund except clean water notes which are paid out of the WPCA Joint Facilities Fund and certain compensated absences paid from the debt service fund.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of changes (continued)

The following is a summary of bond and note maturities:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Note</u> <u>Principal</u>	<u>Bond</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>
2019	\$ 28,507	\$ 2,085,000	\$ 1,021,549
2020	29,082	2,080,000	950,841
2021	29,669	2,080,000	874,735
2022	15,059	1,930,000	793,102
2023	-	1,925,000	714,432
2024	-	1,720,000	640,394
2025	-	1,720,000	576,469
2026	-	1,720,000	517,372
2027	-	1,720,000	455,581
2028	-	1,720,000	401,897
2029	-	1,720,000	357,657
2030	-	1,525,000	312,691
2031	-	1,525,000	266,675
2032	-	1,530,000	219,250
2033	-	1,530,000	171,750
2034	-	1,530,000	124,250
2035	-	1,370,000	79,950
2036	-	1,370,000	38,850
2037	-	305,000	13,725
2038	-	305,000	4,575
	<u>\$ 102,317</u>	<u>\$31,410,000</u>	<u>\$ 8,535,745</u>

2. Statutory debt limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net</u> <u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 75,616,630	\$ 6,022,000	\$ 69,594,630
Schools	151,233,260	27,063,000	124,170,260
Sewers	126,027,716	102,317	125,925,399
Urban renewal	109,224,021	-	109,224,021
Pension deficit	100,822,173	-	100,822,173

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$235,251,737.

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Authorized/unissued bonds

The amount of authorized, unissued bonds is as follows:

Purpose of Bonds

General purpose:

Ambulance facility	\$ 18,500
Water system initial water supply plan	866,000
Capital improvements 2004-2005	454,400
Land purchase	7,100
Pine Brook culvert replacement	400,000

Schools:

High school athletic facilities improvements	2,000
Memorial school roof and oil tank	613,350
High school renovation	1,765,582
Fuel Island	<u>475,000</u>

Total	<u>\$ 4,601,932</u>
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4. Capital leases

The Town is committed under capital leases for building improvements and vehicles. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and; therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Vehicles and equipment totaling \$457,742, net of accumulated depreciation of \$36,474, are recorded under the capital lease. This year, \$20,265 was included in depreciation expense.

Assets related to the lease for building improvements totaled \$534,598, net of accumulated depreciation of \$42,768, are recorded under capital leases. This year, \$21,564 was included in depreciation expense.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments:

Year Ending	
<u>June 30,</u>	
2019	\$ 268,209
2020	268,209
2021	175,463
2022	53,344
2023	53,344
Less amount representing interest	<u>(37,134)</u>
Present value of minimum lease payments	<u>\$ 781,435</u>

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****5. Environmental cleanup**

The property has an estimated cost of a site assessment and corrective measures feasibility study of \$750,000. Based upon the expenditures and progress made addressing the remediation during the year, the total estimated environmental obligation of the Town has been reduced to \$400,000.

The estimate is subject to change due to price changes, technology changes or other changes. The pollution remediation liability does not reflect any recovery of outlays because the Town does not anticipate that it will be able to recover remediation costs from other parties.

6. Early retirement

In 2015, the Town offered an Early Retirement Incentive Plan to all eligible members of the Municipal Employees Union Independent. Under this agreement, the Town provides a stipend to the employee for the cost of the premium for health insurance until the employee's sixty-fifth birthday. The stipends are paid annually from the general fund budget.

H. Restricted net position

The amount of restricted net position, which is restricted by enabling legislation, totaled \$1,083,380.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

I. Fund balance classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Nonmajor Funds	Total
<u>Nonspendable:</u>					
Community Development	\$ -	\$ -	\$ -	\$ 208,857	\$ 208,857
Library	-	-	-	15,500	15,500
Total nonspendable	-	-	-	224,357	224,357
<u>Restricted:</u>					
Public works:					
Sewer facility operations	-	-	-	252,832	252,832
Sewer operations	-	-	-	879,762	879,762
Water operations	-	-	-	151,967	151,967
Community development programs	-	-	-	6,541	6,541
Library	-	-	-	53,305	53,305
Food services program	-	-	-	51,651	51,651
Total restricted	-	-	-	1,396,058	1,396,058
<u>Committed:</u>					
Civic and human service programs	-	-	-	72,820	72,820
Public works projects	-	-	-	156,729	156,729
Public safety:					
Police	-	-	-	42,516	42,516
Culture and recreation programs	-	-	-	134,635	134,635
Education grant programs	-	-	-	211,417	211,417
Construction contracts	-	185,645	2,149,532	1,716,588	4,051,765
Total committed	-	185,645	2,149,532	2,334,705	4,669,882
<u>Unassigned</u>	5,435,624	-	-	(8,166)	5,427,458
Total	\$ 5,435,624	\$ 185,645	\$ 2,149,532	\$ 3,946,954	\$ 11,717,755

The Town ended the year with a deficit fund balance in the Debt Service Fund of \$8,166. The Town plans to address this deficit through a general fund transfer to the fund in the subsequent year.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****IV. Other information****A. Risk management**

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

B. Commitments and litigation

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Intermunicipal agreement

The Town is party to an intermunicipal agreement for septage waste disposal. The Town has agreed to accept septage from five area towns. The Town originally borrowed \$837,030 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. In fiscal year 2002, the Town borrowed an additional \$503,694 for a nitrogen reduction project. Each Town is committed to paying a portion of the cost of improvements over 20 years. Additionally, operating costs and a use fee will also be charged.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

C. Pension plans**1. Plan description****Plan administration**

The Town administers the Town of East Hampton Retirement Income Plan - a single-employer Public Employee Retirement System ("PERS") that provides pension benefits for eligible employees of the Town. The Pension Plan Article XV grants the authority to establish and amend the benefit terms to the Town Council. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements. In addition, the Town established a single-employer defined contribution plan for all non police employees hired after September 2013.

Management of the plan is vested in the Town Council.

Plan membership

At July 1, 2016, pension plan membership consisted of the following:

Active plan members	146
Terminated vested plan members	103
Plan members in pay status	<u>121</u>
Total	<u>370</u>

2. Benefit provisions

The plan provides retirement, disability and death benefits. Retirement benefits for police officers are calculated as 2.5% of the member's final average salary times the member's credited years of service. For all other plan members, retirement benefits are calculated as 2.25% of the member's final average salary times the member's credited years of service. Town plan members with 10 years of continuous service are 100 percent vested. Police plan members can retire at full benefits the earlier of age 55 with 10 years of service or 20 years of service. All other plan members may retire with full benefits at age 62 with 5 years of service.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

2. Benefit provisions (continued)

All plan members, who are determined to have a total and permanent disability, are eligible for disability benefits after 10 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement and post-retirement death benefits are to be paid in accordance with the plan documents.

Benefit terms provide for cost-of-living adjustments (COLAs) which may be applied periodically to the retirement benefits under the plan. The timing and manner of which such COLAs may be applied shall be determined by the Employer.

3. Contributions

Article IV of the pension plan provides that after July 1, 1996, police offers will contribute 5% of their annual base compensation, and all other members will contribute 5.5% of their annual base compensation.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5.5% of annual base compensation, and the Town's average contribution rate was 14.3% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Town's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Committee's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	65%
Fixed income	30%
Real Estate	<u>5%</u>
Total	<u>100%</u>

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

5. Concentrations

The Town places no limit on the amount the Town may invest in any one issuer. At fiscal year end, the Town had 5.22% of the Town's total pension plan investments invested in a real estate limited partnership.

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net pension liability

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

Total pension liability	\$ 40,410,373
Plan fiduciary net position	<u>31,137,428</u>
Net pension liability	<u>\$ 9,272,945</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.05%</u>

8. Actuarial assumptions

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

Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Inflation	2.75%
Salary increase	2.75-4.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Post-retirement increases	Ad hoc (none for 2017)

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

8. Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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 asset allocation (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	2.65%
U.S. inflation-indexed bonds	1.81%
Broad U.S. equities	4.86%
Developed foreign equities	5.23%
Real estate (REITS)	3.85%

The weighted average expected rate of return is 3.99%.

9. Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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 the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

10. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 39,546,488	\$ 29,670,353	\$ 9,876,135
Service cost	760,805	-	760,805
Interest	2,750,141	-	2,750,141
Differences between expected and actual experience	(572,855)	-	(572,855)
Contributions - employer	-	1,148,318	(1,148,318)
Contributions - member	-	374,910	(374,910)
Net investment income	-	2,090,823	(2,090,823)
Benefit payments, including refunds of member contributions	(2,074,206)	(2,074,206)	-
Administrative expenses	-	(72,770)	72,770
Net change	863,885	1,467,075	(603,190)
Balance at June 30, 2018	<u>\$ 40,410,373</u>	<u>\$ 31,137,428</u>	<u>\$ 9,272,945</u>

11. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 13,897,817	\$ 9,272,945	\$ 5,496,273

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

During the year, the Town recognized pension expense of \$2,014,499. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 386,062	\$ (393,838)
Changes in assumptions	92,207	-
Net difference between projected and actual earnings on pension plan investments	<u>289,467</u>	<u>-</u>
Total	<u><u>\$ 767,736</u></u>	<u><u>\$ (393,838)</u></u>
Net amount of deferred inflows and outflows		<u><u>\$ 373,898</u></u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 3.7 years.

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

Year Ending June 30,	
2019	\$ 629,210
2020	24,620
2021	(282,872)
2022	<u>2,940</u>
Total	<u><u>\$ 373,898</u></u>

13. Defined contribution retirement savings plan

As of September 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the East Hampton Money Purchase Plan administered by the Town. Town Council has the authority to establish and amend the plan. There were 46 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year the Town recognized pension expense of \$100,373 and employee contributions totaled \$110,317.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****D. Pension plans - Connecticut State Teachers' Retirement Plan****1. Plan description**

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

2. Benefit provisions

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

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

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

3. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

3. Contributions (continued)Employer (School Districts)

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

Employees

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

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>48,810,812</u>
Total	<u>\$ 48,810,812</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. The Town has no proportionate share of the net pension liability.

The Town recognized pension expense and revenue of \$5,645,985 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

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

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

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

5. Actuarial assumptions (continued)

Future cost-of-living increases – For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

6. Discount rate

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

7. Sensitivity of the net pension liability to changes in the discount rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

E. Other post-employment benefit plan**1. Plan description**

The Town administers one single-employer, post retirement healthcare plan for the Board of Education for the Town of East Hampton Other Post-Employment Benefit ("OPEB"). The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand-alone financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Classes of employees covered

The plan's membership consisted of:

	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	15
Active plan members	<u>169</u>
Total	<u><u>184</u></u>

3. Benefit provisions and contributions**a. Benefit provisions**

The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

3. Benefit provisions and contributions (continued)**b. Employer contributions**

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Board of Education's total plan contribution was \$140,508.

c. Employee contributions

There are no employee contributions to the plan.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

4. OPEB Liability

The Town's OPEB liability of \$3,846,921 was measured as of June 30, 2018, and was determined by an actuarial valuation as July 1, 2017.

5. Actuarial methods and other inputs

The OPEB liability was determined based upon a July 1, 2017 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	24 Years Closed
<u>Actuarial Assumptions:</u>	
Discount rate	3.87%
Healthcare inflation rate:	
Initial	5.70%
Ultimate	4.50%
Inflation rate	2.75%
Mortality rate	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using Scale AA, with a two-year age setback. This assumption includes a margin for mortality improvement beyond the valuation date.

The discount rate was based on the S&P municipal bond 20 year high grade index as of the measurement date.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

6. Change in the OPEB Liability

OPEB liability - July 1, 2017	<u>\$ 3,775,344</u>
Service cost	191,004
Interest	139,502
Changes of assumptions	(118,421)
Benefit payments	<u>(140,508)</u>
Net Change	<u>71,577</u>
OPEB liability - June 30, 2018	<u><u>\$ 3,846,921</u></u>

7. Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

<u>OPEB Liability</u>	<u>1% Decrease 2.87%</u>	<u>Discount Rate 3.87%</u>	<u>1% Increase 4.87%</u>
Education plan	<u>\$ 4,273,237</u>	<u>\$ 3,846,921</u>	<u>\$ 3,468,654</u>

8. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Education plan	<u>\$ 3,325,692</u>	<u>\$ 3,846,921</u>	<u>\$ 4,475,874</u>

9. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year, the Town recognized OPEB expense of \$319,933. The Town reported deferred inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	<u><u>\$ (107,848)</u></u>

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

9. OPEB Expense and Deferred Outflows of Resources Related to OPEB (continued)

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

Year Ending June 30,	
2019	\$ (10,573)
2020	(10,573)
2021	(10,573)
2022	(10,573)
2023	(10,573)
Thereafter	(54,983)
Total	<u>\$ (107,848)</u>

Changes in assumptions are amortized over 11.2 years.

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan**1. Plan Description**

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit 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). Chapter 167a Section 10-183 (t) 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.

2. Benefit Provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - 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:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)**2. Benefit Provisions (continued)**Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. 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 that 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, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 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 that 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

3. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The 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.

Employees

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

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

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 amounts 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 were 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>12,563,334</u>
Total	<u>\$ 12,563,334</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 of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$582,248 for on-behalf amounts for the benefits provided by the State.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)**5. 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 RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, 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.

The long-term expected rate of return on OPEB 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 OPEB 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.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

Changes from Prior Valuation

As a result of the experience study for the five-year period ending 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.
- The demographic assumptions of salary growth, payroll growth, 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.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

Changes from Prior Valuation (continued)

- The discount rate has been increased from 3.01% to 3.56% based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

6. *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 plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

7. *Sensitivity of the OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate*

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

8. *Plan Fiduciary Net Position*

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

G. Prior Period Adjustments

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 and GASB 84:

	Government - Wide	Other Governmental Funds	Custodial Funds
Net position/Fund balance as previously reported at June 30, 2017	\$ 94,849,900	\$ 4,088,866	\$ -
To remove unavailable revenue for small cities loans	208,857	208,857	-
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	1,554,399
To remove net OPEB obligation previously recorded	2,203,971	-	-
To record beginning OPEB liability	(3,775,344)	-	-
Net position/Fund balance as restated at July 1, 2017	<u>\$ 93,487,384</u>	<u>\$ 4,297,723</u>	<u>\$ 1,554,399</u>

Required Supplementary Information

Town of East Hampton, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 35,187,842	\$ -	\$ 35,187,842	\$ 36,935,812	\$ 1,747,970
Intergovernmental	8,390,214	-	8,390,214	7,090,855	(1,299,359)
Charges for services	547,655	-	547,655	624,993	77,338
Investment income	22,500	-	22,500	53,065	30,565
Other	7,900	-	7,900	2,704	(5,196)
Total revenues	44,156,111	-	44,156,111	44,707,429	551,318
Expenditures:					
Current:					
General government	4,254,851	(68,891)	4,185,960	4,110,808	75,152
Public safety	2,476,505	44,841	2,521,346	2,494,391	26,955
Public works	2,130,171	11,600	2,141,771	2,101,978	39,793
Regulatory	358,848	-	358,848	352,768	6,080
Health and human services	422,727	-	422,727	406,943	15,784
Culture and recreation	964,805	12,450	977,255	972,764	4,491
Education	30,047,971	-	30,047,971	30,046,400	1,571
Debt service	2,789,341	-	2,789,341	2,775,513	13,828
Total expenditures	43,445,219	-	43,445,219	43,261,565	183,654
Excess (deficiency) of revenues over expenditures	710,892	-	710,892	1,445,864	734,972
Other financing sources (uses):					
Appropriation of fund balance	-	570,000	570,000	-	(570,000)
Transfers in	104,608	-	104,608	111,791	7,183
Transfers out	(815,500)	(570,000)	(1,385,500)	(1,385,500)	-
Net other financing sources (uses)	(710,892)	-	(710,892)	(1,273,709)	(562,817)
Net change in fund balance	\$ -	\$ -	\$ -	172,155	\$ 172,155
Fund balance - July 1, 2017				5,263,469	
Fund balance - June 30, 2018				\$ 5,435,624	

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Property Taxes:					
Current taxes	\$ 34,086,842	\$ -	\$ 34,086,842	\$ 34,711,524	\$ 624,682
Back taxes	490,000	-	490,000	1,091,021	601,021
Telephone access share line	27,500	-	27,500	21,185	(6,315)
Supplemental motor vehicles	300,000	-	300,000	387,916	87,916
Housing Authority reimbursement	15,000	-	15,000	20,798	5,798
Interest	265,000	-	265,000	695,520	430,520
Liens	3,500	-	3,500	7,848	4,348
Total property taxes	35,187,842	-	35,187,842	36,935,812	1,747,970
Intergovernmental:					
General government:					
Town aid road	319,904	-	319,904	320,454	550
Grants for municipal projects	18,943	-	18,943	18,943	-
Elderly tax relief	45,000	-	45,000	-	(45,000)
Department of Youth Services	15,911	-	15,911	15,507	(404)
State-owned property	49,068	-	49,068	17,589	(31,479)
Disability tax relief	1,100	-	1,100	1,293	193
Veterans' exemption	4,250	-	4,250	4,412	162
Mashantucket Pequot/Mohegan grant	41,883	-	41,883	40,629	(1,254)
Other Federal & State grants	263,149	-	263,149	92,459	(170,690)
Total general government	759,208	-	759,208	511,286	(247,922)
Education:					
Education cost sharing	7,613,630	-	7,613,630	6,563,289	(1,050,341)
Adult education	17,376	-	17,376	16,280	(1,096)
Total education	7,631,006	-	7,631,006	6,579,569	(1,051,437)
Total intergovernmental	8,390,214	-	8,390,214	7,090,855	(1,299,359)

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Charges for Services:					
Finance Department	\$ 27,505	\$ -	\$ 27,505	\$ 24,659	\$ (2,846)
Assessor Department	875	-	875	610	(265)
Animal control	-	-	-	10	10
Police Department	8,300	-	8,300	8,632	332
Town Clerk	245,750	-	245,750	282,191	36,441
Planning, zoning and buildings	176,300	-	176,300	193,648	17,348
Transfer station fees/stickers	39,800	-	39,800	67,023	27,223
Lease of Town property	32,850	-	32,850	32,851	1
Sears Park rent	975	-	975	1,375	400
Library	12,000	-	12,000	8,663	(3,337)
Community room rental	150	-	150	419	269
Sears Park stickers	3,000	-	3,000	4,062	1,062
Blasting permits	100	-	100	180	80
Public Works	50	-	50	670	620
Total charges for services	547,655	-	547,655	624,993	77,338
Investment income	22,500	-	22,500	53,065	30,565
Other:					
Collector of Revenue	400	-	400	2,390	1,990
Parks & Recreation	2,250	-	2,250	164	(2,086)
CRRA recycling rebate	5,000	-	5,000	-	(5,000)
Middle Haddam Historic District	250	-	250	150	(100)
Total miscellaneous	7,900	-	7,900	2,704	(5,196)
Total Revenues	44,156,111	-	44,156,111	44,707,429	551,318
Other Financing Sources:					
Appropriation of fund balance	-	570,000	570,000	-	(570,000)
Transfers in:					
Capital reserve fund	104,608	-	104,608	104,608	-
East Hampton 250	-	-	-	7,183	7,183
Total other financing sources	104,608	570,000	674,608	111,791	(562,817)
Total Revenues and Other Financing Sources	\$ 44,260,719	\$ 570,000	\$ 44,830,719	\$ 44,819,220	\$ (11,499)

(Concluded)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual	Variance With Final Budget
General Government:					
Town Manager's Department	\$ 326,079	\$ 21,834	\$ 347,913	\$ 347,909	\$ 4
Council special programs	24,073	5,150	29,223	29,214	9
Legal defense/fees	127,000	25,030	152,030	152,025	5
Town Hall and Annex	254,727	-	254,727	250,767	3,960
Finance and Accounting	432,445	3,887	436,332	436,008	324
Collector of Revenue	165,834	-	165,834	155,341	10,493
Assessor's Office	174,048	-	174,048	160,876	13,172
Town Clerk's office	156,941	-	156,941	156,777	164
Registrars/elections	48,671	-	48,671	35,077	13,594
General insurance	476,009	(69,645)	406,364	378,903	27,461
Probate court	16,244	-	16,244	16,244	-
Employee benefits	1,829,300	(36,131)	1,793,169	1,787,246	5,923
Information technology	103,480	984	104,464	104,421	43
Contingency	20,000	(20,000)	-	-	-
CNG community contribution	100,000	-	100,000	100,000	-
Total general government	4,254,851	(68,891)	4,185,960	4,110,808	75,152
Public Safety:					
Police administration	321,577	3,028	324,605	324,603	2
Police regular patrol	1,475,068	21,043	1,496,111	1,496,109	2
Lake patrol	1,723	-	1,723	924	799
Animal Control	46,620	-	46,620	45,850	770
Firefighting	262,884	-	262,884	262,884	-
Fire Marshal	48,107	-	48,107	47,971	136
Town center fire system	8,050	20,770	28,820	28,816	4
Ambulance association	16,500	-	16,500	15,301	1,199
Civil Preparedness	15,901	-	15,901	15,881	20
Communications	220,075	-	220,075	200,686	19,389
Street lighting	60,000	-	60,000	55,366	4,634
Total public safety	2,476,505	44,841	2,521,346	2,494,391	26,955
Public Works:					
Public Works	1,358,165	2,000	1,360,165	1,344,551	15,614
Engineering	50,000	-	50,000	49,996	4
Town Garage	76,428	-	76,428	55,079	21,349
Townwide motor fuel	134,245	-	134,245	133,425	820
Road materials	355,925	-	355,925	353,964	1,961
Transfer station	152,808	9,600	162,408	162,407	1
Septage disposal	2,600	-	2,600	2,556	44
Total public works	2,130,171	11,600	2,141,771	2,101,978	39,793
Regulatory:					
Planning, zoning and buildings	330,367	-	330,367	327,068	3,299
Economic development commission	4,527	-	4,527	4,229	298
Conservation and lake commission	21,677	-	21,677	20,477	1,200
Redevelopment agency	1,477	-	1,477	616	861
Middle Haddam Historic District	800	-	800	378	422
Total regulatory	358,848	-	358,848	352,768	6,080

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health and Human Services:					
Chatham Health District	\$ 138,569	\$ -	\$ 138,569	\$ 138,481	\$ 88
Human Services	92,326	-	92,326	88,588	3,738
Senior Center	127,507	-	127,507	117,330	10,177
Transportation	52,600	-	52,600	52,600	-
Cemetery care	5,000	-	5,000	4,928	72
Commission on Aging	1,000	-	1,000	401	599
Community Services	5,725	-	5,725	4,615	1,110
Total health and human services	422,727	-	422,727	406,943	15,784
Culture and Recreation:					
Park and recreation	377,289	1,360	378,649	377,501	1,148
Arts & cultural commission	1,585	-	1,585	1,466	119
Community Center	147,958	11,090	159,048	159,046	2
Library	422,973	-	422,973	419,751	3,222
Middle Haddam Library	15,000	-	15,000	15,000	-
Total culture and recreation	964,805	12,450	977,255	972,764	4,491
Education	30,047,971	-	30,047,971	30,046,400	1,571
Debt Service	2,789,341	-	2,789,341	2,775,513	13,828
Total Expenditures	43,445,219	-	43,445,219	43,261,565	183,654
Other Financing Uses:					
Transfers out:					
Capital Reserve Fund	778,000	570,000	1,348,000	1,348,000	-
Debt Service	37,500	-	37,500	37,500	-
Total other financing uses	815,500	570,000	1,385,500	1,385,500	-
Total Expenditures and Other Financing Uses	\$ 44,260,719	\$ 570,000	\$ 44,830,719	\$ 44,647,065	\$ 183,654

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary Basis - RSI-1	\$ 44,707,429	\$ 43,261,565
State Teachers' Retirement on behalf amount	5,645,985	5,645,985
State Teachers' OPEB on behalf amount	582,248	582,248
GAAP Basis - Exhibit D	\$ 50,935,662	\$ 49,489,798

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's pension and OPEB by the State of Connecticut on the Town's behalf.

(Concluded)

Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
For The Year Ended June 30, 2018

	Original Appropriation	Additional Appropriations and Transfers	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 15,456,335	\$ -	\$ 15,456,335	\$ 15,602,950	\$ (146,615)
Classified salaries	4,120,000	-	4,120,000	4,068,666	51,334
Employee benefits:					
Medical and dental	4,457,000	-	4,457,000	4,208,572	248,428
Unemployment compensation	12,500	-	12,500	24,513	(12,013)
Social Security	264,435	-	264,435	257,005	7,430
Medicare	260,500	-	260,500	265,952	(5,452)
Pension	428,000	-	428,000	405,899	22,101
DC plan contribution	42,000	-	42,000	51,206	(9,206)
Workers' compensation	164,487	-	164,487	166,407	(1,920)
Life insurance	44,400	-	44,400	46,615	(2,215)
Other	8,000	-	8,000	(531)	8,531
Tuition	829,139	-	829,139	933,847	(104,708)
Pupil transportation	1,201,250	-	1,201,250	1,285,661	(84,411)
Other transportation	23,004	-	23,004	5,820	17,184
Computer consulting services	206,000	-	206,000	183,736	22,264
Meetings and conferences	25,000	-	25,000	12,960	12,040
Professional/technical services	690,000	-	690,000	675,966	14,034
Public utilities	53,600	-	53,600	53,280	320
Building, equipment maintenance and repairs	160,232	-	160,232	233,025	(72,793)
Heating, ventilation maintenance and repairs	40,000	-	40,000	51,070	(11,070)
Security system maintenance and repairs	2,500	-	2,500	46,671	(44,171)
Vehicle maintenance and repairs	500	-	500	3,342	(2,842)
Supplies, materials and minor equipment	320,000	-	320,000	281,491	38,509
Fire protection	24,500	-	24,500	-	24,500
Refuse removal	28,000	-	28,000	26,510	1,490
Water and underground tank testing	5,000	-	5,000	-	5,000
Pest control	6,000	-	6,000	9,555	(3,555)
Tile and carpet replacement	5,000	-	5,000	-	5,000
Equipment rental	99,884	-	99,884	85,464	14,420
Property and liability insurance	128,895	-	128,895	130,952	(2,057)
Staff travel	12,000	-	12,000	6,343	5,657
Communications	68,400	-	68,400	71,677	(3,277)
Newspaper advertising	2,500	-	2,500	2,525	(25)
Printing and binding	11,100	-	11,100	10,991	109
Other purchased services	27,500	-	27,500	29,789	(2,289)
Heating oil	3,000	-	3,000	2,272	728
Natural gas	137,000	-	137,000	140,324	(3,324)
Motor fuel	126,000	-	126,000	123,101	2,899
Electricity	360,000	-	360,000	428,578	(68,578)
Bottled gas	150	-	150	-	150
Textbooks	28,160	-	28,160	10,000	18,160
Library books/periodicals	25,000	-	25,000	16,226	8,774
Other supplies and materials	38,000	-	38,000	34,221	3,779
Dues and fees	78,000	-	78,000	53,749	24,251
Equipment	25,000	-	25,000	-	25,000
Total expenditures - Schedule 2	\$ 30,047,971	\$ -	\$ 30,047,971	\$ 30,046,400	\$ 1,571

Town of East Hampton, Connecticut

Retirement Income Plan

Required Supplementary Information
Last Five Years (1)Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 760,805	\$ 778,005	\$ 805,799	\$ 763,446	\$ 819,627
Interest	2,750,141	2,616,836	2,516,844	2,337,307	2,242,374
Differences between expected and actual experience	(572,855)	-	831,035	302,268	-
Changes in assumptions	-	555,753	487,376	456,503	-
Benefit payments, including refunds of member contributions	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Net change in total pension liability	863,885	1,965,217	2,889,698	2,265,330	1,596,798
Total pension liability - July 1	39,546,488	37,581,271	34,691,573	32,426,243	30,829,445
Total pension liability - June 30 (a)	<u>\$ 40,410,373</u>	<u>\$ 39,546,488</u>	<u>\$ 37,581,271</u>	<u>\$ 34,691,573</u>	<u>\$ 32,426,243</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,148,318	\$ 1,026,712	\$ 960,000	\$ 982,321	\$ 953,000
Contributions - member	374,910	398,344	421,156	419,210	413,838
Net investment income	2,090,823	3,127,767	11,189	653,723	3,455,656
Benefit payments, including refunds of member contributions	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Administration expenses	(72,770)	(24,717)	(57,552)	(48,049)	(52,123)
Net change in plan fiduciary net position	1,467,075	2,542,729	(416,563)	413,011	3,305,168
Plan fiduciary net position - July 1	29,670,353	27,127,624	27,544,187	27,131,176	23,826,008
Plan fiduciary net position - June 30 (b)	<u>\$ 31,137,428</u>	<u>\$ 29,670,353</u>	<u>\$ 27,127,624</u>	<u>\$ 27,544,187</u>	<u>\$ 27,131,176</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 9,272,945</u>	<u>\$ 9,876,135</u>	<u>\$ 10,453,647</u>	<u>\$ 7,147,386</u>	<u>\$ 5,295,067</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Retirement Income Plan

Required Supplementary Information
Last Five Years (1)Schedule of Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 40,410,373	\$ 39,546,488	\$ 37,581,271	\$ 34,691,573	\$ 32,426,243
Plan fiduciary net position	<u>31,137,428</u>	<u>29,670,353</u>	<u>27,127,624</u>	<u>27,544,187</u>	<u>27,131,176</u>
Net pension liability	<u>\$ 9,272,945</u>	<u>\$ 9,876,135</u>	<u>\$ 10,453,647</u>	<u>\$ 7,147,386</u>	<u>\$ 5,295,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.05%</u>	<u>75.03%</u>	<u>72.18%</u>	<u>79.40%</u>	<u>83.67%</u>
Covered payroll	<u>\$ 7,030,552</u>	<u>\$ 7,177,458</u>	<u>\$ 7,202,832</u>	<u>\$ 7,300,421</u>	<u>\$ 7,621,801</u>
Net pension liability as a percentage of covered payroll	<u>131.89%</u>	<u>137.60%</u>	<u>145.13%</u>	<u>97.90%</u>	<u>69.47%</u>

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money weighted rate of return, net investment expense	<u>6.89%</u>	<u>11.51%</u>	<u>(.04%)</u>	<u>2.36%</u>	<u>14.14%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Town of East Hampton Retirement Income Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 1,115,081	\$ 1,148,318	\$ 33,237	\$ 7,030,552	16.33%
2017	1,020,204	1,026,712	6,508	7,177,458	14.30%
2016	957,490	960,000	2,510	7,202,832	13.33%
2015	980,548	982,321	1,773	7,300,421	13.46%
2014	952,198	953,000	802	7,621,801	12.50%
2013	815,329	829,183	13,854	7,372,236	11.25%
2012	749,829	809,304	59,475	7,317,009	11.06%
2011	787,261	847,761	60,500	6,613,882	12.82%
2010	765,583	771,832	6,249	6,674,011	11.56%
2009	595,784	717,193	121,409	6,417,318	11.18%

Town of East Hampton, Connecticut

Retirement Income Plan

Notes to Required Supplementary Information
Schedule of Contributions
Last Five Years (1)

Changes of Benefit Terms	None
Changes of Assumptions	<p>2017: The discount rate was changed from 7.125% to 7.00%.</p> <p>2016: The discount rate was changed from 7.25% to 7.125%.</p> <p>2015: The discount rate was changed from 7.50% to 7.25%.</p>
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015 two years prior to the end of the fiscal year in which contributions are reported.

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair value
Amortization Method	Level percent, closed
Inflation	2.75%
Salary Increases	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a the valuation date margin for improvements in longevity beyond the valuation date
Post-retirement increases	Ad Hoc

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as the information available.

Town of East Hampton, Connecticut

CT State Teachers' Retirement System

Required Supplementary Information
Last Four Years (3)Schedule of Proportionate Share of the Net Pension Liability

	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	<u>48,810,812</u>	<u>51,495,781</u>	<u>38,984,952</u>	<u>36,033,775</u>
Total	<u>\$ 48,810,812</u>	<u>\$ 51,495,781</u>	<u>\$ 38,984,952</u>	<u>\$ 36,033,775</u>
Town's covered payroll	<u>N/A</u> (2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

	2018	2017	2016	2015
Contractually required contribution	\$ - (1)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u> (2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employees are not required to contribute to the plan.

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

CT State Teachers' Retirement System

Notes to Required Supplementary Information
Schedule of Contributions
Last Four Years (1)

Changes of Benefit Terms	None
Changes of Assumptions	
	2016:
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.5 % to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25 %.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as the information available.

Town of East Hampton, Connecticut

Other Post-Employment Benefit Plan

Required Supplementary Information
Schedule of Changes in OPEB Liability
For the Year Ended June 30, 2018 (1)

OPEB liability:	
Service cost	\$ 191,004
Interest	139,502
Difference between expected and actual experience	-
Changes in assumptions	(118,421)
Benefit payments, including refunds of member contributions	<u>(140,508)</u>
Net change in OPEB liability	71,577
OPEB liability - July 1	<u>3,775,344</u>
OPEB liability - June 30 (a) *	<u><u>\$ 3,846,921</u></u>

* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of East Hampton, Connecticut

**CT State Teachers' Retirement Board Retiree Health Insurance Plan
Required Supplementary Information
June 30, 2018 (3)**

Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		<u>0.00%</u>
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		<u>12,563,334</u>
Total		<u>\$ 12,563,334</u>
Town's covered payroll	(2)	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u>1.79%</u>

Schedule of Contributions

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

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Notes to Required Supplementary Information

Schedule of Contributions

June 30, 2018 (1)

Changes of Benefit Terms	None
	2016:
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	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
Changes of Assumptions	The demographic assumptions of salary growth, payroll growth, 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
	The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair value
Inflation	2.75%
Healthcare inflation rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as they become available.

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Appendix B

Opinion of Bond Counsel and Tax Status

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

The following information has been prepared by Bond Counsel in connection with this bond and note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of East Hampton
East Hampton, Connecticut

We have represented the Town of East Hampton, Connecticut as Bond Counsel in connection with the issuance by the Town of \$13,670,000 General Obligation Bonds, Issue of 2019, dated as of September 12, 2019 and \$8,181,000 Bond Anticipation Notes, dated as of September 12, 2019.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that the Town of East Hampton is authorized to issue the Bonds and Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds and Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds and Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds and Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds and Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not "private activity bonds" and

interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds and Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds and Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds and Notes are not "private activity bonds" so that interest on the Bonds and Notes will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds and Notes will **not** be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds and Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds and Notes, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds and Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds and Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

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

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Owners of the Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds and notes.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an effect on the federal tax status or the market price of the Bonds and Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds and Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds and Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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Appendix C-1

Form of Continuing Disclosure Agreement for the Bonds

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APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of September 12, 2019 by the Town of East Hampton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$13,670,000 General Obligation Bonds, Issue of 2019, dated as of September 12, 2019 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated August 28, 2019 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019) as follows:

(i) Financial statements of the Issuer's general fund and any special revenue, capital projects, internal service and pension trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

Events (o) and (p). The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 20 East High Street, East Hampton, Connecticut 06424.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

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

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF EAST HAMPTON

By _____
MELISSA H. ENGEL
Chairman of the Town Council

By _____
JEFFERY JYLKKA,
Interim Town Manager / Finance Director

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Appendix C-2

Form of Continuing Disclosure Agreement for the Notes

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APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of September 12, 2019 by the Town of East Hampton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,181,000 Bond Anticipation Notes, dated as of September 12, 2019 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

Events (o) and (p). The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 4. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer

shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Finance Director is Town Hall, 20 East High Street, East Hampton, Connecticut 06424.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(q) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(r) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

(s) This Agreement shall be governed by the laws of the State of Connecticut.

(t) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(u) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF EAST HAMPTON

By:

MELISSA H. ENGEL
Chairman of the Town Council

By:

JEFFERY JYLKKA,
Interim Town Manager / Finance Director.

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Appendix D-1

Notice of Sale – The Bonds

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NOTICE OF SALE
\$13,670,000
Town of East Hampton, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® will be received by the Town of East Hampton, Connecticut at Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut, until **11:30 A.M. Eastern Time on WEDNESDAY,**

AUGUST 28, 2019

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$13,670,000 General Obligation Bonds, Issue of 2019
Payable annually on September 1 as follows:

\$765,000 in 2020
\$770,000 in 2021 through 2029
\$600,000 in 2030 through 2034
\$595,000 in 2035 through 2039

The Bonds will be dated September 12, 2019, with interest payable on March 1, 2020 and thereafter semiannually on each September 1st and March 1st.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

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

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of February and August (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing after September 1, 2025 are subject to redemption prior to maturity, at the option of the Town, on or after September 1, 2025, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
September 1, 2025 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to September 12, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Bonds, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a

written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

3. a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. "Sale Date" means the date that the Bonds are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

Municipal Advisor. The Town of East Hampton has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of East Hampton has prepared a preliminary Official Statement for the Bond issue which is dated August 20, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with

respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about September 12, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Mr. Jeffery M. Jylkka, Interim Town Manager / Finance Director, Town of East Hampton, Town Hall, 20 East High Street, East Hampton, Connecticut 06424 (telephone: (860) 267-7548).

MELISSA H. ENGEL,
Chairman of the Town Council

JEFFERY JYLKKA,
Interim Town Manager / Finance Director

August 20, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF EAST HAMPTON, CONNECTICUT
\$13,670,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 28, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means the Town of East Hampton, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF EAST HAMPTON, CONNECTICUT
\$13,670,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***"Issuer"*** means the Town of East Hampton, Connecticut.

(b) ***"Maturity"*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) ***"Public"*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) ***"Underwriter"*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

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Appendix D-2

Notice of Sale and Bid Form

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NOTICE OF SALE
\$8,181,000
Town of East Hampton, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of East Hampton, Connecticut at Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford Connecticut until **11:00 A.M. Eastern Time on WEDNESDAY,**

AUGUST 28, 2019

for the purchase of \$8,181,000 Bond Anticipation Notes of the Town of East Hampton, dated September 12, 2019, maturing on September 11, 2020 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, plus any odd amount, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for East Hampton Notes." All proposals should be addressed to Mr. Jeffery M. Jylkka, Interim Town Manager / Finance Director, Town of East Hampton, c/o Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
3. a purchaser of any of the Notes is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

4. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

Municipal Advisor. The Town of East Hampton has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of East Hampton has prepared a preliminary Official Statement for the Note issue which is dated August 20, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 5 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on September 12, 2019.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Mr.

Jeffery M. Jylkka, Interim Town Manager / Finance Director, Town of East Hampton, Town Hall, 20 East High Street, East Hampton, Connecticut 06424 (telephone: (860) 267-7548).

MELISSA H. ENGEL,
Chairman of the Town Council

JEFFERY JYLKKA,
*Interim Town Manager / Finance
Director*

August 20, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF EAST HAMPTON, CONNECTICUT
\$8,181,000 BOND ANTICIPATION NOTES, DATED SEPTEMBER 12, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is August 28, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of East Hampton, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF EAST HAMPTON, CONNECTICUT
\$8,181,000 BOND ANTICIPATION NOTES, DATED SEPTEMBER 12, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes.*** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) "Issuer" means the Town of East Hampton, Connecticut.

(b) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

PROPOSAL FOR NOTES

August 28, 2019

Mr. Jeffery M. Jylkka
Interim Town Manager / Finance Director
Town of East Hampton
c/o Phoenix Advisors, LLC
53 River Street, Suite 1
Milford, Connecticut 06460

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated August 20, 2019 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$8,181,000 Bond Anticipation Notes of the Town of East Hampton, dated September 12, 2019, maturing September 11, 2020, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

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