

# FINAL OFFICIAL STATEMENT DATED JANUARY 6, 2015

**NEW MONEY ISSUE / Book-Entry-Only**

**Ratings: Standard & Poor's Corporation: AAA / SP-1+**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds and the Notes may be includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax on such corporations. In the opinion of Bond Counsel, based on existing statutes, 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 is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax. (See Appendix B – Form of Opinion of Bond Counsel and Tax Matters – Bonds and Appendix C – Form of Opinion of Bond Counsel and Tax Matters – Notes herein.)



## **Town of Easton, Connecticut** **\$1,620,000** **General Obligation Bonds, Issue of 2015** **Bank Qualified**

**Dated: January 15, 2015**

**Due: Serially January 15, 2016-2025**  
**as detailed below:**

Interest on the Bonds will be payable on July 15, 2015 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the Town of Easton, Connecticut (the "Town") or its agent to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are NOT subject to redemption prior to maturity as more fully described under "Redemption Provisions" herein.

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>
2016	\$ 140,000	2.000%	0.150%	277497MF7	2021	\$ 165,000	2.000%	1.450%	277497ML4
2017	150,000	2.000%	0.510%	277497MG5	2022	165,000	2.000%	1.650%	277497MM2
2018	160,000	2.000%	0.790%	277497MH3	2023	170,000	2.000%	1.800%	277497MN0
2019	165,000	2.000%	1.070%	277497MJ9	2024	170,000	2.000%	1.900%	277497MP5
2020	165,000	2.000%	1.280%	277497MK6	2025	170,000	2.000%	2.000%	277497MQ3

## **RAYMOND JAMES & ASSOCIATES, INC**

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### **\$4,918,000** **General Obligation Bond Anticipation Notes** **Bank Qualified**

**Dated: January 15, 2015**  
**Due: December 15, 2015**  
**CUSIP: 277497MR1**

**Rate: 1.00%**  
**Yield: 0.19%**  
**Underwriter: TD Securities (USA) LLC**

The Notes will be issued in book-entry-only form and will be registered in the name of Cede & Co., as noteholder and nominee for DTC, New York, New York. (See "Book-Entry-Only Transfer System" herein.) The Notes are not subject to redemption prior to maturity.

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. (See "Security and Remedies" herein.)

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC or its agent via "FAST" on or about January 15, 2015. The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes will be U.S. Bank National Association, Hartford, Connecticut.

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

No broker, dealer, salesman or other person has been authorized by the Town or the Underwriters to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, in connection with the offering of the Bonds and the Notes, and if given or made, such other information or representations must not be relied upon. 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 or the 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 the 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 or the 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 or any earlier date as of which any information contained herein is given.

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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. 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.*

<b>Date of Sale:</b>	Tuesday, January 6, 2015 at 11:00 A.M. (E.S.T.).
<b>Location of Sale:</b>	Town of Easton, Town Hall, Finance Department Conference Room, 225 Center Road, Easton, Connecticut 06612. Telephone: (203) 268-6291
<b>Issuer:</b>	Town of Easton, Connecticut (the "Town").
<b>Issue:</b>	\$1,620,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
<b>Dated Date:</b>	January 15, 2015
<b>Interest Due:</b>	Interest due July 15, 2015 and semiannually thereafter on January 15 and July 15 in each year until maturity.
<b>Principal Due:</b>	Principal due serially, January 15, 2016 through January 15, 2025 as detailed in this Official Statement.
<b>Authorization and Purpose:</b>	The Bonds are being issued to provide new money for, and retire a portion of maturing notes initially issued to finance, a school project. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are NOT subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
<b>Credit Rating:</b>	The Notes have been rated "AAA" by Standard & Poor's Corporation.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters - Bonds" herein.
<b>Bank Qualification:</b>	The Bonds <b>shall be</b> designated by the Town as qualified tax-exempt obligations by the Town 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 certain interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	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, timely, but not in excess of ten (10) business days after the occurrence of the event, notices of certain events and notices of failure to provide required information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix D to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about January 15, 2015 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to Mrs. Wendy Bowditch, Treasurer, Town Hall, 225 Center Road, Easton, Connecticut 06612, Telephone: (203) 268-6291 or Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

## **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.*

<b>Date of Sale:</b>	Tuesday, January 6, 2015 at 11:30 A.M. (E.S.T.).
<b>Location of Sale:</b>	Town of Easton, Town Hall, Finance Department Conference Room, 225 Center Road, Easton, Connecticut 06612. Telephone: (203) 268-6291
<b>Issuer:</b>	Town of Easton, Connecticut (the "Town").
<b>Issue:</b>	\$4,918,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	January 15, 2015
<b>Interest Due:</b>	At maturity: December 15, 2015
<b>Principal Due:</b>	At maturity: December 15, 2015
<b>Authorization and Purpose:</b>	The Notes are being issued to renew notes initially issued to finance a land acquisition project. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes have been rated "SP-1+" by Standard & Poor's Corporation.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix C - "Form of Opinion of Bond Counsel and Tax Matters - Notes" herein.
<b>Bank Qualification:</b>	The Notes <u>shall be</u> 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 certain interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	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, timely, but not in excess of ten (10) business days after the occurrence of the event, notices of the occurrence of certain events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix E to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about January 15, 2015 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to Mrs. Wendy Bowditch, Treasurer, Town Hall, 225 Center Road, Easton, Connecticut 06612, Telephone: (203) 268-6291 or Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

## **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 Easton, Connecticut (the "Town"), in connection with the original issuance and sale of \$1,620,000 General Obligation Bonds, Issue of 2015 (the "Bonds") and \$4,918,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town. This Official Statement is in a form "deemed final" by the Town for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment.

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 the Notes. Any statement 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. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Town. 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement. References to statutes or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

All quotations from and summaries and explanations of provisions of statutes, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, and are qualified in their entirety by reference to such statutes or other laws and acts and proceedings of the Town. All references to the Bonds and the 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.

The Bonds are being offered for sale through public bidding. A Notice of Sale for the Bonds dated December 29, 2014 has been furnished to prospective bidders and is included herein as Appendix F. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Bonds.

The Notes are being offered for sale through public bidding. A Notice of Sale for the Notes dated December 29, 2014 has been furnished to prospective bidders and is included herein as Appendix G. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Notes.

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

The auditors have not provided their written consent to use their Independent Auditor's Report. The auditors have not been engaged nor performed audit procedures regarding the post audit period nor have they reviewed this Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made in this Official Statement (other than the matters expressly set forth as its opinions in Appendices B and C herein) and makes no representation that it has independently verified the same.

### **Financial Advisor**

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the Town with respect to the issuance of the Bonds and the Notes (the "Financial Advisor"). The Financial 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 Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **The Bonds**

### **Description of the Bonds**

The Bonds will mature on January 15 in each of the years and in the principal amounts as set forth on the front cover of this Official Statement. The Bonds will be dated January 15, 2015 and will bear interest at the rates per annum specified on the front cover page of this Official Statement, payable semiannually on July 15 and January 15 in each year until maturity, commencing July 15, 2015. 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 last business day of June and December 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. Principal will be payable at the principal office of U.S. Bank National Association, as Paying Agent. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof. The legal opinion for the Bonds will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix B to this Official Statement.

### **Redemption Provisions**

The Bonds are NOT subject to redemption prior to maturity.

## **The Notes**

### **Description of the Notes**

The Notes will be dated January 15, 2015 and will be due and payable as to both principal and interest at maturity on December 15, 2015. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of a 360-day year consisting of twelve 30-day months, at the rate or rates per annum specified by the successful bidder or bidders using the Net Interest Cost ("NIC") method. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership affected on the records of The Depository Trust Company, New York, New York ("DTC") and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein.) The legal opinion for the Notes will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix C to this Official Statement.

### **Redemption Provisions**

The Notes are NOT subject to redemption prior to maturity.

### **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 securities 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. For the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. For the Notes, one fully-registered Note certificate will be issued for each interest rate on the Notes 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds and 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 Bond or Note ("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 the Bonds and the 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 the Bonds and the 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and Notes, such as proposed amendments to the bond or note documents. For example, Beneficial Owners of the Bonds and Notes may wish to ascertain that the nominee holding the Bonds or 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the 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 the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments 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 Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or 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 the Paying 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 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.

Neither the Town, the Paying Agent nor the Underwriter will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, or (iii) any other actions taken by DTC or its partnership nominees as owner of the Bonds or the Notes, as applicable.

## ***Replacement Bonds and Notes***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or the Notes, and the Town fails to identify another qualified securities depository for the Bonds or the 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 or 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 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 of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 at limited amounts. There was, however, no such classified property on the last completed grand list of the Town. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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 or 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 or the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the 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 could 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 or 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 by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.



## **Qualification for Financial Institutions**

The Bonds and the Notes **shall 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 and the Notes.

## **Availability of Continuing Disclosure**

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 within six months of the end of its fiscal year.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D to this Official Statement (the "Bond Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of the SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notices of the occurrence of certain events with respect to the Bonds, and (iii) timely notices of failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Bond Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Bond Continuing Disclosure Agreement.

The Town will also enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix E to this Official Statement (the "Note Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of the Rule, timely, but not in excess of ten (10) business days after the occurrence of the event, notices of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Notes, an executed copy of the Note Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to the Rule. To its knowledge, within the last five years from the date hereof, the Town has not failed to comply in any material respect with its undertakings under such agreements, except that the Town failed to provide certain annual financial information for the fiscal years ending June 30, 2009 and June 30, 2010 by the date required in its continuing disclosure agreements for such filings to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). On March 21, 2011, the Town filed with EMMA such annual financial information and on March 28, 2011 the Town filed a notice of failure to provide annual financial information with respect thereto. The Town has adopted procedures to ensure the timely filing of future financial information with respect to its continuing disclosure undertakings.

In addition, the Town failed to provide a list of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon (the "taxpayer information"), as part of its annual financial information filings to EMMA for each of the fiscal years ending June 30, 2009 through June 30, 2013. Such taxpayer information, however, was contained in the Town's Official Statements dated July 7, 2010, May 18, 2011, July 8, 2011, January 25, 2012, June 26, 2012 and June 20, 2013, which are available on EMMA. On January 5, 2015, the Town filed with EMMA such taxpayer information along with a notice of failure to provide such taxpayer information with respect thereto. The Town will ensure that such taxpayer information is filed in connection with its future annual financial information filings as required under its continuing disclosure agreements.

## **Authorization and Purpose**

**Elementary School:** Bonds are being issued pursuant to an appropriation and borrowing authorization totaling \$29,149,188 for costs related to the planning, design of, acquisition, construction and equipping of a new elementary school approved by the Board of Selectmen and the Board of Finance and the voters at a Special Town Meeting on February 17, 2004 and at a referendum held on February 25, 2004. In addition to the foregoing authorization, the Town has issued bonds in the amount of \$2,000,000 pursuant to a separate appropriation and borrowing authorization for costs related to the planning and design of and site improvements to the elementary school approved by the Board of Selectmen, Board of Finance and the voters at a Special Town Meeting on October 9, 2002 and at a referendum held on October 16, 2002.

**Land Acquisition:** Notes are being issued pursuant to an appropriation and borrowing authorization totaling \$6,150,000 for the purchase of approximately thirty acres of land located at 18-22 South Park Avenue approved by the Board of Selectmen and the Board of Finance and the voters at a Special Town Meeting on June 9, 2008 and at a referendum held on June 17, 2008.

**Uses of Proceeds:**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Maturing Notes Due: 1/15/15</b>	<b>(Paydowns) or (Grants)</b>	<b>New Money</b>	<b>This Issue:</b>	
					<b>The Notes Due: 12/15/15</b>	<b>The Bonds</b>
Elementary school .....	\$ 31,149,188 <sup>1</sup>	\$ 2,077,815	\$ (475,903)	\$ 18,088	\$ -	\$ 1,620,000
Land Acquisition.....	6,150,000	4,918,185	(185)	-	4,918,000	-
<b>Total .....</b>	<b>\$ 37,299,188</b>	<b>\$ 6,996,000</b>	<b>\$ (476,088)</b>	<b>\$ 18,088</b>	<b>\$ 4,918,000</b>	<b>\$ 1,620,000</b>

<sup>1</sup> This amount reflects the sum of two separate appropriation and borrowing authorizations, including an appropriation and borrowing authorization of \$29,149,188 pursuant to which the Notes are being issued.

**School Projects**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the “Program”). Under the current Program, the State of Connecticut makes proportional progress payments for eligible construction costs during project construction. State grants are paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its net share of project costs. All grant payments have been made by the State to the Town.

**Ratings**

The Bonds have been rated “AAA” and the Notes have been rated “SP-1+” by Standard & Poor's Corporation (“S&P”). The Town furnished S&P with certain information and materials, some of which may not have been included in this Official Statement. Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the applicable rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town’s bonds and/or notes, including the Bonds and the Notes.

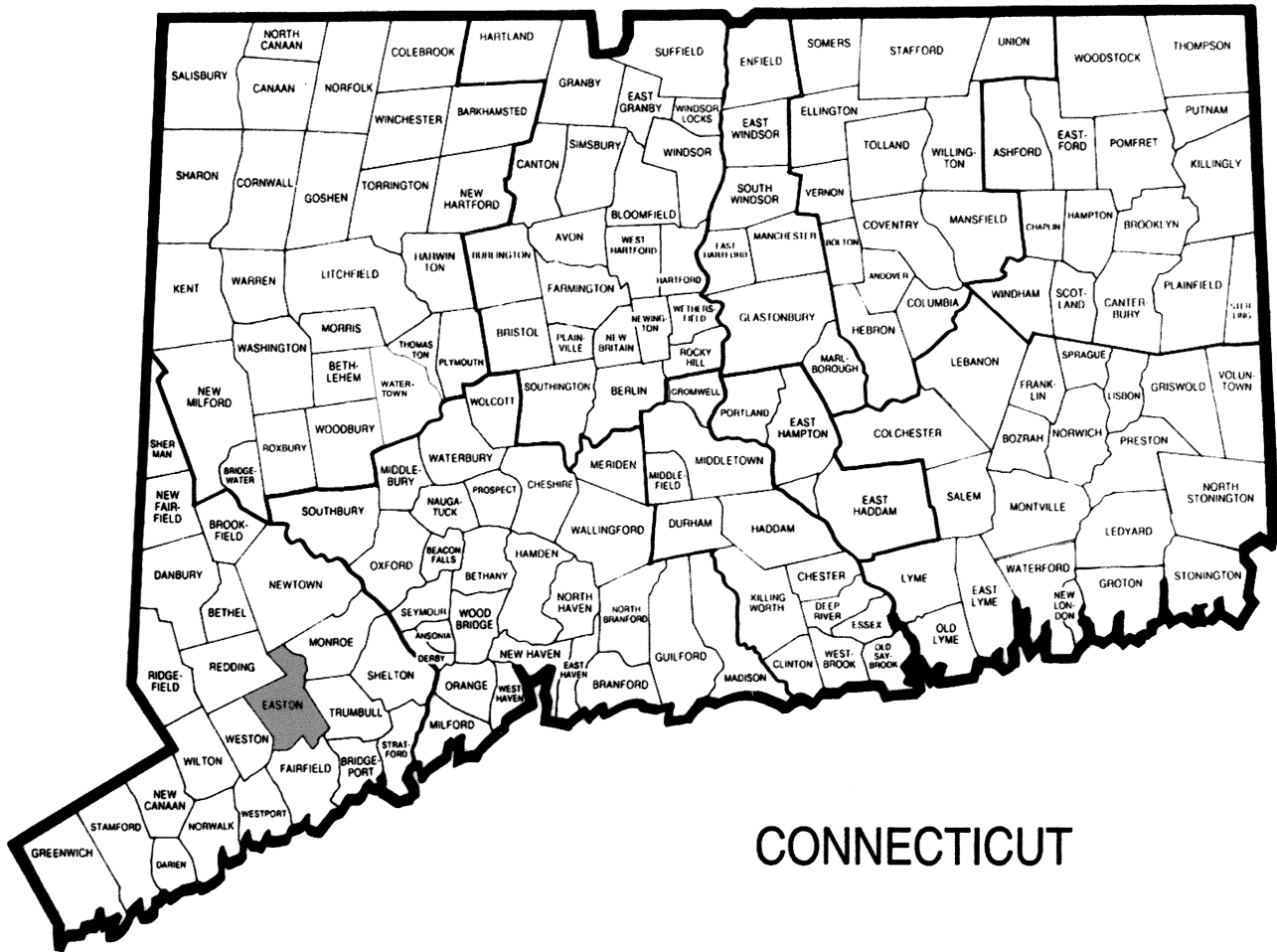
The Town may issue short-term or other debt for which a rating is not required. The Town’s financial Advisor, Phoenix Advisors, recommends that all bonded debt be submitted for a credit rating.

**Bond 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 Easton is located in Fairfield County, Connecticut, bordered on the east by Monroe and Trumbull, on the west by Weston, on the north by Redding and Newtown and on the south by Fairfield. Easton covers an area of 28.8 square miles. The Town is traversed by State Highways 58, 59 and 136. The major highway, Route 15, the Merritt Parkway, is just south of the Town.

The Town of Easton was incorporated in 1845. Easton operates under a Selectmen–Town Meeting form of government. The Town Meeting is the legislative body of the Town and must approve the annual budget, all special appropriations over \$20,000 and all bond and note authorizations, except for refunding bonds, which only need to be approved by the Board of Selectmen. The executive body is the Board of Selectmen. Easton has no Town Charter. The Town has the right to take such actions as permitted by the General Statutes of the State of Connecticut. Since its inception the Town has adopted ordinances and the General Assembly has approved Special Acts specifically applying to the Town of Easton.

Easton is a community predominately composed of owner-occupied, single-family dwellings. Approximately 43 percent of the land within the Town is owned by Aquarion Water Company of Connecticut, a public utility.

## **Form of Government**

The Town operates with a Board of Selectmen, Board of Finance and Town Meeting. The First Selectman acts as the chief executive officer of the Town and is responsible for the administration of all Town business matters with the exception of the educational system.

## **Principal Municipal Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Expiration of Term</b>
First Selectman	Adam Dunsby	Elected / 2 years	11/15
Selectman	Scott S. Centrella	Elected / 2 years	11/15
Selectman	Robert H. Lessler	Elected / 2 years	11/15
Chairman, Board of Finance	Christian Griffin	Elected / 6 years	11/19
Treasurer	Wendy Bowditch	Elected / 2 years	11/15
Comptroller	Grace Stanczyk	Appointed / Indefinite	N/A
Town Clerk	Christine Halloran	Elected / 2 years	11/15
Assessor	Teresa Rainieri	Appointed / Indefinite	N/A
Tax Collector	Christine Calvert	Elected / 2 years	11/15

## **Municipal Services**

The Town provides the following services: education, public safety, public works, public health and social services, solid waste, library and recreation.

**Police:** The Police Department consists of a Chief, Captain, three Sergeants and nine Patrol Officers. There are three special (part-time) officers. Civilian personnel include an administrative assistant and a records clerk. There is one full time and three part-time animal control officers. The Police Department maintains a fleet of eleven police vehicles used in patrol, crime prevention and investigation duties and a truck used by the Animal Control Officers.

**Communications:** The Communications Department consists of three full-time dispatchers and eight part-time dispatchers. The Communications Department is under the direct supervision of a police sergeant who report to the Chief of Police. The dispatchers are part of the overall public safety response.

**Fire Department:** The Volunteer Fire Department provides fire protection for the entire Town. There are approximately 20 active volunteer fire fighters in addition to one Fire Chief, two Assistant Chiefs, one Fire Marshal and two Deputy Fire Marshals. The Town employs eight professional firefighters who maintain the fire-fighting apparatus and respond to calls. Fire-fighting equipment consists of three class-A pumpers.

**Emergency Medical Services:** There are approximately 39 members of the Easton Volunteer Emergency Medical Services, Inc. ("Easton Volunteer EMS") who respond to calls for emergency assistance. In addition, the Town employs two Emergency Medical Technicians covering an eight-hour shift, five days per week. The emergency medical services has two Town-owned ambulances with a full complement of equipment in accordance with regulations and certification by the State of Connecticut Department of Public Health, Office of Emergency Medical Service. The Easton Volunteer EMS also has in place an agreement with a paramedic provider to provide advanced life support on an interception basis, either at the scene of a medical emergency or en route to the hospital. The Easton Volunteer EMS also has automatic defibrillators in each ambulance and an established alliance with the Easton Police Department to carry automatic external defibrillators, as well as oxygen, in all police cars, since they are the certified first responders for emergency medical services in the Town.

**Public Works:** The Public Works Department is responsible for maintaining 94 miles of Town-owned roads and Town-owned buildings. There is a staff of 13 full-time employees under the supervision of the Public Works Director.

The Town employs the services of a full-time Public Works Director who also acts as the Town Engineer and as Maintenance Manager of the Town-owned buildings. He supervises the road repaving and reconstruction projects, and designs and supervises all drainage projects. He also reviews plans and performs inspections for new roads, bridges, culverts and grading plans for new subdivisions and does engineering work for certain Town projects.

**Solid Waste:** Solid waste in Easton is collected by private firms under direct contract to the user.

Easton is one of the municipalities that has entered into a Municipal Service Agreement with the Connecticut Resources Recovery Authority for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the “System”). Each municipality, such as the Town, which has signed such an agreement (a “Participating Municipality”) has agreed to deliver or cause to be delivered to the System all acceptable waste, as defined therein, generated within its boundaries. Each Participating Municipality has further agreed to deliver annually its Minimum Tonnage Guarantee, as defined in the Service Contract, to the System. The Town’s Minimum Tonnage Guarantee is 2,912 tons which constitutes part of an aggregate Minimum Tonnage Guarantee by all the Southwest Region Participating Municipalities of 261,000 tons. In the event that any Participating Municipality fails to deliver its annual Minimum Tonnage Guarantee to the System, such Participating Municipality may nevertheless be obligated to pay municipal disposal fees calculated as if the Minimum Tonnage Guarantee had been so delivered. The tipping fee for fiscal year 2014-15 is \$104 per ton. The Town has experienced no difficulty in meeting its minimum tonnage guarantee or paying its disposal fees.

**Parks and Recreation:** The Town of Easton has over 81 acres dedicated and used for both passive and active recreation. These areas are regulated by the Parks and Recreation Commission, Parks and Recreation Director and Maintenance Supervisor.

The Parks and Recreation Department oversees the maintenance of six parks: Aspetuck Park, Veterans’ Field, Cunningham Field, Helen Keller Park, Morehouse Fields, and Old Staples Field. These parks include seven Little League fields, three softball fields, four tennis courts, seven playgrounds, seven soccer/multi-purpose fields and one football field. These facilities are used for programs in baseball, softball, soccer, tennis, summer playground, band concerts, swimming and ice skating.

The Parks and Recreation Department has 5 full-time and approximately 35 seasonal employees, all under the supervision of the Parks and Recreation Director.

**Library:** The Easton Public Library maintains a collection of approximately 70,900 volumes with an annual circulation of approximately 130,904. Library services are provided by a staff of 7.75 full-time equivalent employees and four part-time employees under the supervision of the Library Director.

**Educational System**

A six member elected Board of Education is responsible for the operation of the Town’s school system, which consists of the Samuel Staples Elementary School and the Helen Keller Middle School. The Town completed construction of the Samuel Staples Elementary School, a \$31,149,148 new kindergarten through grade 5 elementary school, in 2005. The new school opened as of September 1, 2005, and grade 5 was moved from Helen Keller Middle School to the new Samuel Staples Elementary School. The former elementary school building is partially leased to a private school, partially leased to Regional School District No. 9’s central office, and partially utilized by the Town’s Senior Center. Students in grades 9-12 attend Joel Barlow High School of the Regional School District No. 9, as described under “School Enrollment of Regional School District No. 9.”

**School Facilities**

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Type of Construction</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2014</b>	<b>Operating Capacity</b>
Samuel Staples Elementary School....	Pre-K–5	2005	Masonry	41	612	850
Helen Keller Middle School .....	6–8	1963 (2001)	Masonry	39	323	650
<b>Total</b> .....				80	935	1,500

### **Town of Easton School Enrollment**

<b>School Year</b>	<b>Samuel Staples Pre-K-5</b>	<b>Helen Keller 6-8</b>	<b>Total</b>
<b>Historical</b>			
2005-06	781	373	1,154
2006-07	781	368	1,149
2007-08	802	377	1,179
2008-09	769	387	1,156
2009-10	730	384	1,114
2010-11	705	396	1,101
2011-12	666	390	1,056
2012-13	630	391	1,021
2013-14	610	351	961
2014-15	612	323	935
<b>Projected</b>			
2015-16	596	300	896
2016-17	554	308	862
2017-18	502	311	813

### **School Enrollment of Regional School District No. 9**

#### **Joel Barlow High School**

Easton and Redding constitute Regional School District No. 9 which was formed in 1957 for the purpose of providing secondary school education to its member towns. It consists of one senior high school (Joel Barlow High School) located in Redding, Connecticut. The District is governed by a Regional Board of Education consisting of four members from each town. The members of the board serve for four-year terms. In addition, the District has a superintendent of schools and a director of finance and operations, selected by the Board of Education, who manages the day-to-day affairs of the District and the K-8 schools of Easton and Redding. The District's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils.

In 2005, the District completed a \$38,997,000 project that expanded and renovated Joel Barlow High School.

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2014</b>	<b>Operating Capacity</b>
Joel Barlow High School	9-12	1959 (2005)	68	1,050	1,100

*Source: Director of Finance and Operations, Regional School District No. 9.*

### High School Enrollment

School Year	9-12	Special Education <sup>1</sup>	Total
<b>Historical</b>			
2005-06	979	15	994
2006-07	970	18	988
2007-08	947	23	970
2008-09	954	-	954
2009-10	959	18	977
2010-11	974	17	991
2011-12	990	18	1,008
2012-13	997	16	1,013
2013-14	1,052	16	1,068
2014-15	1,050	17	1,067
<b>Projected</b>			
2015-16	1,024	-	1,024
2016-17	982	-	982
2017-18	914	-	914

<sup>1</sup> Outplaced students.

Source: Director of Finance and Operations, Regional School District No. 9.

### Municipal Employees

The Town of Easton employs full-time and permanent part-time employees as shown below:

	2014	2013	2012	2011	2010
General Government .....	139	145	149	136	135
Board of Education .....	159	156	155	152	162
<b>Total .....</b>	<b>298</b>	<b>301</b>	<b>304</b>	<b>288</b>	<b>297</b>

### Municipal Employee Bargaining Organizations

<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
<b><u>General Government</u></b>		
Local 760, SEIU, AFL-CIO (Highway) .....	10	6/30/2015
Easton Police Union Local 2618 & Council #15, AFSCME, AFL-CIO .....	13	6/30/2017
Local 1426 International Association of Fire Fighters, AFL-CIO .....	8	6/30/2015
Easton Employee Unit, Local 1303, AFSCME CT Council #4, AFL-CIO .....	25	6/30/2015
Easton Supervisor Unit, Local 818 .....	8	6/30/2015
Non-bargaining Employees .....	75	N/A
<b>Total .....</b>	<b>139</b>	
<b><u>Board of Education</u></b>		
Easton Custodians AFSCME .....	9	6/30/2015
Easton Non-certified staff, CSEA, Inc. ....	54	6/30/2015
Certified Board of Education of the Town of Easton Education Association .....	91	6/30/2015
Easton Intermediate Administrator's Association.....	4	6/30/2017
Non-bargaining Employees .....	1	N/A
<b>Total .....</b>	<b>159</b>	

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the 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 the 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. Demographic and Economic Data Section

#### Population and Density

Actual

Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2013 <sup>3</sup>	7,550	0.8%	262.2
2010	7,490	3.0%	260.1
2000	7,272	15.4%	252.5
1990	6,303	5.7%	218.9
1980	5,962	21.1%	207.0
1970	4,922	44.5%	170.9
1960	3,407	--	118.3

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile: 28.8 square miles.

<sup>3</sup> American Community Survey 2009-2013

#### Age Distribution of the Population

Age	Town of Easton		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	313	4.1%	197,395	5.5%
5 to 9 years .....	634	8.4	220,139	6.1
10 to 14 years .....	690	9.1	236,742	6.6
15 to 19 years .....	607	8.0	255,816	7.1
20 to 24 years .....	243	3.2	229,708	6.4
25 to 34 years .....	189	2.5	428,258	12.0
35 to 44 years .....	868	11.5	469,746	13.1
45 to 54 years .....	1,686	22.3	568,510	15.9
55 to 59 years .....	583	7.7	246,210	6.9
60 to 64 years .....	520	6.9	210,753	5.9
65 to 74 years .....	805	10.7	269,422	7.5
75 to 84 years .....	263	3.5	164,260	4.6
85 years and over .....	149	2.0	86,602	2.4
<b>Total.....</b>	<b>7,550</b>	<b>100%</b>	<b>3,583,561</b>	<b>100%</b>
Median Age (Years) 2013.....	46.6		40.2	
Median Age (Years) 2010..... <sup>1</sup>	45.1		40.0	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2009-2013

#### Income Distribution

Income	Town of Easton		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	-	0.0%	29,895	3.3%
10,000 - 14,999.....	18	0.9	19,176	2.1
15,000 - 24,999.....	15	0.7	47,319	5.2
25,000 - 34,999.....	37	1.8	56,997	6.3
35,000 - 49,999.....	110	5.3	86,025	9.5
50,000 - 74,999.....	164	7.9	143,989	15.9
75,000 - 99,999.....	191	9.2	131,874	14.6
100,000 - 149,999.....	345	16.5	187,718	20.8
150,000 - 199,999.....	296	14.2	90,602	10.0
200,000 and over.....	911	43.7	109,982	12.2
<b>Total.....</b>	<b>2,087</b>	<b>100.0%</b>	<b>903,577</b>	<b>100.0%</b>

Source: American Community Survey 2009-2013

### Income Levels

	<b>Town of Easton</b>	<b>State of Connecticut</b>
Per Capita Income, 2013.....	\$ 64,002	\$ 37,892
Per Capita Income, 2010.....	\$ 63,405	\$ 36,775
Median Family Income, 2013 .....	\$ 171,250	\$ 87,245
Median Family Income, 2010 .....	\$ 163,194	\$ 84,170

*Source: American Community Survey 2009-2013*

### Educational Attainment

*Years of School Completed – Age 25 and Over*

	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	93	1.8%	109,133	4.5%
9th to 12th grade.....	117	2.3	155,272	6.4
High School graduate.....	639	12.6	678,370	27.8
Some college, no degree.....	702	13.9	431,469	17.7
Associate's degree .....	308	6.1	178,597	7.3
Bachelor's degree.....	1,502	29.7	498,124	20.4
Graduate or professional degree.....	1,702	33.6	392,796	16.1
<b>Total.....</b>	<b>5,063</b>	<b>100.0%</b>	<b>2,443,761</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		95.9%		89.2%
Total bachelor's degree or higher (%).....		63.3%		36.5%

*Source: American Community Survey 2009-2013*

### Industry Classification

<b>Sector</b>	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	21	0.6%	6,945	0.4%
Construction.....	186	5.0	99,444	5.7
Manufacturing.....	390	10.6	193,945	11.0
Wholesale trade.....	187	5.1	43,550	2.5
Retail trade.....	252	6.8	191,841	10.9
Transportation warehousing, and utilities.....	90	2.4	65,630	3.7
Information.....	130	3.5	41,588	2.4
Finance, insurance, real estate, and leasing....	487	13.2	160,976	9.1
Professional, scientific, management, administrative, and waste management.....	612	16.6	194,959	11.1
Education, health and social services.....	860	23.3	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	242	6.6	148,097	8.4
Other services (except public admin.).....	156	4.2	81,443	4.6
Public Administration.....	71	1.9	66,817	3.8
<b>Total Labor Force, Employed.....</b>	<b>3,684</b>	<b>100.0%</b>	<b>1,759,412</b>	<b>100.0%</b>

*Source: American Community Survey 2009-2013*

## Labor Force Data

Period	Percentage Unemployed					
	Town of Easton		Town of Easton	Bridgeport/ Stamford Labor Market		State of Connecticut
	Employed	Unemployed		Employed	Unemployed	
October 2014.....	3,645	178	4.7	6.3	6.3	
<b>Annual Average</b>						
2013.....	3,500	213	5.7	7.3	7.9	
2012.....	3,544	217	5.8	7.8	8.3	
2011.....	3,556	233	6.1	8.2	8.8	
2010.....	3,507	217	5.8	8.4	9.0	
2009.....	3,518	223	6.0	7.8	8.2	
2008.....	3,611	159	4.2	5.3	5.7	
2007.....	3,668	129	3.4	4.1	4.6	
2006.....	3,607	112	3.0	4.0	4.4	
2005.....	3,551	114	3.1	4.6	4.9	
2004.....	3,530	117	3.2	4.6	4.9	

Source: State of Connecticut, Department of Labor.

## Commute to Work

16 years of age and over

	Town of Easton		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone .....	2,760	75.9%	1,359,050	78.7%
Car pools .....	103	2.8	144,497	8.4
Used public transportation .....	178	4.9	80,574	4.7
Walked .....	33	0.9	52,155	3.0
Used other means .....	49	1.3	19,955	1.2
Worked at home .....	511	14.1	71,055	4.1
<b>Total</b> .....	3,634	100.0%	1,727,286	100.0%

Mean travel to work (minutes)      34.2                      –                      24.8

Source: American Community Survey 2009-2013

## Age Distribution of Housing

Year Built	Town of Easton		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	307	11.5%	336,587	22.6%
1940 to 1969.....	1,073	40.3	538,727	36.2
1970 to 1979.....	423	15.9	200,576	13.5
1980 to 1989.....	343	12.9	192,185	12.9
1990 to 1999.....	296	11.1	111,295	7.5
2000 or 2009.....	221	8.3	102,666	6.9
2010 or later.....	-	-	4,959	0.3
<b>Total Housing Units, 2000.....</b>	2,663	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

## Housing Inventory

<b>Housing Units</b>	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Single-family detached .....	2,589	97.2%	882,026	59.3%
Single-family attached .....	48	1.8	80,070	5.4
Multifamily .....	21	0.8	512,048	34.4
Mobile home, trailer, or other .....	5	0.2	12,851	0.9
<b>Total Inventory</b> .....	<b>2,663</b>	<b>100.0%</b>	<b>1,486,995</b>	<b>100.0%</b>

Source: American Community Survey 2009-2013

## Housing Unit Vacancy Rates

<b>Housing Units</b>	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Occupied housing units .....	2,564	96.3%	1,355,849	91.2%
Vacant housing units .....	99	3.7%	131,146	8.8%
<b>Total units</b> .....	<b>2,663</b>	<b>100.0%</b>	<b>1,486,995</b>	<b>100.0%</b>

Homeowner vacancy rate .....	-	0.6	-	1.6
Rental vacancy rate .....	-	0	-	7.1

Source: American Community Survey 2009-2013

## Owner-occupied Housing Units

<b>Specified Owner-Occupied Units</b>	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	7	0.3%	20,800	2.3%
\$50,000 to \$99,000.....	-	-	24,638	2.7
\$100,000 to \$149,999.....	23	0.9	66,934	7.3
\$150,000 to \$199,000.....	-	-	135,714	14.8
\$200,000 to \$299,999.....	13	0.5	264,832	28.8
\$300,000 to \$499,999.....	560	22.8	250,076	27.2
\$500,000 to \$999,999.....	1,458	59.2	114,622	12.5
\$1,000,000 or more.....	400	16.3	41,872	4.6
<b>Total</b> .....	<b>2,461</b>	<b>100.0%</b>	<b>919,488</b>	<b>100.0%</b>
<b>Median Value</b> .....	\$665,800		\$278,900	

Source: American Community Survey 2009-2013

## Building Permits

<b>Ending 6/30</b>	<b>New Homes</b>		<b>Other <sup>1</sup></b>		<b>All Categories</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
2014	8	\$ 3,600,720	779	\$ 5,928,042	787	\$ 9,528,762
2013	6	3,315,496	648	6,890,335	654	10,205,831
2012	2	832,132	644	4,588,681	646	5,420,813
2011	3	1,557,630	470	1,812,342	473	3,369,972
2010	1	357,545	444	5,473,216 <sup>2</sup>	445	5,830,761
2009	4	2,192,094	440	3,761,901	444	5,953,995
2008	5	2,876,155	550	7,855,673	555	10,731,828
2007	5	1,945,200	622	7,898,292 <sup>3</sup>	627	9,843,492
2006	13	5,451,930	633	8,149,057	646	13,600,987
2005	11	4,643,550	776	14,336,209 <sup>4</sup>	787	18,979,759

<sup>1</sup> Includes additions, alterations, pools, decks, etc.

<sup>2</sup> Includes \$287,000 for a new animal shelter.

<sup>3</sup> Includes \$2,713,420 for new church.

<sup>4</sup> Includes \$5,141,400 for new elementary school.

## Number and Size of Households

<b>Household Characteristics</b>	<b>Town of Easton</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Persons in households .....	7,538	–	3,457,415	–
Persons per household (average) .....	2.94	–	2.55	–
Persons per family (average) .....	3.31	–	3.14	–
Family households .....	2,087	81.4%	903,577	66.6%
Non-family households .....	477	18.6%	452,272	33.4%
<b>All households</b> .....	<b>2,564</b>	<b>100.0%</b>	<b>1,355,849</b>	<b>100.0%</b>
Family households by type				
Married couple .....	1,831	87.7%	669,883	74.1%
Female householders, no spouse .....	128	6.1%	176,295	19.5%
Other .....	128	6.1%	57,399	6.4%
<b>Total family households</b> .....	<b>2,087</b>	<b>100.0%</b>	<b>903,577</b>	<b>100.0%</b>
Non-family households by type				
Householders living alone .....	377	79.0%	374,214	82.7%
Other .....	100	21.0%	78,058	17.3%
<b>Total non-family households</b> .....	<b>477</b>	<b>100.0%</b>	<b>452,272</b>	<b>100.0%</b>

Source: American Community Survey 2009-2013

## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation of its real properties every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten years. The Town's most recent (non-physical) revaluation became effective for the October 1, 2011 grand list, which became effective for the 2012-13 fiscal year. The Town's next revaluation will be for the October 1, 2016 grand list which will become effective for the 2017-18 fiscal year. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation. Assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Town's Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined for the structure with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has indicated that the average retail values contained in the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Department of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 grand list. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Motor vehicles purchased in August and September are not taxed until the next October 1 grand list. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

The Assessor's Office is also responsible for the administration of several property exemption and payment-in-lieu-of-taxes programs which include, but are not limited to, the following: special veterans programs; elderly tax relief for homeowners and renters; farm, forest and open space; blind and disabled taxpayers; manufacturing exemptions; and State-owned property reimbursement programs.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed 8% of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amount is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved this abatement provision.

## Property Tax Collection Procedure

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real property taxes are generally payable in two equal installments on July 1 and January 1 following the levy date and personal property and motor vehicle taxes are payable in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on 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, real property and personal property tax accounts that are deemed uncollectible are transferred to a suspense account at which time they cease to be carried as receivables. Tax accounts are transferred to a suspense account 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes, which are deemed to be uncollectible.

### Comparative Assessed Valuations

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal	Motor	Gross	Less Exemption	Net	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)	Property (%)	Vehicle (%)	Taxable Grand List		Taxable Grand List	
2013	89.8	2.7	0.1	1.1	5.7	\$ 1,419,760,002	\$ 92,814,220	1,326,945,782	0.25%
2012	93.6	2.4	0.7	1.0	5.3	1,416,247,683	92,622,330	1,323,625,353	0.44
2011 <sup>1</sup>	87.4	2.4	0.7	1.0	5.3	1,408,295,830	90,486,670	1,317,809,160	(21.16)
2010	92.5	2.1	0.7	0.8	4.0	1,767,514,931	95,911,450	1,671,603,481	0.23
2009	92.5	2.1	0.7	0.7	3.9	1,763,900,143	96,196,550	1,667,703,593	0.25
2008	92.4	2.1	0.7	0.7	3.9	1,756,739,598	93,253,190	1,663,486,408	(0.07)
2007	91.9	2.2	0.8	0.7	4.3	1,755,762,785	91,138,870	1,664,623,915	0.41
2006 <sup>1</sup>	91.8	2.1	0.9	0.8	4.4	1,742,148,957	84,323,336	1,657,825,621	33.94

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Easton.

### Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual 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 6/30/2014 <sup>1</sup>
2013	2015 <sup>1</sup>	1,326,945,782	29.90	\$ 39,271,706	<i>IN COLLECTION</i>		
2012	2014	1,323,625,353	29.30	38,571,418	98.57%	1.43%	1.43%
2011 <sup>2</sup>	2013	1,317,809,160	29.10	38,033,479	98.45%	1.55%	0.88
2010	2012	1,671,603,481	22.95	38,084,889	98.62%	1.38%	0.45
2009	2011	1,667,703,593	22.40	37,090,801	98.56%	1.44%	0.18
2008	2010	1,663,486,408	21.70	35,918,355	98.95%	1.05%	0.07
2007	2009	1,664,623,915	21.60	35,797,184	99.10%	0.90%	-
2006 <sup>2</sup>	2008	1,657,825,621	21.00	34,717,656	99.30%	0.70%	-
2005	2007	1,237,750,240	26.57	32,748,686	99.50%	0.50%	-
2004	2006	1,227,453,993	25.12	30,691,601	99.40%	0.60%	-
2003	2005	1,212,378,685	23.60	28,487,184	99.30%	0.70%	-

<sup>1</sup> Subject to audit.

<sup>2</sup> Revaluation.

Sources: Tax Collector's Office, Town of Easton.

### Property Taxes Receivable

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2014 <sup>1</sup>	\$552,079	\$1,392,390
2013	590,992	1,462,896
2012	525,001	1,083,584
2011	452,027	804,623
2010	376,587	694,343
2009	314,691	626,145
2008	239,208	555,547
2007	165,459	469,207
2006	187,607	513,105

<sup>1</sup> Subject to audit.

### Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Aquarion Water Company of Connecticut .....	Water supply	\$ 39,555,330	2.98%
The Connecticut Golf Club Inc. ....	Golf club	6,329,070	0.48%
John Shepard.....	Residential homeowner	2,845,400	0.21%
Adirondack Estates.....	Rosnick subdivision	2,843,700	0.21%
Gilbertie, Salvatore.....	Residential homeowner	1,952,710	0.15%
Malik, Asif.....	Residential homeowner	1,729,360 <sup>2</sup>	0.13%
Mendell, Ellen Jo.....	Residential homeowner	1,645,100	0.12%
Chapman, Michael.....	Residential homeowner	1,565,900	0.12%
River Ridge Estates.....	Rosnick subdivision	1,416,070	0.11%
Weaver, Rosemary.....	Residential homeowner	1,372,840	0.10%
<b>Total.....</b>		<b>\$ 61,255,480</b>	<b>4.62%</b>

<sup>1</sup> Based on October 1, 2013 Net Taxable Grand List of \$1,326,945,782.

<sup>2</sup> Combination of Real Estate and Personal Property tax.

Source: Assessor's Office, Town of Easton



**V. Debt Summary**  
**Principal Amount of Bonded Indebtedness**  
**As of January 15, 2015**  
**(Pro-Forma)**

**Long-Term Debt**

<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Amount of Original Issue</b>	<b>Outstanding After This Issue</b>	<b>Fiscal Year of Maturity</b>
01/15/03	General purpose refunding bonds.....	1.60-4.00	\$ 3,318,000	\$ 221,000	2015
01/15/03	School refunding bonds .....	1.60-4.00	447,000	34,000	2015
05/22/09	General purpose refunding bonds.....	2.00-5.00	3,739,500	2,355,000	2022
05/22/09	School refunding bonds .....	2.00-5.00	5,765,500	3,625,000	2022
07/15/10	General purpose.....	1.50-3.50	1,424,000	1,045,000	2026
07/15/10	Schools.....	1.50-3.50	925,000	672,000	2026
07/15/10	Water.....	1.50-3.50	326,000	238,000	2026
06/01/11	School refunding bonds .....	2.00-5.00	8,485,000	6,425,000	2025
02/09/12	School refunding bonds .....	2.00-4.00	6,810,000	5,765,000	2026
<b>Total Outstanding.....</b>			<b>\$ 31,240,000</b>	<b>\$ 20,380,000</b>	
<b>This Issue</b>					
01/15/15	School bonds .....	2.00	\$ 1,620,000	\$ 1,620,000	2025
<b>Sub-Total This Issue.....</b>			<b>\$ 1,620,000</b>	<b>\$ 1,620,000</b>	
<b>Total.....</b>			<b>\$ 32,860,000</b>	<b>\$ 22,000,000</b>	

**Short-Term Debt**

<b>Project</b>	<b>Date Authorized</b>	<b>Aggregate Amount Authorized</b>	<b>This Issue: The Notes Due: 12/15/15</b>	<b>Legal Renewable Limit</b>
Land Acquisition.....	6/17/2008	\$ 6,150,000	\$ 4,918,000	7/9/2018
<b>Total .....</b>		<b>\$ 6,150,000</b>	<b>\$ 4,918,000</b>	

**Overlapping/Underlying Debt**

The Town does not have any underlying debt.

The Town of Easton, along with the Town of Redding, is a member of Regional School District No. 9 (the "District"). See "Educational System" herein. As of January 15, 2015, the District has \$18,835,000 of outstanding bonded and short term debt. For the 2014-2015 fiscal year, at 45.90%, the Town of Easton's pro rata share of the District's outstanding net debt is \$8,645,265.

**Annual Bonded Debt Maturity Schedule**  
**As of January 15, 2015**  
**(Pro-Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This issue: Schools</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2015 <sup>1</sup>	\$ 255,000	\$ 336,637	\$ 591,637	\$ -	\$ 255,000	1.16%
2016	2,250,000	628,361	2,878,361	140,000	2,390,000	12.02%
2017	2,250,000	550,524	2,800,524	150,000	2,400,000	22.93%
2018	2,245,000	469,574	2,714,574	160,000	2,405,000	33.86%
2019	2,230,000	399,511	2,629,511	165,000	2,395,000	44.75%
2020	2,205,000	329,436	2,534,436	165,000	2,370,000	55.52%
2021	2,195,000	250,574	2,445,574	165,000	2,360,000	66.25%
2022	2,175,000	171,124	2,346,124	165,000	2,340,000	76.89%
2023	1,320,000	111,702	1,431,702	170,000	1,490,000	83.66%
2024	1,310,000	72,314	1,382,314	170,000	1,480,000	90.39%
2025	1,290,000	35,424	1,325,424	170,000	1,460,000	97.02%
2026	655,000	8,463	663,463	-	655,000	100.00%
<b>Total.....</b>	<b>\$ 20,380,000</b>	<b>\$ 3,363,644</b>	<b>\$ 23,743,644</b>	<b>\$ 1,620,000</b>	<b>\$ 22,000,000</b>	

<sup>1</sup> Excludes \$2,075,000 in principal payments and \$362,587 in interest payments from July 1, 2014 through January 15, 2015.

**Debt Statement**  
**As of January 15, 2015**  
**(Pro-Forma)**

**Long-Term Debt Outstanding:**

General Purpose.....	\$ 3,621,000
Schools (Includes this issue) .....	18,141,000
Water .....	238,000
<b>Total Long-Term Debt</b> .....	<u>22,000,000</u>
<b>Short-Term Debt</b> (Includes this issue to mature on December 15, 2015).....	<u>4,918,000</u>
<b>Total Direct Debt</b> .....	26,918,000
Less: School Construction Grants Receivable (As of June 30, 2014) <sup>1</sup> .....	<u>(5,081)</u>
<b>Total Direct Net Debt</b> .....	26,912,919
<b>Overlapping/Underlying Debt</b> .....	8,645,265
<b>Total Overall Net Debt</b> .....	<u><u>\$ 35,558,184</u></u>

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios  
As of January 15, 2015  
(Pro-Forma)**

Population <sup>1</sup> .....	7,550
Net Taxable Grand List at 70% of Full Value (10/1/13) .....	\$ 1,326,945,782
Estimated Full Value .....	\$ 1,895,636,831
Equalized Net Taxable Grand List (10/1/12) <sup>2</sup> .....	\$ 1,853,145,732
Money Income per Capita (2013) <sup>1</sup> .....	\$ 64,002

	<b>Total Direct Debt: \$26,918,000</b>	<b>Total Overall Net Debt: \$35,558,184</b>
Debt per Capita.....	\$3,565.30	\$4,709.69
Ratio to Net Taxable Grand List.....	2.03%	2.68%
Ratio to Estimated Full Value.....	1.42%	1.88%
Ratio to Equalized Grand List.....	1.45%	1.92%
Debt per Capita to Money Income per Capita.....	5.57%	7.36%

<sup>1</sup> American Community Survey 2009-2013

<sup>2</sup> Office of Policy and Management, State of Connecticut.

**Authorization**

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes is authorized by the Town Meeting or referendum upon the recommendation of the Board of Finance, except for the issuance of refunding bonds, which require authorization by only the Board of Selectmen (CGS Sec. 7-370c). Notwithstanding the foregoing, refunding bonds may be issued upon resolution of the Board of Selectmen (CGS Sec. 7-370c). Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

**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 by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and school construction projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes issued for a sewer project may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants for such project, for 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 following the original date of issue (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 bonds 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 annual receipts from taxation. Annual receipts from taxation (the "base") are defined as total tax collections including interest, penalties, late payment of taxes and state payments for revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, for the supply of gas, for the supply of electricity and for electric demand response, for conservation and load management, for distributed generation, for renewable energy projects, for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment allocation from the State Bond Commission or contract but only to the extent such indebtedness can be paid from such proceeds (v) issued for certain water pollution control projects and (vi) upon placement in escrow of the proceeds of refunding bonds, notes, or other obligations.

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

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**Statement of Statutory Debt Limitation <sup>1</sup>**  
**As of January 15, 2015**  
**(Pro Forma)**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2014 .....	\$ 38,951,313
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly .....	311,278
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 39,262,591</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base .....	\$ 88,340,830	-	-	-	-
4 1/2 times base .....	-	\$ 176,681,660	-	-	-
3 3/4 times base .....	-	-	\$ 147,234,716	-	-
3 1/4 times base .....	-	-	-	\$ 127,603,421	-
3 times base .....	-	-	-	-	\$ 117,787,773
<b>Total Debt Limitation</b> .....	<u>\$ 88,340,830</u>	<u>\$ 176,681,660</u>	<u>\$ 147,234,716</u>	<u>\$ 127,603,421</u>	<u>\$ 117,787,773</u>

<b>Indebtedness: <sup>1</sup></b>					
Bonds Outstanding .....	3,621,000	16,521,000	-	-	-
Bonds (This Issue) .....	-	1,620,000	-	-	-
Notes (This Issue) .....	4,918,000	-	-	-	-
Net Overlapping Debt (Share of RSD #9 Bonds) ..?	-	8,645,265	-	-	-
Debt Authorized But Unissued .....	183,000	4,971	-	-	-
<b>Total Indebtedness</b> .....	<u>8,722,000</u>	<u>26,791,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less:					
State School Grants Receivable <sup>3</sup> .....	-	(5,081)	-	-	-
<b>Total Net Indebtedness</b> .....	<u>8,722,000</u>	<u>26,786,155</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....	<u>\$ 79,618,830</u>	<u>\$ 149,895,505</u>	<u>\$ 147,234,716</u>	<u>\$ 127,603,421</u>	<u>\$ 117,787,773</u>
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<sup>1</sup> Excludes \$238,000 in Water Bonds outstanding as allowed under the Connecticut General Statutes.

<sup>2</sup> Represents Easton's share of the District's outstanding debt (45.9%).

<sup>3</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$274,838,137.

**Authorized but Unissued Debt**  
**As of January 15, 2015**  
**(Pro Forma)**

Project	Date Authorized	Aggregate Amount Authorized	Bonds Issued	Maturing Notes Due: 1/15/15	This Issue:		Grants/Paydowns Applied	Authorized but Unissued
					The Notes Due: 12/15/15	The Bonds		
Elementary school .....	10/16/2002 & 2/25/2004	\$ 31,149,188 <sup>1</sup>	\$ 23,025,000	\$ 2,077,815	\$ -	\$ 1,620,000	\$ 6,499,217	\$ 4,971
Land Acquisition .....	6/17/2008	6,150,000	-	4,918,185	4,918,000	-	1,232,000	-
Wells Hill Bridge .....	5/18/2009	614,000	550,000	-	-	-	-	64,000
Animal Shelter .....	11/19/2009	188,000	139,000	-	-	-	-	49,000
Fire suppression system ...	4/28/2008	250,000	240,000	-	-	-	-	10,000
Fire suppression system ...	4/28/2008	185,000	125,000	-	-	-	-	60,000
<b>Total</b> .....		<u>\$ 38,536,188</u>	<u>\$ 24,079,000</u>	<u>\$ 6,996,000</u>	<u>\$ 4,918,000</u>	<u>\$ 1,620,000</u>	<u>\$ 7,731,217</u>	<u>\$ 187,971</u>

<sup>1</sup> This amount reflects the sum of two separate appropriation and borrowing authorizations, including an appropriation and borrowing authorization of \$29,149,188.

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

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value <sup>1</sup> (000s)	Net Long-Term Debt <sup>2</sup> (000s)	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population <sup>3</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)
				Value (%)	Value (%)		Capita	Income <sup>4</sup> (%)
2014	\$ 1,323,625	\$ 1,890,893	\$ 22,450	1.70%	1.19%	7,550	\$ 2,974	4.65%
2013	1,317,809	1,882,585	24,780	1.88%	1.32%	7,550	3,282	5.13%
2012	1,671,603	2,388,005	26,750	1.60%	1.12%	7,490	3,571	5.58%
2011	1,667,704	2,382,434	28,975	1.74%	1.22%	7,490	3,868	6.04%
2010	1,663,486	2,376,409	28,674	1.72%	1.21%	7,490	3,828	5.98%
2009	1,664,624	2,378,034	31,140	1.87%	1.31%	7,383	4,218	6.59%

<sup>1</sup> Assessment Ratio: 70%.

<sup>2</sup> Includes outstanding bonded debt of the Town less State school construction grants receivable. Regional School District No. 9 debt is not included here.

<sup>3</sup> State of Connecticut, Department of Public Health Estimates, 2009. U.S. Department of Commerce, Bureau of Census, American Community Survey 2009-2013.

<sup>4</sup> Money Income per Capita: American Community Survey 2009-2013 data: \$64,002 used for all calculations.

## Ratios of Annual Long-Term General Fund Debt Service Expenditures To Total General Fund Expenditures

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures <sup>1</sup>	Ratio of General Fund Debt Service To Total General Fund Expenditures
2014	\$ 3,354,344	\$ 41,006,711	8.18%
2013	3,129,575	42,171,218	7.42%
2012	3,446,341	41,795,193	8.25%
2011	3,697,398	41,027,527	9.01%
2010	4,006,443	40,310,478	9.94%
2009	4,183,436	39,861,831	10.49%
2008	4,389,475	37,115,849	11.83%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements.

## Intergovernmental Revenues as a Percent of Total Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2014	\$1,883,968	\$42,103,220	4.47%
2013	2,596,232	41,833,448	6.21%
2012	2,366,020	41,954,673	5.64%
2011	2,233,793	40,406,455	5.53%
2010	2,035,401	39,495,421	5.15%
2009	2,126,327	39,108,064	5.44%

Source: Annual Audited Financial Statements.

## VI. Financial Administration

### Fiscal Year

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

### Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination of its financial records 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. The Town of Easton is in full compliance with said requirements.

### Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the primary operating fund of the Town and operates under a legal budget. The Town's internal service fund is its Medical Self-Insurance Fund. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when susceptible to accrual or earned and expenditures recorded when incurred. Proprietary Fund type revenues and expenses are recognized on the accrual basis of accounting whereby revenues and expenses are recognized when incurred. The accounting policies and financial statements of the Town conform with generally accepted accounting principles as applied to governmental units. (See Appendix A – "Auditor's Section, Notes to Basic Financial Statements" herein.)

### Pension Plan

The Town has a contributory pension plan, a defined benefit pension plan (the "Town Plan") covering substantially all full-time Town employees and non-certified Board of Education employees. Uniformed police department employees and fire department employees of the Town participate in the Municipal Employees' Retirement System ("MERS"), a multi-employer pension plan that is administered by the Municipal State Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

The Town's pension plan funding status is below:

#### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2009	\$ 9,129,252	\$12,922,832	(\$3,793,580)	70.6%
7/1/2010	10,177,663	13,910,263	(3,732,600)	73.2%
7/1/2011	12,450,507	14,493,708	(2,043,201)	85.9%
7/1/2012	12,333,042	15,094,031	(2,760,989)	81.7%
7/1/2013	14,255,507	15,530,108	(1,274,601)	91.8%
7/1/2014	16,724,248	16,664,262	59,986	100.4%

*Note: The Town's Actuarial Report is updated every year.*

Schedule of Employer Contributions

<b>Fiscal Year Ended</b>	<b>Actual Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>% of ARC Contributed</b>
6/30/2011	\$691,269	\$686,523	100.7%
6/30/2012	640,421	441,339	145.1%
6/30/2013	590,000	739,333	79.8%
6/30/2014	620,000	622,506	99.6%
6/30/2015 <sup>1</sup>	580,000	403,505	143.7%

<sup>1</sup> Budgeted amounts.

The information in this section on pension relies on information produced by the pension plan and independent accountants and actuaries. The actuarial assessments are forward-looking information that reflect the judgment of the fiduciaries of the pension plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. See Appendix A – “Auditor’s Section, Notes to Financial Statements, Note 10” herein.

**Other Post-employment Benefits**

The Town is in compliance with the requirements of Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefits (“OPEB”) plans and include information concerning the valuation of such plans in their financial statements. The Town was required to comply with the reporting requirements of GASB 45 beginning with the 2008-09 fiscal year. Currently the Town funds its OPEB costs on a pay-as-you-go basis.

In August 2009 the Town initially engaged Hooker & Holcombe as the actuarial firm to conduct a review of the Town's OPEB liability, which is updated every two years. The Town’s total net OPEB obligation for June 30, 2013 is \$1,335,316. The Town has chosen to fund benefits on a "pay as you go" basis and paid \$99,883 in 2009, \$69,980 in 2010, \$18,897 in 2011, \$108,228 in 2013 and \$60,148 in 2014 in medical claims directly to retired recipients. In 2012, because of lower than expected claims and the fact that benefit payments made by the Town on account of claims fell below the amount received from retirees to cover such claims, \$9,012 was accounted for as a negative GASB 45 contribution.

The Town’s OPEB funding status is below:

Schedule Of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2008	\$0	\$2,777,663	(\$2,777,663)	0.00%
7/1/2010	0	2,623,470	(2,623,470)	0.00%
7/1/2012	0	2,222,858	(2,222,858)	0.00%

Note: The July 1, 2014 valuation is not yet completed.



Schedule of Employer Contributions

<i>Fiscal Year Ended</i>	<i>Annual Required Contribution (ARC)</i>	<i>% of ARC Contributed</i>
6/30/2011	\$322,373	6.0%
6/30/2012	329,788	(3.0%)
6/30/2013	337,537	32.0%
6/30/2014	237,345	25.0%

See Appendix A - "Auditors' Section, Notes to Financial Statements, Note 12" herein for more detailed information regarding these figures.

**Budget Adoption Procedure**

The Town of Easton follows the following budgetary sequence and time schedule:

All departments submit estimates to First Selectman .....	February
First Selectman presents budget to the Board of Finance .....	March
Board of Finance holds public hearings .....	March
Town Meeting to review budget .....	Last Monday of April
Budget referendum by machine vote .....	Early May

**Investment Practices**

The Town’s investment policy applies to all investment activities of the Town except for the employee retirement system funds, which are organized and administered separately. All Town funds under the control of the Town Treasurer, including the General Fund, Special Revenue Funds, Capital Projects Fund, Trust and Agency Funds, and other funds that may be created from time to time, are administered in accordance with the provisions of the Town’s investment policy.

Management responsibility for the investment program is vested in the Town Treasurer who is responsible for all transactions undertaken and has established a system of controls to regulate the activities of subordinate officials. The standard of prudence used by investment officials is that of the “prudent person” and is applied in the context of managing an overall portfolio.

The Town’s operating funds are invested at the direction of the Town Treasurer in the following short-term investments: a) U.S. Treasury bills; b) Federally insured notes maturing within ten years; c) certificates of deposit of bank and savings and loan associations maturing within one year; d) repurchase agreements collateralized by U.S. Treasury securities; e) the State of Connecticut Short Term Investment Fund; and f) Municipal Investors Service Corporation. Invested funds are diversified to eliminate the risk of loss resulting from the over-concentration of funds in a specific maturity, or specific issuer.

In addition, the Town monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by Connecticut General Statutes Section 36a-330, for which it places deposits or makes investments. Eligible investments for Connecticut municipalities are governed by Connecticut General Statutes, Sections 7-400 and 7-402.

### Comparative Balance Sheets – General Fund

	6/30/2013	6/30/2012	6/30/2011	6/30/2010
<b>Assets</b>				
Cash and cash equivalents.....	\$ 1,255,389	\$ 782,663	\$ 46,312	\$ 589,724
Investments .....	4,106,948	5,442,923	7,010,417	7,344,643
Receivables:				
Property taxes .....	1,362,896	983,584	704,623	600,637
Accounts .....	86,105	143,288	64,832	116,673
Intergovernmental .....	406,979	181,201	186,955	195,135
Due from other funds .....	519,721	104,900	-	1,043
<b>Total assets .....</b>	<b>7,738,038</b>	<b>7,638,559</b>	<b>8,013,139</b>	<b>8,847,855</b>
<b>Liabilities and Fund Balances</b>				
Accounts payable .....	858,727	450,879	903,682	867,967
Accrued liabilities .....	911,651	878,097	616,975	1,047,682
Due to Regional School District				
No. 9 .....	528,798	693,511	617,810	711,373
Due to other funds .....	114,538	316,541	1,291,511	1,291,707
Deferred revenue .....	1,373,824	1,122,312	773,181	720,242
<b>Total liabilities .....</b>	<b>3,787,538</b>	<b>3,461,340</b>	<b>4,203,159</b>	<b>4,638,971</b>
<b>Fund Balances</b>				
Assigned for next year's budget .....	145,000	145,000	303,000	352,000
Assigned for potential claims .....	140,000	140,000	140,000	140,000
Assigned for debt service .....	97,200	97,200	97,200	97,200
Unassigned.....	3,568,300	3,795,019	3,269,780	3,619,684
<b>Total fund balance .....</b>	<b>3,950,500</b>	<b>4,177,219</b>	<b>3,809,980</b>	<b>4,208,884</b>
<b>Total liabilities and fund balance ....</b>	<b>7,738,038</b>	<b>7,638,559</b>	<b>8,013,139</b>	<b>8,847,855</b>
<b>Analysis of General Fund Balance</b>				
Operating revenues .....	41,833,448	41,954,673	40,406,455	39,495,421
Fund balance as a percent of				
operating revenues .....	9.44%	9.96%	9.43%	10.66%
Undesignated fund balance as				
a percent of operating revenues .....	8.53%	9.05%	8.09%	9.16%

**General Fund Revenues and Expenditures**  
**Three Year Summary of Audited Revenues and Expenditures (GAAP Basis), and**  
**Current and Next Year's Budgets (Budgetary Basis)**  
*(in thousands)*

	<i>Adopted Budget<sup>1</sup> 6/30/2015</i>	<i>Unaudited Actual 6/30/2014</i>	<i>Actual 6/30/2013</i>	<i>Actual 6/30/2012</i>	<i>Actual 6/30/2011</i>
<b>Revenues:</b>					
Property taxes .....	\$ 39,218,119	\$ 38,992,305	\$ 37,901,617	\$ 37,864,061	\$ 37,094,655
Intergovernmental revenues .....	1,220,421	1,883,968	2,596,232	2,366,020	2,233,793
Charges for services .....	1,250,338	1,088,897	1,294,274	1,480,688	890,958
Investment income .....	125,000	126,299	41,325	243,904	187,049
Use of Fund Balance .....	180,000	11,750	-	-	-
<b>Total.....</b>	<b>41,993,878</b>	<b>42,103,220</b>	<b>41,833,448</b>	<b>41,954,673</b>	<b>40,406,455</b>
<b>Expenditures:</b>					
General Government .....	2,411,665	2,204,478	2,018,368	1,950,414	1,941,158
Public Safety .....	2,483,196	2,511,719	2,470,374	2,532,072	2,379,619
Public Works .....	2,242,912	1,939,452	1,808,846	1,839,025	2,072,579
Health and Welfare .....	381,155	366,139	344,298	329,184	323,644
Education .....	25,821,507	25,516,586	27,263,689	26,784,954	25,665,283
Library .....	604,149	552,078	495,895	523,656	530,764
Parks and Recreation .....	390,760	358,229	330,648	378,364	396,250
Employee Benefits.....	3,264,001	3,167,030	3,096,054	3,234,146	3,192,945
Insurance.....	872,759	726,442	661,276	638,232	606,698
Other .....	78,348	81,108	-	-	-
Debt Service .....	3,443,426	3,354,344	3,129,575	3,446,341	3,697,398
Capital Outlay .....	-	74,000	-	-	-
<b>Total.....</b>	<b>41,993,878</b>	<b>40,851,603</b>	<b>41,619,023</b>	<b>41,656,388</b>	<b>40,806,338</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures.....</b>	<b>-</b>	<b>1,251,616</b>	<b>214,425</b>	<b>298,285</b>	<b>(399,883)</b>
<b>Other financing sources (uses):</b>					
Sale of capital assets .....	-	-	-	-	-
Proceeds from refunding bond sale.....	-	-	-	6,810,000	8,485,000
Premium on refunded bonds .....	-	-	-	298,387	553,795
Payment to refunded bond escrow .....	-	-	-	(6,995,628)	(8,919,993)
Operating transfers in .....	-	111,236	111,051	95,000	103,366
Operating transfers out .....	-	(155,108)	(552,195)	(138,805)	(221,189)
<b>Total Other financing sources (uses).....</b>	<b>-</b>	<b>(43,872)</b>	<b>(441,144)</b>	<b>68,954</b>	<b>979</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....</b>					
	<b>-</b>	<b>1,207,744</b>	<b>(226,719)</b>	<b>367,239</b>	<b>(398,904)</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>5,158,244</b>	<b>3,950,500</b>	<b>4,177,219</b>	<b>3,809,980</b>	<b>4,208,884</b>
<b>Fund Balance, End of Year.....</b>	<b>N/A</b>	<b>\$ 5,158,244</b>	<b>\$ 3,950,500</b>	<b>\$ 4,177,219</b>	<b>\$ 3,809,980</b>

<sup>1</sup> Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

## **VII. Legal and Other Information**

### ***Litigation***

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

### ***Transcript and Closing Documents***

The original purchaser(s) of the Bonds and the Notes will be furnished, subject to delivery of reoffering yield information as requested in the Notices of Sale, the following documentation 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. Certificates on behalf of the Town, signed by the First Selectman and the 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 on the date thereof and that at the time bids on the Bonds and the Notes were accepted, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in 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 Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut as to the Bonds and Notes.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes substantially in the form of Appendices D and E attached hereto.
6. Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 100 copies and the original purchaser of the Notes 10 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchasers at their own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, yields or reoffering prices and the name of the underwriter of the Bonds and Notes.

A transcript of the proceedings taken by the Town in authorizing the Notes will be kept on file at the offices of U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

**Concluding Statement**

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

**TOWN OF EASTON, CONNECTICUT**

*/s/ Adam Dunsby*

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Adam Dunsby, *First Selectman*

*/s/ Wendy Bowditch*

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Wendy Bowditch, *Treasurer*

Dated as of January 6, 2015

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## ***Appendix A***

### ***2013 General Purpose Financial Statements***

The following includes excerpts from the basic financial statements of the Town of Easton, Connecticut for the fiscal year ended June 30, 2013. The supplemental data which 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, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

## Independent Auditors' Report

Board of Finance  
Town of Easton  
Easton, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Easton, Connecticut's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2013 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 on pages 4 through 10 and the budgetary comparison information on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of the Town of Easton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Easton, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 2, 2013

**TOWN OF EASTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

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

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$64,025,698 (net position). Of this amount, \$5,842,197 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,305,935. Substantially all of the increase is attributable to capital expenditures in excess of depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined deficit ending fund balance of \$(777,711). The deficit is attributable to capital projects that have not yet been permanently financed.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,568,300 or 8.5% of total general fund expenditures and transfers out.

**Overview of the Basic Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits to its employees.

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town’s financial position. In the case of the Town, assets exceeded liabilities by \$64,025,698 at the close of the most recent fiscal year.

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

**TOWN OF EASTON NET POSITION  
JUNE 30, 2013 AND 2012**

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 12,138,731	\$ 12,545,813
Capital assets, net of accumulated depreciation	92,021,085	92,251,775
Total assets	<u>104,159,816</u>	<u>104,797,588</u>
Long-term debt outstanding	29,467,669	31,239,090
Other liabilities	10,666,449	10,838,735
Total liabilities	<u>40,134,118</u>	<u>42,077,825</u>
Net Position:		
Net investments in capital assets	58,183,501	55,882,832
Unrestricted	<u>5,842,197</u>	<u>6,836,931</u>
Total Net Position	<u>\$ 64,025,698</u>	<u>\$ 62,719,763</u>

None of the Town’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,842,197 may be used to meet the Town’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the Town as a whole.

**TOWN OF EASTON CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,237,107	\$ 2,214,792
Operating grants and contributions	2,425,349	2,459,793
Capital grants and contributions	239,856	580,006
General revenues:		
Property taxes	38,422,645	38,129,333
Grants and contributions not restricted to specific purposes	492,739	251,744
Investment income	60,036	281,849
Donated capital assets	215,699	
Miscellaneous	9,168	261,739
Total revenues	44,102,599	44,179,256
 Program expenses:		
General government	4,156,603	3,261,556
Public safety	4,053,010	3,772,713
Public works	2,985,810	3,175,031
Health and welfare	532,647	516,153
Education	28,303,821	27,954,061
Library	794,909	954,638
Parks and recreation	826,668	826,622
Interest expense	1,143,196	904,601
Total expenses	42,796,664	41,365,375
 Increase in Net Position	1,305,935	2,813,881
 Net Position - Beginning of Year	62,719,763	59,905,882
 Net Position - End of Year	\$ 64,025,698	\$ 62,719,763

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

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

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

As of the end of the current fiscal year, governmental funds reported a combined deficit ending fund balance of \$(777,711), which is mainly attributed to the issuance of bond anticipation notes.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$3,568,300. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 8.5% of total general fund expenditures and other financing uses, while total fund balance represents 9.5% of that same amount.

### **General Fund Budgetary Highlights**

The most significant difference between the original budget and the final amended budget included additional appropriations of \$540,227 and budget transfers of \$478,200 from various departments to the transfers out account to purchase equipment. The Board of Finance made special appropriations to the Board of Education, Police Department to include Pension and FICA, Town Attorney, Assessor, and in addition transferred funds from the Police Special Duty Service revenue budget to cover the expenditure.

The following departments had positive budget variances as follows

- The Public Works Department in the amount of \$269,173 due to a very mild winter that saved funds in overtime and highway road salt.
- Fringe Benefits in the amount of \$243,614 due to increased percentage deductions and the election to accept "in lieu of" medical coverage.
- The old SSS building (660 Morehouse Road) in the amount of \$48,463 due to the very mild winter and increased reimbursements for utilities.
- Library in the amount of \$71,037 due to the savings from a very mild winter and one vacant position for part of the fiscal year.

### **Bonded Capital Projects Fund**

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

### **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets as of June 30, 2013 is \$92,021,085 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

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

- The Animal Shelter received a Certificate of Occupancy on March 1, 2013
- The Fire Department purchased a fire truck
- The Publics Works Department purchased a dump truck
- The garage behind the EMS Building has been removed and the in ground tank remediated
- Radios were approved for purchase and upgraded through LOCIP for the Fire, Emergency Medical Service, and Public Works
- The remaining additions consisted of various equipment and vehicles for Town Departments



**TOWN OF EASTON CAPITAL ASSETS**  
**(Net of Depreciation)**

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2013</u>	<u>2012</u>
Land	\$ 19,244,355	\$ 19,028,656
Construction in progress		427,896
Land improvements	440,888	434,904
Buildings	52,427,324	52,785,406
Building improvements	1,237,115	1,269,239
Machinery and equipment	459,256	384,094
Vehicles	3,031,063	2,423,628
Infrastructure	<u>15,181,084</u>	<u>15,497,952</u>
 Total	 <u>\$ 92,021,085</u>	 <u>\$ 92,251,775</u>

Additional information on the Town’s capital assets can be found in Note 5 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$32,538,000. All of this debt comprises debt backed by the full faith and credit of the Town.

**TOWN OF EASTON OUTSTANDING DEBT**  
**General Obligation Bonds and Notes**

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2013</u>	<u>2012</u>
General obligation bonds - Town improvements	\$ 4,747,000	\$ 5,433,000
General obligation bonds - School improvements	19,761,000	21,028,000
General obligation bonds - Sewer improvements	282,000	304,000
Bond anticipation notes	<u>7,748,000</u>	<u>8,124,000</u>
 Total	 <u>\$ 32,538,000</u>	 <u>\$ 34,889,000</u>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$7,998,710.

On July 6, 2012, the Town issued \$7,748,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 3, 2013 and are for elementary school construction and land acquisition.

During the fiscal year, the Town made bond principal payments of \$2,351,000 for school and general purpose debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$265,535,221 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 8 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The following are some factors that were considered in preparing the Town's budget for the 2014 fiscal year:

- The unemployment rate for the Town is currently 5.7%. This compares favorably to the state's average unemployment rate of 8.2% and the national average rate of 7.6%.
- Inflationary trends in the region compare favorably to national indices.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2014 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting, and while at the same time, providing excellent services to our residents and taxpayers.
- At June 30, 2013, unassigned fund balance in the general fund was \$3,568,300.

### **Requests for Information**

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

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2013

	<b>Governmental Activities</b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,875,384
Investments	4,876,910
Receivables, net	1,929,673
Other assets	1,253,449
Net pension asset	203,315
Total current assets	<u>12,138,731</u>
Noncurrent assets:	
Capital assets:	
Assets not being depreciated	19,244,355
Assets being depreciated, net	72,776,730
Total noncurrent assets	<u>92,021,085</u>
Total assets	<u>104,159,816</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	2,215,079
Due to Regional School District No. 9	528,798
Unearned revenue	174,572
Bond anticipation notes	7,748,000
Total current liabilities	<u>10,666,449</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,810,647
Long-term liabilities due in more than one year	26,657,022
Total noncurrent liabilities	<u>29,467,669</u>
Total liabilities	<u>40,134,118</u>
Net Position:	
Net investments in capital assets	58,183,501
Unrestricted	<u>5,842,197</u>
Total Net Position	<u>\$ 64,025,698</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net Expenses and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Total Governmental Activities</b>
Governmental activities:					
General government	\$ 4,156,603	\$ 756,707	\$ 11,567	\$ 239,856	\$ (3,148,473)
Public safety	4,053,010	543,165	42,549		(3,467,296)
Public works	2,985,810	451,615			(2,534,195)
Health and welfare	532,647	117,440	25,843		(389,364)
Education	28,303,821	18,693	2,326,596		(25,958,532)
Library	794,909	11,912			(782,997)
Parks and recreation	826,668	337,575	18,794		(470,299)
Interest and fiscal charges	1,143,196				(1,143,196)
Total Governmental Activities	\$ 42,796,664	\$ 2,237,107	\$ 2,425,349	\$ 239,856	(37,894,352)
General revenues:					
Property taxes					38,422,645
Grants and contributions not restricted to specific programs					492,739
Investment income					60,036
Donated capital assets					215,699
Miscellaneous					9,168
Total general revenues					39,200,287
Change in Net Position					1,305,935
Net Position - Beginning of Year					62,719,763
Net Position - End of Year					\$ 64,025,698

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,255,389	\$	\$ 360,147	\$ 1,901,478	\$ 3,517,014
Investments	4,106,948			769,962	4,876,910
Receivables:					
Property taxes	1,362,896				1,362,896
Accounts	86,105			58,675	144,780
Intergovernmental	406,979		584,061		991,040
Due from other funds	519,721				519,721
Total Assets	<u>\$ 7,738,038</u>	<u>\$ -</u>	<u>\$ 944,208</u>	<u>\$ 2,730,115</u>	<u>\$ 11,412,361</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 858,727	\$ 28,354	\$ 17,799	\$ 85,661	\$ 990,541
Accrued liabilities	911,651				911,651
Due to Regional School District No. 9	528,798				528,798
Due to other funds	114,538	491,923		27,798	634,259
Deferred revenue	1,373,824			2,999	1,376,823
Bond anticipation notes		7,748,000			7,748,000
Total liabilities	<u>3,787,538</u>	<u>8,268,277</u>	<u>17,799</u>	<u>116,458</u>	<u>12,190,072</u>
Net Position:					
Restricted				191,918	191,918
Committed			926,409	2,466,025	3,392,434
Assigned	382,200				382,200
Unassigned	3,568,300	(8,268,277)		(44,286)	(4,744,263)
Total fund balances	<u>3,950,500</u>	<u>(8,268,277)</u>	<u>926,409</u>	<u>2,613,657</u>	<u>(777,711)</u>
Total Liabilities and Fund Balances	<u>\$ 7,738,038</u>	<u>\$ -</u>	<u>\$ 944,208</u>	<u>\$ 2,730,115</u>	<u>\$ 11,412,361</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Fund balances - total governmental funds		\$	(777,711)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Governmental capital assets	\$	123,989,108	
Less accumulated depreciation		<u>(31,968,023)</u>	
Net capital assets			92,021,085
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:			
Net pension asset			203,315
Property tax receivables greater than 60 days			1,192,372
Interest receivable on property taxes			421,997
Bond issue costs			262,409
Receivable from the state for school construction projects			9,879
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.			
			316,560
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
Bonds and notes payable			(24,790,000)
Compensated absences			(1,213,412)
Capital lease payable			(824,254)
Net OPEB obligation			(1,335,316)
Interest payable on bonds and notes			(156,539)
Unamortized bond premium			(475,330)
Heart and hypertension			<u>(829,357)</u>
Net Position of Governmental Activities (Exhibit I)		\$	<u>64,025,698</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 37,901,617	\$	\$	\$	\$ 37,901,617
Intergovernmental	2,596,232		239,856	301,481	3,137,569
Charges for services	1,294,274	75,000		868,785	2,238,059
Investment income	41,325	135	18	18,559	60,037
Contributions				28,590	28,590
Total revenues	<u>41,833,448</u>	<u>75,135</u>	<u>239,874</u>	<u>1,217,415</u>	<u>43,365,872</u>
Expenditures:					
Current:					
General government	2,018,368		42,830	146,386	2,207,584
Public safety	2,470,374			158,571	2,628,945
Public works	1,808,846			291,057	2,099,903
Health and welfare	344,298			38,056	382,354
Education	27,263,689			228,187	27,491,876
Library	495,895			23,361	519,256
Parks and recreation	330,648			345,115	675,763
Employee benefits	3,096,054				3,096,054
Insurance	661,276				661,276
Debt service	3,129,575	85,828			3,215,403
Capital outlay		331	895,396	850	896,577
Total expenditures	<u>41,619,023</u>	<u>86,159</u>	<u>938,226</u>	<u>1,231,583</u>	<u>43,874,991</u>
Excess (Deficiency) of Revenues over Expenditures	<u>214,425</u>	<u>(11,024)</u>	<u>(698,352)</u>	<u>(14,168)</u>	<u>(509,119)</u>
Other Financing Sources (Uses):					
Transfers in	111,051		478,200	88,391	677,642
Transfers out	(552,195)		(14,396)	(111,051)	(677,642)
Net other financing sources (uses)	<u>(441,144)</u>	<u>-</u>	<u>463,804</u>	<u>(22,660)</u>	<u>-</u>
Net Change in Fund Balances	(226,719)	(11,024)	(234,548)	(36,828)	(509,119)
Fund Balances - Beginning of Year	<u>4,177,219</u>	<u>(8,257,253)</u>	<u>1,160,957</u>	<u>2,650,485</u>	<u>(268,592)</u>
Fund Balances - End of Year	<u>\$ 3,950,500</u>	<u>\$ (8,268,277)</u>	<u>\$ 926,409</u>	<u>\$ 2,613,657</u>	<u>\$ (777,711)</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of changes in fund balances - governmental funds to changes in net position of governmental activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (509,119)

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	1,151,364
Donated capital assets	215,699
Depreciation expense	(1,594,753)

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. (3,000)

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:

School building grant receipts	(5,081)
Increase in property tax receivable - accrual basis change	392,383
Increase in property tax interest and lien revenue	128,645
Net pension asset	(47,699)

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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Deferred charges on refunding	(5,395)
Bond principal repayments	1,975,000

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

Net OPEB expense	(213,884)
Heart and hypertension claims	43,863
Compensated absences	(213,917)
Accrued interest payable	(28,922)
Amortization of bond premium	45,966
Amortization of bond issue costs	85,558
Capital lease payments	139,788

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities	<u>(250,561)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u><u>1,305,935</u></u>
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The accompanying notes are an integral part of the financial statements



## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET POSITION

## PROPRIETARY FUND

JUNE 30, 2013

	<b>Governmental Activities</b>
	<b><u>Internal Service Fund</u></b>
Assets:	
Current asset:	
Cash and cash equivalents	\$ 358,370
Due from other funds	114,538
Total assets	<u>472,908</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>156,348</u>
Net Position:	
Unrestricted	\$ <u><u>316,560</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<u>                    </u>
Operating Revenue:	
Premiums	\$ <u>2,103,061</u>
Operating Expenses:	
Claims	2,160,979
Administration	<u>193,332</u>
Total operating expenses	<u>2,354,311</u>
Operating Loss	(251,250)
Nonoperating Revenue:	
Investment income	<u>689</u>
Change in Net Position	(250,561)
Total Net Position - Beginning of Year	<u>567,121</u>
Total Net Position - End of Year	\$ <u><u>316,560</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u><b>Governmental Activities Internal Service Fund</b></u>
Cash Flows from Operating Activities:	
Premiums received	\$ 2,305,064
Claim payments	(2,082,859)
Administrative payments	(206,018)
Net cash provided by operating activities	<u>16,187</u>
Cash Flows from Investing Activities:	
Income on investments	<u>689</u>
Net Increase in Cash	16,876
Cash and cash equivalents - Beginning of Year	<u>341,494</u>
Cash and cash equivalents - End of Year	<u><u>\$ 358,370</u></u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating loss	\$ (251,250)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase:	
Claims payable	65,434
Decrease:	
Due from other funds	<u>202,003</u>
Net Cash Provided by Operating Activities	<u><u>\$ 16,187</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 1,401,029	\$ 1,627,875
Investments, at fair value:		
Mutual funds	12,781,450	
Accounts receivable	17,312	
Prepaid benefits	<u>55,715</u>	
Total assets	14,255,506	<u>\$ 1,627,875</u>
Liability:		
Accounts and other payable		<u>\$ 1,627,875</u>
Net Position:		
Net position held in trust for pension benefits	<u>\$ 14,255,506</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u><b>Pension Trust Fund</b></u>
Additions:	
Contributions:	
Employer	\$ 590,000
Plan members	190,442
Total contributions	<u>780,442</u>
Investment income:	
Net appreciation in fair value of investments	1,156,625
Interest and dividends	642,141
Net investment gain	<u>1,798,766</u>
Total net additions	2,579,208
Deductions:	
Benefits	651,594
Administrative expense	<u>5,150</u>
Changes in Net Position	1,922,464
Net Position - Beginning of Year	<u>12,333,042</u>
Net Position - End of Year	<u>\$ 14,255,506</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF EASTON, CONNECTICUT

## NOTES TO BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Easton (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### A. Reporting Entity

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

#### B. Government-Wide and Fund Financial Statements

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

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

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

The Bonded Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

The Capital Nonrecurring Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances, federal and state grants, and donations.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The Pension Trust Fund accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **D. Assets, Liabilities and Net Position or Equity**

##### **Deposits and Investments**

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

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

##### **Receivables and Payables**

##### **Interfunds**

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

##### **Property Taxes and Other Receivables**

For the government-wide financial statements, all trade; property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2013, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2013, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

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



## Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

## Compensated Absences

Employees are paid by prescribed formulas for absence due to vacation or sickness. The eligibility for vacation pay vests when earned for all Town employees except the Police Department, Highway Department, Fire Department and certified employees of the Easton Board of Education employees. All compensated absences are paid by the General Fund.

## Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

## **Fund Equity and Net Position**

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

Net Investments 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 purpose is 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 that is not restricted.

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

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

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

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

## **Estimates**

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

## **Comparative Data/Reclassifications**

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgets and Budgetary Accounting

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

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$1,018,427 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

### B. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2013:

Major Fund:	
Bonded Capital Projects	\$ (8,268,277)
Nonmajor Funds:	
Senior Center	(9,771)
Solid Waste Program	(18,593)
Senior Center Leasing Buyout	(4,817)
Senior Center Van	(11,105)

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

### C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2013:

<u>Fund</u>	<u>Authorization</u>	<u>Current Expenditure</u>	<u>Cumulative Expenditure</u>	<u>Balance June 30, 2013</u>
<b>Capital Nonrecurring:</b>				
Wells Hill bridge	\$ 729,324	\$	\$ 617,160	\$ 112,164
Town improvement trust fund	49,517		41,966	7,551
Fire truck	1,187,420	612,000	1,116,063	71,357
EMS ambulance	281,400		276,106	5,294
Heat and smoke systems	6,500			6,500
Toth park pavilion	27,860		27,860	-
Senior center van	100,160		100,141	19
Band stand site	5,000		5,000	-
Fire code work	14,925		14,730	195
Subdivision funds	105,443			105,443
Planning and zoning town plans	52,250		47,599	4,651
Town garage	122,285		110,981	11,304
Highway salt shed	415,500		7,410	408,090
Unimproved Town Aid Roads	65,138		65,138	-
EMS defibrillator	65,355		64,260	1,095
EMS - Generator	10,375		7,522	2,853
Revaluation	408,926	1,075	405,294	3,632
Telephone System Town Hall	6,500		6,495	5
Central Office Relocation SP Approp	19,500		19,244	256
Fire department breathing apparatus	77,500		77,353	147
Park and recreation veterans park	46,050		44,810	1,240
Park and recreation toth park - DEP	21,225		18,455	2,770
Morehouse Road Little League Fields	105,000		99,695	5,305
Fire hydrants	5,266	4,250	4,250	1,016
Garage	26,822	25,370	25,368	1,454
Senior center renovation	117,830		117,830	-
UST/Line upgrade	47,301		47,301	-
Highway trucks	298,700	194,942	282,878	15,822
Staples renovation fire suppression	455,000		382,051	72,949
EMS building renovations	56,805		54,818	1,987
Town financials	4,800		3,814	986
Animal shelter	588,000	143	524,845	63,155
Town hall vault	5,000		4,942	58
423 - 660 Morehouse Rd. Lead paint	148,500	3,600	63,789	84,711
Morehouse Rd Repair & Permanent	116,000			116,000
Fire Radios - Locip	32,419	22,223	22,223	10,196
EMS Radios - Locip	34,045	31,793	31,793	2,252
Public Works Radios - Locip	79,040			79,040
	<u>\$ 5,938,681</u>	<u>\$ 895,396</u>	<u>\$ 4,739,183</u>	<u>\$ 1,199,497</u>

<u>Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2013</u>
<b>Bonded Capital Projects:</b>				
Water main extension	\$ 363,164	\$	\$ 286,985	\$ 76,179
School building committee "2001"	31,239,088		31,195,429	43,659
Staples elementary	1,643,500		1,614,554	28,946
C.O. Bonding Authorization	370,858		370,442	416
South Park Avenue	6,450,000	331	6,226,913	223,087
Fire Supression	455,000		382,051	72,949
Dog Shelter	188,000			188,000
HKMS school building	11,168,617		11,164,486	4,131
	<u>\$ 51,878,227</u>	<u>\$ 331</u>	<u>\$ 51,240,860</u>	<u>\$ 637,367</u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

#### Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statues. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The Statutes require that each depository maintain segregated collateral (not

required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,639,318 of the Town's bank balance of \$5,190,980 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,288,699
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>350,619</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 4,639,318</u>

### Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$1,833,319. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF) Cutwater Asset Management	AAAm
- Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAAm

### Investments

As of June 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest bearing investments:					
U.S. Government					
Agency Bonds	N/A	\$ 227,241	\$	\$ 227,241	\$
Agency Bonds	AAA	3,879,707		105,855	3,773,852
Corporate bonds	A	<u>154,817</u>		<u>154,817</u>	
Total		4,261,765	\$	<u>-</u>	\$
				<u>\$ 487,913</u>	<u>\$ 3,773,852</u>
Other investments:					
Equities		79,548			
Mutual funds		<u>13,317,047</u>			
Total Investments		<u>\$ 17,658,360</u>			

N/A - Not applicable

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

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

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2013, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest*	\$	\$	\$	\$ -
Taxes	1,462,896			1,462,896
Accounts	86,105		75,987	162,092
Intergovernmental	<u>406,979</u>	<u>584,061</u>		<u>991,040</u>
Gross receivables	1,955,980	584,061	75,987	2,616,028
Less allowance for uncollectibles	<u>(100,000)</u>			<u>(100,000)</u>
Net Total Receivables	<u>\$ 1,855,980</u>	<u>\$ 584,061</u>	<u>\$ 75,987</u>	<u>\$ 2,516,028</u>

\*Accrued interest on property taxes in the amount of \$421,997 is not included in the fund financial statements.

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,192,372	\$
Grant drawdowns not yet earned		163,359
Prepaid tuition		4,000
Tax overpayments		7,213
School building grants	<u>9,879</u>	
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 1,202,251</u>	 <u>\$ 174,572</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,028,656	\$ 215,699	\$	\$	\$ 19,244,355
Construction in progress	427,896			(427,896)	-
Total capital assets not being depreciated	<u>19,456,552</u>	<u>215,699</u>	<u>-</u>	<u>(427,896)</u>	<u>19,244,355</u>
Capital assets being depreciated:					
Land improvements	611,769	25,546			637,315
Buildings	69,149,779	102,588		427,896	69,680,263
Building improvements	1,395,317	9,948			1,405,265
Machinery and equipment	1,400,703	112,844			1,513,547
Vehicles	5,254,086	871,574	(21,301)		6,104,359
Infrastructure	25,375,140	28,864			25,404,004
Total capital assets being depreciated	<u>103,186,794</u>	<u>1,151,364</u>	<u>(21,301)</u>	<u>427,896</u>	<u>104,744,753</u>
Less accumulated depreciation:					
Land improvements	(176,865)	(19,562)			(196,427)
Buildings	(16,364,373)	(888,566)			(17,252,939)
Building improvements	(126,078)	(42,072)			(168,150)
Machinery and equipment	(1,016,609)	(37,682)			(1,054,291)
Vehicles	(2,830,458)	(261,139)	18,301		(3,073,296)
Infrastructure	(9,877,188)	(345,732)			(10,222,920)
Total accumulated depreciation	<u>(30,391,571)</u>	<u>(1,594,753)</u>	<u>18,301</u>	<u>-</u>	<u>(31,968,023)</u>
Total capital assets being depreciated, net	<u>72,795,223</u>	<u>(443,389)</u>	<u>(3,000)</u>	<u>427,896</u>	<u>72,776,730</u>
Governmental Activities Capital Assets, Net	<u>\$ 92,251,775</u>	<u>\$ (227,690)</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 92,021,085</u>



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

Governmental activities:	
General government	\$ 698,149
Public safety	87,799
Public works	118,764
Education	672,652
Library	<u>17,389</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>1,594,753</u></u>

## 6. INTERFUND ACCOUNTS

At June 30, 2013, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Fund	General Fund	\$ 114,538
General Fund	Non-major governmental	27,798
General Fund	Bonded Capital Projects	<u>491,923</u>
		 \$ <u><u>634,259</u></u>

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

Interfund transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Non-recurring Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$ 478,200	\$ 73,995	\$ 552,195
Capital Non-recurring			14,396	14,396
Nonmajor governmental	<u>111,051</u>			<u>111,051</u>
Total Transfers Out	\$ <u><u>111,051</u></u>	\$ <u><u>478,200</u></u>	\$ <u><u>88,391</u></u>	\$ <u><u>677,642</u></u>

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

## 7. SHORT-TERM OBLIGATIONS - BOND ANTICIPATION NOTES

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

	<u>Balance</u> <u>7/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2013</u>
Bond Anticipation Notes:				
Elementary school construction	\$ 2,281,500	\$ 1,973,395	\$ (2,281,500)	\$ 1,973,395
Land acquisition	<u>5,842,500</u>	<u>5,774,605</u>	<u>(5,842,500)</u>	<u>5,774,605</u>
Total	<u>\$ 8,124,000</u>	<u>\$ 7,748,000</u>	<u>\$ (8,124,000)</u>	<u>\$ 7,748,000</u>

On July 6, 2012, the Town issued \$7,748,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 3, 2013 and are for elementary school construction and land acquisition.

## 8. LONG-TERM DEBT

### A. Changes in Long-Term Debt

#### Summary of Changes

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

	<u>Original</u> <u>Amount</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Bonds:									
General purpose:									
Refunding bond	\$ 3,318,000	02/15/03	06/01/15	1.6-4.0	\$ 693,000	\$ 236,000	\$ 457,000	\$ 236,000	\$ 236,000
Improvement bond	1,424,000	07/15/10	07/15/25	1.0-3.375	1,330,000	95,000	1,235,000	95,000	95,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	3,410,000	355,000	3,055,000	355,000	355,000
Total general purpose					<u>5,433,000</u>	<u>-</u>	<u>686,000</u>	<u>4,747,000</u>	<u>686,000</u>
Schools:									
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	102,000	34,000	68,000	34,000	34,000
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	5,255,000	550,000	4,705,000	545,000	545,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	861,000	63,000	798,000	63,000	63,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5	8,000,000	475,000	7,525,000	515,000	515,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	6,810,000	145,000	6,665,000	470,000	470,000
Total schools					<u>21,028,000</u>	<u>-</u>	<u>1,267,000</u>	<u>19,761,000</u>	<u>1,627,000</u>
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	304,000	22,000	282,000	22,000	22,000
Total bonds/notes					26,765,000	-	1,975,000	24,790,000	2,335,000
Deferred charge in refunding issue					(5,395)	5,395	-		
Bond premium					521,296	45,966	475,330		
Total bonds and related liabilities					<u>27,280,901</u>	<u>-</u>	<u>2,026,361</u>	<u>25,265,330</u>	<u>2,335,000</u>
Compensated absences					999,495	213,917	1,213,412	242,682	242,682
Capital lease					964,042	139,788	824,254	163,172	163,172
Heart and hypertension					873,220	43,863	829,357	69,793	69,793
Net OPEB obligation					<u>1,121,432</u>	<u>213,884</u>	<u>1,335,316</u>		
Total General Long-Term Obligations					<u>\$ 31,239,090</u>	<u>\$ 427,801</u>	<u>\$ 2,210,012</u>	<u>\$ 29,467,669</u>	<u>\$ 2,810,647</u>

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

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

<u>Year Ending June 30,</u>	<u>To Be Provided By State</u>		<u>Bonds</u>	
	<u>For Principal</u>	<u>For Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,081	\$ 387	\$ 2,335,000	\$ 761,099
2015	4,798	188	2,330,000	699,224
2016			2,250,000	628,361
2017			2,250,000	550,524
2018			2,245,000	469,574
2019			2,230,000	399,511
2020			2,205,000	329,436
2021			2,195,000	250,574
2022			2,175,000	171,124
2023			1,320,000	111,702
2024			1,310,000	72,314
2025			1,290,000	35,424
2026			655,000	8,463
Total	<u>\$ 9,879</u>	<u>\$ 575</u>	<u>\$ 24,790,000</u>	<u>\$ 4,487,330</u>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2013, which matures through 2026, amounted to \$17,415,000. The Town's share of the debt, net of the related grant, was \$7,998,710.

## **B. Capital Leases**

The Town has entered into leases for the purchase of school buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2013:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 163,172
2015	163,172
2016	163,172
2017	383,225
	<u>872,741</u>
Less amount representing interest	<u>(48,487)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 824,254</u>

**C. Heart and Hypertension**

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

**D. Legal Debt Limitation**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 85,350,607	\$ 10,704,605	\$ 74,646,002
Schools	170,701,214	29,746,285	140,954,929
Sewers	142,251,011	282,000	141,969,011
Urban renewal	123,284,210		123,284,210
Pension deficit	113,800,809		113,800,809

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$265,535,221 or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$9,879 for bond principal is reflected as deductions in the computation of net indebtedness.

**Authorized/Unissued Bonds**

The amount of authorized/unissued bonds is \$183,000 for general purposes and \$23,059 for school purposes.

## 9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Restricted for:					
Grants	\$	\$		\$ 188,421	\$ 188,421
Education				3,497	3,497
Committed to:					
Capital projects			926,409		926,409
General government				922,985	922,985
Public safety				322,757	322,757
Health and welfare				38,308	38,308
Library				1,028,659	1,028,659
Parks and recreation				153,316	153,316
Assigned:					
Subsequent year's budget	145,000				145,000
Potential claims	140,000				140,000
Debt service	97,200				97,200
Unassigned	<u>3,568,300</u>	<u>(8,268,277)</u>		<u>(44,286)</u>	<u>(4,744,263)</u>
Total Fund Balances	<u>\$ 3,950,500</u>	<u>\$ (8,268,277)</u>	<u>\$ 926,409</u>	<u>\$ 2,613,657</u>	<u>\$ (777,711)</u>

## 10. RISK MANAGEMENT

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

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

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

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

	<b>Claims Payable July 1</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30</b>
2011-2012	\$ 56,281	\$ 1,741,497	\$ 1,706,864	\$ 90,914
2012-2013	90,914	2,160,979	2,095,545	156,348

## 11. PENSION PLANS

### A. Plan Description

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

#### **Town of Easton Retirement Plan I and II**

The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

### B. Summary of Significant Accounting Policies and Plan Asset Matters

#### **Basis of Accounting**

The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

## Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

## Classes of Employees Covered

As of July 1, 2012, the plan's membership consisted of:

Retires and beneficiaries currently receiving benefits	53
Terminated members entitled to benefits but not yet receiving them	34
Current active members	<u>103</u>
Total	<u><u>190</u></u>

## C. Benefit Provisions

### Contributions

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

### Schedule of Employer Contributions and Net Pension Obligation

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (Obligation)</u>
2008	\$ 360,000	\$ 257,959	139.6%	\$ 272,278	132.2%	\$ 321,584
2009	254,000	362,172	70.1	377,809	67.2	197,775
2010	554,000	687,975	80.5	698,146	79.4	53,629
2011	691,269	686,523	100.7	689,581	100.2	55,317
2012	640,421	441,339	145.1	444,724	144.0	251,014
2013	590,000	622,129	94.8	637,699	92.5	203,315

### Actuarial Assumptions

The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.

Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2012
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar
Remaining amortization periods	8.3
Asset valuation methods	Fair Value

Actuarial Assumptions:

Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	2.6 - 3.0%

**Annual Pension Cost and Net Pension Asset**

The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 622,129
Interest on net pension asset	(17,571)
Adjustment to annual required contribution	<u>33,141</u>
Annual pension cost	637,699
Contributions made	<u>590,000</u>
Decrease in net pension asset	(47,699)
Net pension asset - July 1, 2012	<u>251,014</u>
Net Pension Asset - June 30, 2013	<u>\$ 203,315</u>

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ 12,148,662	\$ 11,932,419	\$ (216,243)	101.8%	\$ 3,653,568	(5.92)%
7/1/08	11,594,133	12,353,716	759,583	93.9	3,976,807	19.10
7/1/09	9,129,252	12,922,832	3,793,580	70.6	4,192,636	90.48
7/1/10	10,177,663	13,910,263	3,732,600	73.2	4,481,747	83.28
7/1/11	12,450,507	14,493,708	2,043,201	85.9	4,167,096	49.03
7/1/12	12,333,042	15,094,031	2,760,989	81.7	4,185,068	65.97



## **12. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

### **A. Plan Description**

Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

### **B. Funding Policy**

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2013 2012 and 2011 were \$327,219, \$322,474 and \$257,231, respectively, equal to the required contributions for each year.

### **C. Teachers' Retirement**

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

The Town withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$6,686,084 or 74% of the total Board of Education payroll of \$9,012,396.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,500,644 as payments made by the State of Connecticut on-behalf of the Town's teachers. The Town does not have any liability for teacher pensions.

**D. Defined Contribution Plan**

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

**13. OTHER POST-EMPLOYMENT BENEFITS**

**A. Plan Description and Benefits Provided**

**Town**

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

**Non-Union Employees and Highway/Public Works Employees**

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

**Police and Fire**

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

**Board of Education**

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

**Teachers**

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

**Other Board of Education Employees**

Eligibility for Medical, Dental and Life Coverage	Eligible for COBRA only.  Custodians can participate in the Medicare Supplement plan on or after age 65, at their own cost.
---	---

**B. Membership**

Membership in the plan consisted of the following at July 1, 2012:

	<b><u>Town of Easton Retiree Medical Benefit Plan</u></b>
Number of retirees and eligible surviving spouses	11
Number of active participants	177
Total	<u>188</u>

**C. Description of Actuarial Assumptions and Methods**

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

	<b>Town of Easton Retiree Medical Plan</b>
Actuarial valuation date	July 1, 2012
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum
Projected salary increases	n/a

Retirement Assumptions:

**Town**

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

**Board of Education**

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

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

**D. Annual OPEB Cost and Net OPEB Obligations**

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

	<b>Town of Easton Retiree Medical Benefit Plan</b>
Annual required contribution	\$ 337,537
Interest on net OPEB obligation	50,464
Adjustment to annual required contribution	(65,889)
Annual OPEB cost	<u>322,112</u>
Contribution made	<u>108,228</u>
Increase in net OPEB obligation	213,884
Net OPEB obligation, July 1, 2012	<u>1,121,432</u>
Net OPEB Obligation, June 30, 2013	<u><u>\$ 1,335,316</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2013 is presented below.

	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/11	\$ 315,538	\$ 18,897	6%	\$ 793,538
6/30/12	318,873	(9,021)	(3)%	1,121,432
6/30/13	322,112	108,228	34%	1,335,316

### Schedule of Funding Progress

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/08	\$ -	\$ 2,777,663	\$ 2,777,663	-%	\$ 12,665,797	22.0%
7/1/10	-	2,623,470	2,623,470	-	12,712,616	21.0%
7/1/12	-	2,222,858	2,222,258	-	13,338,378	17.0%

### Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 322,373	6%
2012	329,788	(3)%
2013	337,537	32%

## 14. CONTINGENT LIABILITIES

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

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

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 37,869,678	37,869,678	\$ 37,690,852	\$ (178,826)
Interest and lien fees	100,000	100,000	192,469	92,469
Telephone access	33,852	33,852	18,296	(15,556)
Total property taxes	<u>38,003,530</u>	<u>38,003,530</u>	<u>37,901,617</u>	<u>(101,913)</u>
Intergovernmental:				
Educational assistance:				
Special education and education cost share	593,868	593,868	597,891	4,023
School building grant	5,269	5,269	5,374	105
Other	11,983	11,983	295	(11,688)
Total educational assistance	<u>611,120</u>	<u>611,120</u>	<u>603,560</u>	<u>(7,560)</u>
Town assistance:				
Town aid roads	113,610	113,610	113,478	(132)
Infrastructure	415,613	415,613	-	(415,613)
In lieu of tax loss - boats	4,814	4,814	-	(4,814)
Elderly tax relief	45,068	45,068	37,211	(7,857)
Tax relief for the totally disabled	4,000	4,000	112	(3,888)
State owned property	58,855	58,855	57,581	(1,274)
Municipal revenue sharing			49,719	49,719
Mashantucket Pequot grant	7,897	7,897	8,759	862
Civil preparedness	4,800	4,800	-	(4,800)
Property tax relief (veterans)	8,247	8,247	10,043	1,796
Miscellaneous	11,000	11,000	215,125	204,125
Total town assistance	<u>673,904</u>	<u>673,904</u>	<u>492,028</u>	<u>(181,876)</u>
Total intergovernmental	<u>1,285,024</u>	<u>1,285,024</u>	<u>1,095,588</u>	<u>(189,436)</u>
Investment Income	<u>250,000</u>	<u>250,000</u>	<u>41,325</u>	<u>(208,675)</u>
Charges for Services:				
Town clerk	175,000	175,000	207,161	32,161
Building inspection fees and permits	100,000	100,000	140,176	40,176
Health department	18,000	18,000	18,481	481
Planning and zoning	11,000	11,000	20,940	9,940
Conservation commission	2,500	2,500	5,578	3,078
Police department	100,000	100,000	417,688	317,688
First selectman	80,000	80,000	124,193	44,193
Municipal building leases	359,563	359,563	338,222	(21,341)

(Continued on next page)

**TOWN OF EASTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Fire marshal	\$ 40	\$ 40	\$ 180	\$ 140
Parks and recreation	10,000	10,000	-	(10,000)
Region 9 tuition	10,169	10,169	5,794	(4,375)
BOE tuition	11,979	11,979	12,899	920
Recycling bins			633	633
Highway department	1,500	1,500	2,095	595
Other	500	500	234	(266)
Total charges for services	<u>880,251</u>	<u>880,251</u>	<u>1,294,274</u>	<u>414,023</u>
Total Revenues	<u>40,418,805</u>	<u>40,418,805</u>	<u>40,332,804</u>	<u>(86,001)</u>
Other Financing Sources:				
Transfer in - Park and rec activity	19,541	19,541	16,051	(3,490)
Transfer in - EMS	95,000	95,000	95,000	-
Total other financing sources	<u>114,541</u>	<u>114,541</u>	<u>111,051</u>	<u>(3,490)</u>
Total Revenues and Other Financing Sources	<u>\$ 40,533,346</u>	<u>\$ 40,533,346</u>	40,443,855	<u>\$ (89,491)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut				
State Teachers' Retirement System for Town teachers are not budgeted			<u>1,500,644</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 41,944,499</u>	

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:					
Town clerk	\$ 154,120		\$ 154,120	\$ 150,789	\$ 3,331
First selectman	157,753		157,753	149,866	7,887
Probate court	4,625		4,625	4,625	-
Registrar of voters	63,941	737	64,678	54,277	10,401
Board of finance	6,300		6,300	6,281	19
Auditors	38,385		38,385	37,000	1,385
Treasurer	182,704		182,704	179,943	2,761
Assessor	108,116.00	5,050	113,166	113,013	153
Board of assessment appeals	800		800	627	173
Tax collector	93,444		93,444	82,621	10,823
Town attorney	120,000	20,000	140,000	139,297	703
Planning and zoning commission	110,871		110,871	106,671	4,200
Zoning board of appeals	7,426		7,426	7,243	183
Building department	95,216		95,216	92,982	2,234
Technology computer	25,854		25,854	21,400	4,454
Town Hall	134,061		134,061	104,297	29,764
Communication dispatchers	229,638		229,638	203,889	25,749
Commission for the elderly	53,983		53,983	51,382	2,601
Senior center	162,548		162,548	162,546	2
SSS building	396,232		396,232	347,769	48,463
Cemetery	2,432		2,432	1,850	582
Public celebrations	450		450	-	450
Total general government	<u>2,148,899</u>	<u>25,787</u>	<u>2,174,686</u>	<u>2,018,368</u>	<u>156,318</u>
Public Safety:					
Police department	1,385,298	280,815	1,666,113	1,606,530	59,583
Fire department	842,011	(70,000)	772,011	759,683	12,328
Fire marshal	28,441		28,441	18,970	9,471
Emergency management	10,719		10,719	9,701	1,018
Firehouse rent	41,000		41,000	41,000	-
Conservation commission	37,022		37,022	34,490	2,532
Total public safety	<u>2,344,491</u>	<u>210,815</u>	<u>2,555,306</u>	<u>2,470,374</u>	<u>84,932</u>
Public Works:					
Recycling	131,500		131,500	114,589	16,911
Highway department	2,021,857	(116,000)	1,905,857	1,660,139	245,718
Street lights	1,332		1,332	1,157	175
Engineering and professional services	39,330		39,330	32,961	6,369
Total public works	<u>2,194,019</u>	<u>(116,000)</u>	<u>2,078,019</u>	<u>1,808,846</u>	<u>269,173</u>
Health and Welfare:					
Health director	72,352		72,352	72,078	274
EMS commission	268,854	744	269,598	269,598	-
Welfare	4,144		4,144	2,622	1,522
Total health and welfare	<u>345,350</u>	<u>744</u>	<u>346,094</u>	<u>344,298</u>	<u>1,796</u>

(Continued on next page)



## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Education:					
Easton Board of Education:					
General instruction	\$ 7,047,533	\$ (31,403)	\$ 7,016,130	\$ 7,209,343	\$ (193,213)
Kindergarten	10,877		10,877	10,307	570
Humanities	33,783	1,704	35,487	35,219	268
Integrated language arts	31,830	(607)	31,223	29,972	1,251
Curriculum	35,911		35,911	29,808	6,103
Science/math technology	56,266	(994)	55,272	47,425	7,847
Physical education/health	5,026	1,175	6,201	5,558	643
Special services	31,180		31,180	6,478	24,702
Special education	3,443,687	(9,049)	3,434,638	3,215,905	218,733
Guidance	1,350		1,350	7,861	(6,511)
Health services	178,561	(1,686)	176,875	174,770	2,105
Psychological services	12,100	(51)	12,049	3,784	8,265
Speech services	11,100	900	12,000	5,391	6,609
Educational media services	78,245	440	78,685	75,929	2,756
Technology plan	308,140	45,764	353,904	367,909	(14,005)
Board of education	80,518		80,518	53,577	26,941
Central administration	537,370		537,370	537,370	-
School administration	1,008,694	(5,478)	1,003,216	982,770	20,446
physical plant	1,481,378	403,338	1,884,716	1,947,696	(62,980)
Student transportation	845,482	293	845,775	900,007	(54,232)
Food service	4,300		4,300	598	3,702
Total Easton Board of Education	15,243,331	404,346	15,647,677	15,647,677	-
Regional School District No. 9	10,115,368		10,115,368	10,115,368	-
Total education	25,358,699	404,346	25,763,045	25,763,045	-
Library	566,932		566,932	495,895	71,037
Parks and Recreation:					
Parks and recreation commission	352,821		352,821	328,651	24,170
Tree warden	6,450		6,450	1,997	4,453
Total parks and recreation	359,271	-	359,271	330,648	28,623
Employee Benefits:					
Pensions	988,912	10,974	999,886	984,249	15,637
Fringe benefits	1,948,814		1,948,814	1,705,200	243,614
Social Security and Medicare	420,970	5,042	426,012	406,605	19,407
Total employee benefits	3,358,696	16,016	3,374,712	3,096,054	278,658

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Insurance	\$ 667,612	\$ -	\$ 667,612	\$ 661,276	\$ 6,336
Other-Contingency	<u>125,000</u>	<u>(1,481)</u>	<u>123,519</u>	<u>-</u>	<u>123,519</u>
Debt Service:					
Principal retirement	3,135,382		3,135,382	2,351,000	784,382
Interest			-	758,987	(758,987)
Fiscal agent fees			-	19,588	(19,588)
Total debt service	<u>3,135,382</u>	<u>-</u>	<u>3,135,382</u>	<u>3,129,575</u>	<u>5,807</u>
Total expenditures	<u>40,604,351</u>	<u>540,227</u>	<u>41,144,578</u>	<u>40,118,379</u>	<u>1,026,199</u>
Other Financing Uses:					
Transfers out:					
Dog fund	73,995		73,995	73,995	-
Capital nonrecurring		478,200	478,200	478,200	-
Total other financing uses	<u>73,995</u>	<u>478,200</u>	<u>552,195</u>	<u>552,195</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 40,678,346</u>	<u>\$ 1,018,427</u>	<u>\$ 41,696,773</u>	40,670,574	<u>\$ 1,026,199</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				<u>1,500,644</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 42,171,218</u>	

***Appendix B***

***Form of Opinion of Bond Counsel and Tax Matters - Bonds***

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**Appendix B – Form of Opinion of Bond Counsel and Tax Matters - Bonds**

January 15, 2015

Town of Easton  
Town Hall  
225 Center Road  
Easton, CT 06612

RE: Town of Easton, Connecticut  
\$1,620,000 General Obligation Bonds, Issue of 2015, dated January 15, 2015

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Easton, Connecticut (the “Town”) of its \$1,620,000 General Obligation Bonds, Issue of 2015, dated January 15, 2015 (the “Bonds”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Bonds, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Bonds (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Bonds will be the valid and binding general obligations of the Town. The Bonds will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds are qualified to be "qualified tax-exempt obligations" of the Town in accordance with Section 265(b)(3) of the Code.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing law, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

## **TAX MATTERS**

### ***Federal Tax Matters***

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

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

Ownership of the Bonds may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are

advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Bonds.

### ***State Taxes***

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

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

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 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 purchasers of the Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Bonds.

### ***Original Issue Discount***

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Bonds for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount



that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

### ***Original Issue Premium***

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. The offering prices relating to the yields set forth on the cover page of the Official Statement for the OIP Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OIP Bonds are sold. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

### ***Proposed Legislation and Other Matters***

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. No assurance can be given with respect to the impact of future legislation on the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

### ***General***

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other

federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds 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. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

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

## ***Appendix C***

### ***Form of Opinion of Bond Counsel and Tax Matters - Notes***

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## Appendix C – Form of Opinion of Bond Counsel and Tax Matters – Notes

January 15, 2015

Town of Easton  
Town Hall  
225 Center Road  
Easton, CT 06612

RE: Town of Easton, Connecticut  
\$4,918,000 General Obligation Bond Anticipation Notes, dated January 15, 2015

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Easton, Connecticut (the “Town”) of its \$4,918,000 General Obligation Bond Anticipation Notes, dated January 15, 2015 (the “Notes”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Notes (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Notes will be the valid and binding general obligations of the Town. The Notes will be payable as to both principal and interest, unless paid from other sources, from

ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Notes are qualified to be "qualified tax-exempt obligations" of the Town in accordance with Section 265(b)(3) of the Code.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

3. Under existing law, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax

liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

## **TAX MATTERS**

### ***Federal Tax Matters***

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

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

Ownership of the Notes may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Notes.

### ***State Taxes***

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

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

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 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 purchasers of the Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

### ***Original Issue Discount***

The initial public offering prices of the Notes (the “OID Notes”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Notes is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Notes for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Note, OID treated as having accrued while the owner holds the OID Note will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Note. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Note will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.



Prospective purchasers of OID Notes should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

### ***Original Issue Premium***

The initial public offering prices of the Notes (the “OIP Notes”) may be more than their stated principal amounts. An owner who purchases a Note at a premium to its principal amount must amortize Note premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Note for federal income tax purposes. The offering prices relating to the yields set forth on the cover page of the Official Statement for the OIP Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OIP Notes are sold. Prospective purchasers of OIP Notes should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

### ***Proposed Legislation and Other Matters***

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisors regarding such matters.

### ***General***

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel’s opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the 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. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

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

***Appendix D***

***Continuing Disclosure Agreement for Bonds***

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## Appendix D – Continuing Disclosure Agreement – 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 the 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 the Bonds.*

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 15th day of January, 2015, by the Town of Easton, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$1,620,000 General Obligation Bonds, Issue of 2015, dated January 15, 2015 (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 Town, dated January 6, 2015, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“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, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC 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 Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise 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, 2014) as follows:

(i) Audited financial statements of the Town's general fund, special revenue fund, capital projects funds, internal service and trust or agency funds, and the general long-term obligations account group (the "Governmental 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 Town is required to prepare audited financial statements of its various funds and accounts. The modified accrual basis of accounting is followed for the Town's general fund with major revenues recorded when measurable and available and expenditures recorded when incurred.

(ii) In addition to the information and statements described in (i) above:

- (A) amounts of 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 net debt as of the close of the fiscal year,
- (F) total bonded debt of the Town per capita,
- (G) ratios of the total bonded debt of the Town to the Town's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Town's pension benefit obligations.

(b) The financial statements and other 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 Town's fiscal year currently ends on

June 30. The Town agrees that if audited information is not available eight months after the close of any fiscal year, it shall submit unaudited information, if available, by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is [www.emma.msrb.org](http://www.emma.msrb.org), or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Town shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(d) The Town 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 mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Town may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

### **Section 3. Reporting of Listed Events.**

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (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) 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 Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.



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

The Town agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town 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 Town or by any agents which may be employed by the Town for such purpose from time to time.

**Section 6. Termination.**

The obligations of the Town 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 Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 7. Enforcement.**

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of 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 Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Town Manager, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the First Selectman, Town Hall, 225 Center Road, Easton, Connecticut 06612.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. 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) The Town 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 Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under

this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) 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 Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF EASTON, CONNECTICUT

By: \_\_\_\_\_  
ADAM DUNSBY  
First Selectman

By: \_\_\_\_\_  
WENDY BOWDITCH  
Treasurer

***Appendix E***

***Continuing Disclosure Agreement for Notes***

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## Appendix E – Continuing Disclosure Agreement – 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 the Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, 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 Notes.*

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 15th day of January, 2015 by the Town of Easton, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$4,918,000 General Obligation Bond Anticipation Notes, dated January 15, 2015 (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:

“Listed Events” means any of the events listed in Section 2 of this Agreement.

“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, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC 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. Reporting of Listed Events.**

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Notes, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (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) 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 Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.

**Section 3. Use of Agents.**

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

**Section 4. Termination.**

The obligations of the Town 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 Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

**Section 5. Enforcement.**

The Town 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 Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five (5) business days) from the time the First Selectman, or a successor, receives written notice from any beneficial owner of the Notes of such failure. For purposes of this section, notice to the Town should be made to the First Selectman, Town Hall, 225 Center Road, Easton, Connecticut 06612.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Notes shall be entitled only to the remedy of specific performance. 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.**

(a) The Town 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 Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under

this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) 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 Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Notes or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format.

TOWN OF EASTON, CONNECTICUT

By: \_\_\_\_\_  
ADAM DUNSBY  
First Selectman

By: \_\_\_\_\_  
WENDY BOWDITCH  
Treasurer



***Appendix F***

***Notice of Sale and Proposal for Bonds***

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**Appendix F – Notice of Sale and Proposal for the Bonds**

**NOTICE OF SALE**

**TOWN OF EASTON, CONNECTICUT  
\$1,620,000 GENERAL OBLIGATION BONDS, ISSUE OF 2015  
(BANK QUALIFIED)**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF EASTON, CONNECTICUT (the “Town”), until 11:00 A.M. (E.S.T.) on TUESDAY,

JANUARY 6, 2015

for the purchase, when issued, of all (but not less than all) of the Town’s \$1,620,000 General Obligation Bonds, Issue of 2015, dated January 15, 2015 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on January 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2016	\$140,000	2021	\$165,000
2017	\$150,000	2022	\$165,000
2018	\$160,000	2023	\$170,000
2019	\$165,000	2024	\$170,000
2020	\$165,000	2025	\$170,000

The Bonds will bear interest commencing July 15, 2015 and semiannually thereafter on July 15 and January 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the successful bidder.

**Optional Redemption**

The Bonds are not subject to redemption prior to maturity.

**Nature of Obligation**

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

## **Bank Qualification**

The Bonds shall 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.

## **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 in same-day funds to DTC or its nominee as registered owner of the Bonds. 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. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

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 for the Bonds will be the last day of June and December in each year, or the preceding business day if such last day is not a business day.

## **Proposals**

Each bid must be for the entire \$1,620,000 of the Bonds. 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 of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for

any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three percent (3%). 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. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

### **Basis of Award**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest true interest cost to the Town. For the purposes 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 January 15, 2015, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to January 15, 2015, the delivery date of the Bonds. 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 computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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. 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.

### **CUSIP Numbers**

The Bonds will be delivered to DTC or its agent on or about January 15, 2015. 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 purchaser to apply for CUSIP numbers for the Bonds prior to delivery. 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 Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

### **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®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto: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 the 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®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. 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 or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the 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 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 of such costs or expenses. If the 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 shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery and Payment**

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York on or about January 15, 2015.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut, Bond Counsel; (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.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed certificate regarding public reoffering price with respect to the Bonds awarded to such bidder, as described below under "Reoffering Prices".

The legal opinion will also state that based on and assuming the accuracy of and continuing compliance with certain written representations and agreements received from authorized officials of the Town in connection with the issuance and delivery of the Bonds, as to which bond counsel has made no independent verification, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and is not included in 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 subject to and required to pay the federal alternative minimum tax. The opinion will provide that although interest on the Bonds is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, interest on the Bonds may be includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds will be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **Reoffering Prices**

Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it, prior to the date of delivery of the Bonds, a completed certificate regarding public reoffering price with respect to the Bonds awarded to such purchaser, the form of such certificate to be furnished to the purchaser by Bond Counsel following the bond sale, to the effect that the purchaser has made a bona fide public offering of the Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Prior to the delivery date of the Bonds, the completed certificate shall be delivered to Sandra D. Dawson, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, P.O. Box 231277, Hartford, CT 06123, E-mail: [sdawson@uks.com](mailto:sdawson@uks.com), Telephone: (860) 548-2643.

### **Preliminary Official Statement and Official Statement**

The Town and the Town’s financial advisor, Phoenix Advisors, LLC, have prepared a Preliminary Official Statement dated December 29, 2014 for this issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement. The Preliminary Official Statement is available in electronic format at [www.prospectushub.com](http://www.prospectushub.com), and such electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and the Official Statement may be obtained from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone (203) 878-4945. The Town will make available to the winning purchaser one hundred (100) copies of the final Official Statement by no later than the earlier of the delivery of the Notes or the seventh business day after the day proposals on the Notes are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final 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. If the Town's financial advisor, Phoenix Advisors, LLC, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, and the name of the managing underwriter of the Notes.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

### **Continuing Disclosure Agreement**

As required by the Securities and Exchange Commission Rule 15c2-12, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the "Agreement"), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Town to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix D. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

### **Bona Fide Public Offering**

As a condition of the sale and delivery of the Bonds by the Town to the purchaser at closing, the purchaser must make a bona fide public offering of each of the maturities of the Bonds at the public offering prices set forth on the cover of the final Official Statement and provide satisfactory evidence thereof to the Town and Bond Counsel.

TOWN OF EASTON, CONNECTICUT

ADAM DUNSBY  
First Selectman

WENDY BOWDITCH  
Treasurer

December 29, 2014

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***Appendix G***

***Notice of Sale and Proposal for Notes***

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**Appendix G – Notice of Sale and Proposal for the Notes**

**NOTICE OF SALE**

**TOWN OF EASTON, CONNECTICUT**

**\$4,918,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES  
(BANK QUALIFIED)**

SEALED PROPOSALS and ELECTRONIC BIDS via **PARITY**® will be received by the TOWN OF EASTON, CONNECTICUT (the “Town”), and by telephone bid by an authorized agent of Phoenix Advisors, LLC, the Town’s Financial Advisor, at (203) 268-6291 until 11:30 A.M. (E.S.T.) on TUESDAY,

JANUARY 6, 2015

for the purchase, when issued, at no less than par of \$4,918,000 General Obligation Bond Anticipation Notes of the Town, dated January 15, 2015 and due December 15, 2015 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. 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.

**Nature of Obligation.** The Notes will constitute general obligations of the Town and are payable, unless paid from other sources, from ad valorem taxes levied against all taxable property subject to taxation by the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

**Bank Qualification.** The Notes SHALL 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 Notes.

**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 \$1,000 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

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 in same-day funds 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. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

**Bid Terms and Basis of Award.** Bidders may submit proposals for all or a portion of the Notes. Any proposal for a portion of the Notes must be for a minimum of \$100,000 of principal amount per interest rate bid, or a whole multiple thereof, except that one such proposal for a part of the Notes may include the odd \$18,000 of principal amount per interest rate bid. No proposal for less than the minimum denomination or for less than par and accrued interest will be accepted. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, 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 cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Town reserves the right to award to any bidder all or any part of the Notes bid in its proposal. 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, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid.

**CUSIP Numbers.** The Notes will be delivered to DTC or its agent on or about January 15, 2015. The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. It is anticipated that the purchaser will apply for CUSIP numbers for the Notes prior to delivery. 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 by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## Proposals.

- I. Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received until 11:30 A.M. (E.S.T.) on behalf of the Town by telephone call to Phoenix Advisors, LLC, the Town's Financial Advisor, at (203) 268-6291. All telephone bids must be completed by 11:30 A.M. (E.S.T.) on Tuesday, January 6, 2015, and shall be submitted in the form of proposal attached hereto. All telephone bids shall be deemed to incorporate the provisions of this Notice of Sale.
- II. Sealed Proposals Bidding Procedure.** Sealed bids for the purchase of the Notes shall be on the form of proposal attached hereto and submitted no later than 11:30 A.M. (E.S.T.) on Tuesday, January 6, 2015. Sealed bids should be addressed and delivered to Wendy Bowditch, Treasurer, Easton Town Hall, Finance Department Conference Room, 225 Center Road, Easton, CT 06612 and enclosed in a sealed envelope marked "Bid for Easton Notes". All sealed bids shall be deemed to incorporate the provisions of this Notice of Sale.
- III. Proposals Through *PARITY*® 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*®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto: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 the 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*®, or the inaccuracies of any information, including bid information or worksheets supplied by *PARITY*®, the use of *PARITY*® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of *PARITY*® prospective electronic bidders shall be solely responsible to make necessary arrangements to access *PARITY*® for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this

Notice. 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 or **PARITY**® shall be responsible for a bidder's failure to make a bid or for the 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 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 of such costs or expenses. If the 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 shall conflict with information provided by **PARITY**®, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**® shall constitute the official time.

**Certifying Agent, Registrar, Paying Agent and Transfer Agent.** The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

**Delivery 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 January 15, 2015.

At or prior to the delivery of the Notes the purchaser shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut, Bond Counsel; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, 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 receipt of payment for the Notes; (d) a signed copy of the Official Statement prepared for this note issue; (e) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; and (f) a Continuing Disclosure Agreement.

**Bond Counsel Opinion.** The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix C to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed



certificate regarding public reoffering price with respect to the Notes awarded to such bidder, as described below under “Reoffering Prices”.

The legal opinion will also state that based on and assuming the accuracy of and continuing compliance with certain written representations and agreements received from authorized officials of the Town in connection with the issuance and delivery of the Notes, as to which bond counsel has made no independent verification, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes and is not included in 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 subject to and required to pay the federal alternative minimum tax. The opinion will provide that although interest on the Notes is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, interest on the Notes may be includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Notes will be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**Reoffering Prices.** Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it, prior to the date of delivery of the Notes, a completed certificate regarding public reoffering price with respect to the Notes awarded to such purchaser, the form of such certificate to be furnished to the purchaser by Bond Counsel following the bond sale, to the effect that the purchaser has made a bona fide public offering of the Notes to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of the Notes was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Prior to the delivery date of the Notes, the completed certificate shall be delivered to Sandra D. Dawson, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, P.O. Box 231277, Hartford, CT 06123, E-mail: [sdawson@uks.com](mailto:sdawson@uks.com), Telephone: (860) 548-2643.

**Preliminary Official Statement and Official Statement.** The Town and the Town’s financial advisor, Phoenix Advisors, LLC, have prepared a Preliminary Official Statement dated December 29, 2014 for this issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement. The Preliminary Official Statement is available in electronic format at [www.prospectushub.com](http://www.prospectushub.com), and such electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Official Statement is the printed version for physical delivery. Copies of the Preliminary Official

Statement and the Official Statement may be obtained from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone (203) 878-4945. The Town will make available to the winning purchaser ten (10) copies of the final Official Statement by no later than the earlier of the delivery of the Notes or the seventh business day after the day proposals on the Notes are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final 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. If the Town's financial advisor, Phoenix Advisors, LLC, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, and the name of the managing underwriter of the Notes.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Notes to the ultimate purchasers.

**Continuing Disclosure Agreement.** As required by the Securities and Exchange Commission Rule 15c2-12, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the "Agreement"), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached as Appendix E to the Official Statement. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving at or prior to delivery of the Notes, an executed Agreement.

**Bona Fide Public Offering.** As a condition of the sale and delivery of the Notes by the Town to the purchaser at closing, the purchaser must make a bona fide public offering of the Notes at the public offering price set forth on the cover of the final Official Statement and provide satisfactory evidence thereof to the Town and Bond Counsel.

TOWN OF EASTON, CONNECTICUT

ADAM DUNSBY  
First Selectman

WENDY BOWDITCH  
Treasurer

December 29, 2014

(See attached form of Proposal for Notes)

PROPOSAL FOR NOTES

December 29, 2014

Adam Dunsby, First Selectman  
Wendy Bowditch, Treasurer  
Town of Easton  
Town Hall  
225 Center Road  
Easton, CT 06612

Easton Town Officials:

Subject to the provisions of the Notice of Sale dated December 29, 2014, which Notice is made part of this proposal, we offer to purchase the indicated principal amount of the \$4,918,000 Town of Easton General Obligation Bond Anticipation Notes and to pay therefor par and pay the premium specified below, if any, as follows:

For \$\_\_\_\_\_ of \$4,918,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated January 15, 2015 and maturing on December 15, 2015, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Town is \_\_\_\_\_% (four decimals).

For \$\_\_\_\_\_ of \$4,918,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated January 15, 2015 and maturing on December 15, 2015, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Town is \_\_\_\_\_% (four decimals).

For \$\_\_\_\_\_ of \$4,918,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated January 15, 2015 and maturing on December 15, 2015, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Town is \_\_\_\_\_% (four decimals).

This undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in immediately available federal funds on the date of the Notes.

\_\_\_\_\_  
(Name of Bidder)

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Facsimile Number)

\_\_\_\_\_  
(E-mail Address)

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