

FINAL OFFICIAL STATEMENT DATED DECEMBER 3, 2015

NEW MONEY ISSUE / Book-Entry-Only

Ratings: See "Ratings" herein.

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 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 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 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 herein.)



Town of Easton, Connecticut **\$4,610,000** **General Obligation Bond Anticipation Notes** **(Bank-Qualified)**

Dated: December 15, 2015
Due: December 14, 2016
CUSIP: 277497MS9

Rate: 2.00%
Yield: 0.58%
Underwriter: Piper Jaffray

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

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 Notes when due. (See "Security and Remedies" herein.)

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 Notes in book-entry-only form will be made to DTC or its agent via "FAST" on or about December 15, 2015. The Registrar, Transfer Agent, Paying Agent and Certifying Agent for 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 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 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 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 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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Note Issue Summary

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

Date of Sale:	Thursday, December 3, 2015 at 11:30 A.M. (E.S.T.).
Location of Sale:	Town of Easton, Town Hall, Finance Department Conference Room, 225 Center Road, Easton, Connecticut 06612. Telephone: (203) 268-6291
Issuer:	Town of Easton, Connecticut (the "Town").
Issue:	\$4,610,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	December 15, 2015
Interest Due:	At maturity: December 14, 2016
Principal Due:	At maturity: December 14, 2016
Authorization and Purpose:	The Notes are being issued to renew notes initially issued to finance a land acquisition project. See "Authorization and Purpose" herein.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security and Remedies:	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.
Credit Rating:	No application has been made to any rating agency for a rating on the Notes. The Town's last issue of January 2015 received a bond rating of "AAA" and a note rating of "SP-1+" from Standard & Poor's Corporation.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Matters:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters" herein.
Bank Qualification:	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.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, 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 C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about December 15, 2015 against payment in Federal Funds.
Issuer Official:	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, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

I. 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 \$4,610,000 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 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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

The Notes are being offered for sale through public bidding. A Notice of Sale for the Notes dated November 24, 2015 has been furnished to prospective bidders and is included herein as Appendix D. 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 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 Appendix B 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 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.

Description of the Notes

The Notes will be dated December 15, 2015 and will be due and payable as to both principal and interest at maturity on December 14, 2016. 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 B 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 Notes. 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 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.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each 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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as proposed amendments to the note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding 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 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to 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 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, 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, 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 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 Notes, as applicable.

Replacement Notes

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

Security and Remedies

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 Notes when due.

Unless paid from other sources, 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 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 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 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 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 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.

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 Notes, substantially in the form attached as Appendix C to this Official Statement (the "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"), 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 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 as follows:

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 inadvertently 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, as required under its continuing disclosure agreements. On January 5, 2015, the Town filed with EMMA such Taxpayer Information for each of the fiscal years ending June 30, 2009 through June 30, 2013. The Town has adopted procedures to ensure the timely filing of future financial information with respect to its continuing disclosure undertakings.

Authorization and Purpose

Land Acquisition: The 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:

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Maturing Notes Due: 12/15/15</i>	<i>(Paydowns) or (Grants)</i>	<i>New Money</i>	<i>This Issue: The Notes Due: 12/14/16</i>
Land Acquisition.....	\$ 6,150,000	\$ 4,918,000	\$ (308,000)	\$ -	\$ 4,610,000
Total	\$ 6,150,000	\$ 4,918,000	\$ (308,000)	\$ -	\$ 4,610,000

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

No application has been made for a rating on the Notes. The Town's last issue of January 2015 received a bond rating of "AAA" and a note rating of "SP-1+" from Standard & Poor's Corporation.. The Town also has an outstanding bond rating of "Aaa" from Moody's Investor Services. 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 Notes.

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

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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

Office	Name	Manner of Selection	Expiration of Term
First Selectman	Adam Dunsby	Elected / 2 years	11/17
Selectman	Carolyn M. Colangelo	Elected / 2 years	11/17
Selectman	Robert H. Lessler	Elected / 2 years	11/17
Chairman, Board of Finance	Matthew Gachi	Elected / 6 years	11/21
Treasurer	Wendy Bowditch	Elected / 2 years	11/17
Comptroller	Grace Stanczyk	Appointed / Indefinite	N/A
Town Clerk	Christine Halloran	Elected / 2 years	11/17
Assessor	Teresa Rainieri	Appointed / Indefinite	N/A
Tax Collector	Christine Calvert	Elected / 2 years	11/17

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 2015-16 is \$1.04 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

School	Grades	Date of Construction (Latest Additions)	Type of Construction	Number of Classrooms	Enrollment as of 10/1/2015	Operating Capacity
Samuel Staples Elementary School....	Pre-K–5	2005	Masonry	41	612	850
Helen Keller Middle School	6–8	1963 (2001)	Masonry	39	309	650
Total				80	921	1,500

Town of Easton School Enrollment

School Year	Samuel Staples Pre-K-5	Helen Keller 6-8	Total
Historical			
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
2015-16	612	309	921
Projected			
2016-17	554	308	862
2017-18	529	311	840
2018-19	502	313	815

Source: Office of the Superintendent, Regional School District No. 9 and Town of Easton.

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.

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2015	Operating Capacity
Joel Barlow High School	9-12	1959 (2005)	68	1,008	1,100

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

High School Enrollment

School Year	9-12	Special Education ¹	Total
Historical			
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
2015-16	1,008	17	1,025
Projected			
2016-17	982	16	998
2017-18	914	16	930
2018-19	883	16	899

¹ 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:

	2015	2014	2013	2012	2011
General Government	135	139	145	149	136
Board of Education	159	159	156	155	152
Total	294	298	301	304	288

Municipal Employee Bargaining Organizations

Bargaining Unit	Number of Members	Contract Expiration Date
General Government		
Local 760, SEIU, AFL-CIO (Highway)	9	6/30/2015 ¹
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 ²
Easton Employee Unit, Local 1303, AFSCME CT Council #4, AFL-CIO	25	6/30/2017
Easton Supervisor Unit, Local 818	8	6/30/2017
Non-bargaining Employees	72	N/A
Total	135	
Board of Education		
Easton Custodians AFSCME	9	6/30/2019
Easton Non-certified staff, CSEA, Inc.	58	6/30/2018
Certified Board of Education of the Town of Easton Education Association.....	86	6/30/2018
Easton Intermediate Administrator's Association.....	4	6/30/2017
Non-bargaining Employees	2	N/A
Total	159	

¹ In negotiations

² In arbitration

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	Population¹	% Increase	Density²
2013 ³	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

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

² Per square mile: 28.8 square miles.

³ 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
Total.....	7,550	100%	3,583,561	100%
Median Age (Years) 2013.....	46.6		40.2	
Median Age (Years) 2010.....	45.1		40.0	

¹ 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
Total.....	2,087	100.0%	903,577	100.0%

Source: American Community Survey 2009-2013

Income Levels

	Town of Easton	State of Connecticut
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

	Town of Easton		State of Connecticut	
	Number	Percent	Number	Percent
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
Total.....	5,063	100.0%	2,443,761	100.0%
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

	Town of Easton		State of Connecticut	
Sector	Number	Percent	Number	Percent
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
Total Labor Force, Employed.....	3,684	100.0%	1,759,412	100.0%

Source: American Community Survey 2009-2013

Labor Force Data

Period	Percentage Unemployed				
	Town of Easton		Town of Easton	Bridgeport/ Stamford	State of Connecticut
	Employed	Unemployed		Labor Market	
October 2015.....	3,750	137	3.5	4.7	4.8
Annual Average					
2014.....	3,606	178	4.7	6.2	6.7
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

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
Total	3,634	100.0%	1,727,286	100.0%

Mean travel to work (minutes)	34.2	—	24.8
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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
Total Housing Units, 2000.....	2,663	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Housing Inventory

Housing Units	Town of Easton		State of Connecticut	
	Units	Percent	Units	Percent
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
Total Inventory.....	2,663	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Housing Unit Vacancy Rates

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

Homeowner vacancy rate	—	0.6	—	1.6
Rental vacancy rate	—	0	—	7.1

Source: American Community Survey 2009-2013

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Easton		State of Connecticut	
	Number	Percent	Number	Percent
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
Total.....	2,461	100.0%	919,488	100.0%
Median Value.....	\$665,800		\$278,900	

Source: American Community Survey 2009-2013

Building Permits

<i>Ending 6/30</i>	<i>New Homes</i>		<i>Other</i> ¹		<i>All Categories</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
2015	4	\$ 1,942,614	615	\$ 10,046,546	619	\$ 11,989,160
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	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 ²	627	9,843,492
2006	13	5,451,930	633	8,149,057	646	13,600,987

¹ Includes additions, alterations, pools, decks, etc.

² Includes \$287,000 for a new animal shelter.

³ Includes \$2,713,420 for new church.

Number and Size of Households

<i>Household Characteristics</i>	<i>Town of Easton</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
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%
All households	2,564	100.0%	1,355,849	100.0%
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%
Total family households	2,087	100.0%	903,577	100.0%
Non-family households by type				
Householders living alone	377	79.0%	374,214	82.7%
Other	100	21.0%	78,058	17.3%
Total non-family households	477	100.0%	452,272	100.0%

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 lienied 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 Real Property (%)	Commercial & Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
2014	84.2	2.5	0.6	1.0	5.3	\$ 1,421,777,805	\$ 91,352,870	\$ 1,330,424,935	0.26%
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 ¹	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 ¹	91.8	2.1	0.9	0.8	4.4	1,742,148,957	84,323,336	1,657,825,621	33.94

¹ 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 6/30/2015¹
2014	2016 ¹	\$ 1,330,424,935	30.38	\$ 40,090,044	<i>IN COLLECTION</i>		
2013	2015 ¹	1,326,945,782	29.90	39,271,706	98.63%	1.37%	1.37%
2012	2014	1,323,625,353	29.30	38,571,418	98.57%	1.43%	0.84%
2011 ²	2013	1,317,809,160	29.10	38,033,479	98.45%	1.55%	0.57%
2010	2012	1,671,603,481	22.95	38,084,889	98.62%	1.38%	0.46%
2009	2011	1,667,703,593	22.40	37,090,801	98.56%	1.44%	0.29%
2008	2010	1,663,486,408	21.70	35,918,355	98.95%	1.05%	-
2007	2009	1,664,623,915	21.60	35,797,184	99.10%	0.90%	-
2006 ²	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%	-

¹ Subject to audit.

² 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)
2015 ¹	\$ 541,566	\$ 1,463,280
2014	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

¹ Subject to audit.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Aquarion Water Company of Connecticut	Water supply	\$ 39,019,180	2.93%
The Connecticut Golf Club Inc.....	Golf club	5,409,830	0.41%
Adirondack Estates.....	Residential homeowner	3,103,680	0.23%
Gilbertie, Salvatore.....	Rosnick subdivision	1,818,390	0.14%
Malik, Asif.....	Residential homeowner	1,729,360	0.13%
Bletsas Amalia ETAL. ²	Residential homeowner	1,663,700	0.13%
Mendell, Ellen Jo.....	Residential homeowner	1,645,100	0.12%
Chapman, Michael.....	Residential homeowner	1,565,900	0.12%
Shephard, John.....	Residential homeowner	1,558,610	0.12%
Toscano, Vincenzo.....	Residential homeowner	1,531,780	0.12%
Total.....		\$ 59,045,530	4.44%

¹ Based on October 1, 2014 Net Taxable Grand List of \$1,330,424,935.

² 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 December 15, 2015
(Pro-Forma)

Long-Term Debt

Dated	Purpose	Rate %	Amount of Original Issue	Outstanding After This Issue	Fiscal Year of Maturity
05/22/09	General purpose refunding bonds.....	2.00–5.00	\$ 3,739,500	\$ 2,015,000	2022
05/22/09	School refunding bonds	2.00–5.00	5,765,500	3,100,000	2022
07/15/10	General purpose.....	1.50–3.50	1,424,000	950,000	2026
07/15/10	Schools.....	1.50–3.50	925,000	609,000	2026
07/15/10	Water.....	1.50–3.50	326,000	216,000	2026
06/01/11	School refunding bonds	2.00–5.00	8,485,000	5,775,000	2025
02/09/12	School refunding bonds	2.00–4.00	6,810,000	5,210,000	2026
01/15/15	School bonds	2.00	1,620,000	1,620,000	2025
Total Outstanding.....			\$ 29,095,000	\$ 19,495,000	

Short-Term Debt

Project	Date Authorized	Aggregate Amount Authorized	This Issue: The Notes Due: 12/14/16	Legal Renewable Limit
Land Acquisition.....	6/17/2008	\$ 6,150,000	\$ 4,610,000	7/9/2018
Total		\$ 6,150,000	\$ 4,610,000	

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 December 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 December 15, 2015
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	Total Principal	Cumulative Principal Retired %
2016 ¹	\$ 140,000	\$ 313,024	\$ 453,024	\$ 140,000	0.72%
2017	2,400,000	580,124	2,980,124	2,400,000	13.03%
2018	2,405,000	496,174	2,901,174	2,405,000	25.37%
2019	2,395,000	422,911	2,817,911	2,395,000	37.65%
2020	2,370,000	349,536	2,719,536	2,370,000	49.81%
2021	2,360,000	267,374	2,627,374	2,360,000	61.91%
2022	2,340,000	184,624	2,524,624	2,340,000	73.92%
2023	1,490,000	121,902	1,611,902	1,490,000	81.56%
2024	1,480,000	79,114	1,559,114	1,480,000	89.15%
2025	1,460,000	38,824	1,498,824	1,460,000	96.64%
2026	655,000	8,463	663,463	655,000	100.00%
Total.....	\$ 19,495,000	\$ 2,862,070	\$ 22,357,070	\$ 19,495,000	

¹ Excludes \$2,250,000 in principal payments and \$347,737 in interest payments from July 1, 2015 through December 15, 2015.

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

Long-Term Debt Outstanding:

General Purpose.....	\$ 2,965,000
Schools	16,314,000
Water	216,000
Total Long-Term Debt	19,495,000
Short-Term Debt (Includes this issue to mature on December 14, 2016).....	4,610,000
Total Direct Debt	24,105,000
Less: School Construction Grants Receivable (As of June 30, 2015) ¹	-
Total Direct Net Debt	24,105,000
Overlapping/Underlying Debt	8,645,265
Total Overall Net Debt	\$ 32,750,265

¹ 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 December 15, 2015
(Pro-Forma)**

Population ¹	7,550
Net Taxable Grand List at 70% of Full Value (10/1/14)	\$ 1,330,424,935
Estimated Full Value	\$ 1,900,607,050
Equalized Net Taxable Grand List (10/1/13) ²	\$ 1,910,764,881
Money Income per Capita (2013) ¹	\$ 64,002

	Total Direct Debt: \$24,105,000	Total Overall Net Debt: \$32,750,265
Debt per Capita.....	\$3,192.72	\$4,337.78
Ratio to Net Taxable Grand List.....	1.81%	2.46%
Ratio to Estimated Full Value.....	1.27%	1.72%
Ratio to Equalized Grand List.....	1.26%	1.71%
Debt per Capita to Money Income per Capita.....	4.99%	6.78%

¹ American Community Survey 2009-2013

² 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 ¹
As of December 15, 2015
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2014 \$ 38,614,717

Reimbursement For Revenue Loss:

Tax relief for elderly 34,613

Base for Debt Limitation Computation..... \$ 38,649,330

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 86,960,993	-	-	-	-
4 1/2 times base.....	-	\$ 173,921,985	-	-	-
3 3/4 times base.....	-	-	\$ 144,934,988	-	-
3 1/4 times base.....	-	-	-	\$ 125,610,323	-
3 times base.....	-	-	-	-	\$ 115,947,990
Total Debt Limitation	\$ 86,960,993	\$ 173,921,985	\$ 144,934,988	\$ 125,610,323	\$ 115,947,990

Indebtedness: ¹

Bonds Outstanding.....	2,965,000	16,314,000	-	-	-
Notes (This Issue).....	4,610,000	-	-	-	-
Net Overlapping Debt (Share of RSD #9 Bonds).... ²	-	8,645,265	-	-	-
Debt Authorized But Unissued	183,000	4,971	-	-	-
Total Indebtedness	7,758,000	24,964,236	-	-	-

Less:

State School Grants Receivable ³..... - - - - -

Total Net Indebtedness

	7,758,000	24,964,236	-	-	-
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DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS \$ 79,202,993 \$ 148,957,749 \$ 144,934,988 \$ 125,610,323 \$ 115,947,990

¹ Excludes \$216,000 in Water Bonds outstanding as allowed under the Connecticut General Statutes.

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

³ 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 \$270,545,310.

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

Project	Date Authorized	Aggregate Amount Authorized	Bonds Issued	Maturing Notes Due: 12/15/15	This Issue: The Notes Due: 12/14/16	Grants/ Paydowns Applied	Authorized but Unissued
Elementary school	10/16/2002 & 2/25/2004	\$ 31,149,188 ¹	\$ 24,645,000	\$ -	\$ -	\$ 6,499,217	\$ 4,971
Land Acquisition.....	6/17/2008	6,150,000	-	4,918,000	4,610,000	1,540,000	-
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
Total		\$ 38,536,188	\$ 25,699,000	\$ 4,918,000	\$ 4,610,000	\$ 8,039,217	\$ 187,971

¹ 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 ¹ (000s)	Net Long-Term Debt ² (000s)	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
2015	\$ 1,317,809	\$ 1,882,585	\$ 21,745	1.65%	1.16%	7,550	\$ 2,880	4.50%
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%

¹ Assessment Ratio: 70%.

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

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

⁴ 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 ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2015	\$ 3,425,724	\$ 41,762,428	8.20%
2014	3,207,239	42,891,759	7.48%
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%

¹ GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements. 2015 is subject to audit.

Intergovernmental Revenues as a Percent of Total Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2014	\$3,036,785	\$43,844,333	6.93%
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%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (b-a)	Funded Ratio (a/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%
7/1/2015	16,705,436	17,719,150	(1,013,714)	94.3%

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

Schedule of Employer Contributions

Fiscal Year Ended	Actual Contribution	Annual Required Contribution (ARC)	% of ARC Contributed
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	580,000	403,505	143.7%
6/30/2016 ¹	424,000	455,050	93.2%

¹ Budgeted amounts.

Note: Does not include contributions made to MERS which are determined by the State Retirement Commission. The Town has made contributions equal to the State's requirement each year.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/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%
7/1/2014	0	1,850,910	(\$1,850,910)	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%
6/30/2015	242,017	13.08%

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

	<i>Unaudited Actual 6/30/2015¹</i>	<i>Actual 6/30/2014</i>	<i>Actual 6/30/2013</i>	<i>Actual 6/30/2012</i>	<i>Actual 6/30/2011</i>
Assets					
Cash and cash equivalents.....	\$ 5,077,236	\$ 3,406,398	\$ 1,255,389	\$ 782,663	\$ 46,312
Investments	4,020,856	4,206,772	4,106,948	5,442,923	7,010,417
Receivables:					
Property taxes	1,871,351	1,755,001	1,362,896	983,584	704,623
Accounts	332,308	146,224	86,105	143,288	64,832
Intergovernmental	-	-	406,979	181,201	186,955
Due from other funds	-	-	519,721	104,900	-
Total assets	11,301,751	9,514,395	7,738,038	7,638,559	8,013,139
Liabilities and Fund Balances					
Accounts payable	1,104,638	919,908	858,727	450,879	903,682
Accrued liabilities	1,095,199	949,870	911,651	878,097	616,975
Due to Regional School District					
No. 9	810,826	666,521	528,798	693,511	617,810
Due to other funds	371,471	106,756	114,538	316,541	1,291,511
Unearned revenue	24,165	74,979			
Deferred revenue	-	-	1,373,824	1,122,312	773,181
Total liabilities	3,406,299	2,718,034	3,787,538	3,461,340	4,203,159
Deferred Inflows of Resources					
Unavailable revenue	1,718,492	1,696,107	-	-	-
Total Deferred Inflows of Resources ...	1,718,492	1,696,107	-	-	-
Fund Balances					
Assigned for next year's budget	500,000	180,000	145,000	145,000	303,000
Assigned for potential claims	140,000	140,000	140,000	140,000	140,000
Assigned for debt service	-	-	97,200	97,200	97,200
Unassigned.....	5,536,960	4,780,254	3,568,300	3,795,019	3,269,780
Total fund balance	6,176,960	5,100,254	3,950,500	4,177,219	3,809,980
Total liabilities, deferred inflows of resources, and fund balance.....	11,301,751	9,514,395	7,738,038	7,638,559	8,013,139
Analysis of General Fund Balance					
Operating revenues	42,369,299	43,844,333	41,833,448	41,954,673	40,406,455
Fund balance as a percent of operating revenues	14.58%	11.63%	9.44%	9.96%	9.43%
Unassigned fund balance as a percent of operating revenues	13.07%	10.90%	8.53%	9.05%	8.09%

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

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)

	Adopted Budget ¹ 6/30/2016	Unaudited Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Revenues:					
Property taxes	\$ 40,004,653	\$ 39,582,008	\$ 38,898,014	\$ 37,901,617	\$ 37,864,061
Intergovernmental revenues	983,368	1,115,821	3,036,785	2,596,232	2,366,020
Charges for services	1,329,984	1,417,609	1,783,235	1,294,274	1,480,688
Investment income	125,000	73,861	126,299	41,325	243,904
Use of Fund Balance	500,000	180,000	-	-	-
Total.....	42,943,005	42,369,299	43,844,333	41,833,448	41,954,673
Expenditures:					
General Government	2,375,383	2,095,854	2,334,469	2,018,368	1,950,414
Public Safety	2,543,492	2,627,797	2,552,414	2,470,374	2,532,072
Public Works	2,450,572	2,056,299	1,934,995	1,808,846	1,839,025
Health and Welfare	418,447	382,015	366,138	344,298	329,184
Education	26,389,693	25,821,507	27,304,586	27,263,689	26,784,954
Library	605,743	583,710	552,080	495,895	523,656
Parks and Recreation	397,289	386,057	358,229	330,648	378,364
Employee Benefites.....	3,149,331	2,960,259	3,167,010	3,096,054	3,234,146
Insurance.....	864,000	887,856	726,442	661,276	638,232
Other	256,714	-	-	-	-
Debt Service	3,492,341	3,425,724	3,207,239	3,129,575	3,446,341
Capital Outlay	-	137,000	-	-	-
Total.....	42,943,005	41,364,080	42,503,602	41,619,023	41,656,388
Excess (Deficiency) of Revenues					
Over Expenditures.....	-	1,005,219	1,340,731	214,425	298,285
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Proceeds from refunding bond sale.....	-	-	-	-	6,810,000
Premium on refunded bonds	-	-	-	-	298,387
Payment to refunded bond escrow	-	-	-	-	(6,995,628)
Operating transfers in	-	-	197,180	111,051	95,000
Operating transfers out	-	(398,348)	(388,157)	(552,195)	(138,805)
Total Other financing sources (uses).....	-	(398,348)	(190,977)	(441,144)	68,954
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....					
	-	606,870.42	1,149,754.00	(226,719)	367,239
Fund Balance, Beginning of Year.....	5,707,125	5,100,254	3,950,500	4,177,219	3,809,980
Fund Balance, End of Year.....	N/A	\$ 5,707,125	\$ 5,100,254	\$ 3,950,500	\$ 4,177,219

¹ 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 Notes will be furnished, subject to delivery of reoffering yield information as requested in the Notice of Sale, the following documentation when 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 Notes or the levy or collection of taxes to pay them.
2. A certificate 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 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. A receipt for the purchase price of the Notes.
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut as to the Notes.
5. An executed Continuing Disclosure Agreement for the Notes substantially in the form of Appendix C attached hereto.
6. Within seven business days after the bid opening, the Town will furnish the original purchaser(s) 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 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*

Adam Dunsby, *First Selectman*

/s/ *Wendy Bowditch*

Wendy Bowditch, *Treasurer*

Dated as of December 3, 2015

Appendix A

2014 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, 2014. 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, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditor's Report

To the Board of Finance
Town of 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, 2014, 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, 2014 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.

Emphasis of a Matter

As described in Note 15 to the financial statements, the beginning net position of the Government Activities and the beginning fund balances of the Non-Major Funds and the Bonded Capital Project Fund have been restated for the correction of an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 51 through 55, the schedule of employer contributions and schedules of funding progress on page 49, and the schedule of the Town's net pension liability and related ratios on page 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 fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other 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 fund financial statements and other 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 February 25, 2015 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.



New Haven, Connecticut
February 25, 2015

Town of Easton, Connecticut
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

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 \$66,934,627 (net position). Of this amount, \$7,440,697 (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 \$3,777,850. Substantially all of the increase is attributable better than expected revenues and expenditures that were less than expected amounts.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$348,847.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,780,254 or 11.1% 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 plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted, with the difference 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.

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 \$66,934,627 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.

The Town's net position was restated as a result of correcting an error relating to the cash reconciliation and to properly recognize bond premiums. Additional information on the Town's net position restatement can be found in Note 15 of this report. The restatement to the governmental activities is detailed as follows:

	Net Position Governmental Activities
As previously reported:	
Net Position, June 30, 2013	\$ 64,025,698
Due to/from reconciliation error	451,997
Bond premium recognition	(1,320,918)
As restated:	
Net Position, June 30, 2013	<u>\$ 63,156,777</u>

Town of Easton Net Position

	Summary Statement of Net Position	
	Governmental Activities	
	June 30, 2014	June 30 , 2013 (As restated)
Current and Other Assets	\$ 13,738,416	\$ 13,042,734
Capital Assets	91,234,318	92,021,085
Total assets	104,972,734	105,063,819
Long-Term Debt Outstanding	27,376,324	28,622,081
Other Liabilities	10,661,783	10,666,449
Total liabilities	38,038,107	39,288,530
Net Position		
Net investments in capital assets	59,493,930	57,337,913
Unrestricted	7,440,697	5,818,864
Total net position	\$ 66,934,627	\$ 63,156,777

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, \$ 7,440,697 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

Summary Schedule of Changes in Net Position

	Governmental Activities	
	2014	2013
		(As restated)
Revenues		
Program revenues:		
Charges for services	\$ 2,257,472	\$ 2,237,107
Operating grants and contributions	2,967,983	2,425,349
Capital grants and contributions	1,070,601	239,856
General revenues:		
Property taxes	39,361,061	38,422,645
Grants and contributions not restricted to specific purposes	155,081	492,739
Investment income	151,842	60,036
Donated capital assets	614,665	215,699
Miscellaneous	-	9,168
Total revenues	46,578,705	44,102,599
Program Expenses		
General government	2,984,380	5,025,524
Public safety	3,219,451	4,053,010
Public works	2,780,882	2,985,810
Health and welfare	449,516	532,647
Education	30,715,896	28,303,821
Library	643,001	794,909
Parks and recreation	784,770	826,668
Interest expense	1,222,959	1,143,196
Total expenses	42,800,855	43,665,585
Increase in net position	3,777,850	437,014
Net Position, beginning as restated	63,156,777	62,719,763
Net Position, ending	\$ 66,934,627	\$ 63,156,777

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 combine ending fund balance of \$348,847.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$4,780,254. 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 11.1% of total general fund expenditures and other financing uses, while total fund balance represents 11.9% of that same amount.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations and budget transfers of \$188,726 for various departments and this includes the transfers out account to purchase equipment. The Board of Finance made special appropriations to the Fire Department, Building Department, Senior Center, Assessor, and, in addition, transferred funds from police special service revenue to cover that expenditure.

The following departments had positive budget variances as follows:

- The Public Works department in the amount of \$234,349 due to a very mild winter that saved funds in overtime and highway road salt and also having a vacancy for a position.
- Fringe Benefits in the amount of \$168,097 due to increased percentage deductions and the election to accept "in lieu of" medical coverage.
- Old SSS Building now known as 660 Morehouse Road Budget in the amount of \$40,958 due to the savings of conversion to natural gas and increased reimbursement payments for utilities.
- The Board of Education returning funds in the amount of \$37,857.

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.

**Town of Easton Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 19,859,020	\$ 19,244,355
Construction in progress	24,430	-
Land improvements	421,326	440,888
Buildings	51,609,825	52,427,324
Building improvements	1,195,045	1,237,115
Machinery and equipment	477,983	459,256
Vehicles	2,809,995	3,031,063
Infrastructure	14,836,694	15,181,084
Total	\$ 91,234,318	\$ 92,021,085

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2014 is \$ 91,234,318 (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:

- Radios were approved for purchase and upgrade through the Local Capital Improvement Program (LoCIP) for the Fire and EMS and Public Works and the projects completed.
- The Town approved the use of \$282,500 of LoCIP funds to complete the reconstruction of Morehouse Road south of the school.
- The Town approved the use of approximately \$165,000 of LoCIP funds for the renovation of the Dispatch communication center in the next fiscal year.
- Public Works began renovations to the parking areas at 600 Morehouse Road.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

Additional information on the Town's capital assets can be found in Note 4 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$29,827,000. 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

	Governmental Activities	
	2014	2013
General obligation bonds - Town improvements	\$ 4,061,000	\$ 4,747,000
General obligation bonds - School improvements	18,134,000	19,761,000
General obligation bonds - Sewer improvements	260,000	282,000
Bond anticipation notes	7,372,000	7,748,000
Total	\$ 29,827,000	\$ 32,538,000

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$7,085,669.

On July 3, 2013, the Town issued \$7,372,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.25% and mature on July 3, 2014 and are for elementary school construction and land acquisition.

During the fiscal year, the Town made bond principal payments of \$2,335,000 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 \$270,535,221 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 6 and 7 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 2015 fiscal year:

- The unemployment rate for the Town is currently 5.6%. This compares favorably to the state's average unemployment rate 6.4% and the national average rate 5.9%.
- 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 2015 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, 2014, unassigned fund balance in the general fund was \$4,780,254

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.

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Basic Financial Statements

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Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,954,294
Investments	4,938,603
Receivables, net	2,539,308
Net pension asset	306,211
Total current assets	<u>13,738,416</u>
Noncurrent Assets	
Capital Assets	
Capital assets, not being depreciated	19,883,450
Capital assets, being depreciated, net	71,350,868
Total capital assets	<u>91,234,318</u>
Total assets	<u>104,972,734</u>
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	2,545,284
Due to Regional School District No. 9	666,521
Unearned revenue	77,978
Bond anticipation notes	7,372,000
Total current liabilities	<u>10,661,783</u>
Noncurrent Liabilities	
Long-term liabilities due within one year	2,792,321
Long-term liabilities due in more than one year	24,584,003
Total noncurrent liabilities	<u>27,376,324</u>
Total liabilities	<u>38,038,107</u>
Net Position	
Net Investments in Capital Assets	59,493,930
Unrestricted	7,440,697
Total net position	<u>\$ 66,934,627</u>

See Notes to Financial Statements.

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Total
					Governmental
					Activities
Governmental Activities					
General Government	\$ 2,984,380	\$ 877,778	\$ 240,969	\$ 856,110	\$ (1,009,523)
Public Safety	3,219,451	460,123	16,230	19,849	(2,723,249)
Public Works	2,780,882	467,155	-	194,642	(2,119,085)
Health and Welfare	449,516	49,054			(400,462)
Education	30,715,896	29,318	2,710,784		(27,975,794)
Library	643,001	10,721	-	-	(632,280)
Park and Recreation	784,770	363,323	-	-	(421,447)
Interest and fiscal charges	1,222,959	-	-	-	(1,222,959)
Total governmental activities	\$ 42,800,855	\$ 2,257,472	\$ 2,967,983	\$ 1,070,601	(36,504,799)
General revenues:					
					39,361,061
Property taxes					
Grants and contributions not restricted					155,081
to specific programs					151,842
Investment income					614,665
Donated capital assets					40,282,649
Total general revenues					
Change in net position					3,777,850
Net position - beginning as restated (Note 15)					63,156,777
Net position - ending					\$ 66,934,627

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2014

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 3,406,398	\$ -	\$ 2,221,700	\$ 5,628,098
Investments	4,206,772	-	731,831	4,938,603
Receivables:				
Property taxes and accrued interest, net	1,755,001	-	-	1,755,001
Accounts	146,224	-	54,022	200,246
Intergovernmental	-	-	584,061	584,061
Total assets	\$ 9,514,395	\$ -	\$ 3,591,614	\$ 13,106,009
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ 919,908	\$ 50,305	\$ 333,656	\$ 1,303,869
Accrued liabilities	949,870	-	-	949,870
Due to Regional School District No.9	666,521	-	-	666,521
Due to other funds	106,756	-	-	106,756
Unearned revenue	74,979	-	2,999	77,978
Bond anticipation notes	-	7,372,000	-	7,372,000
Total liabilities	2,718,034	7,422,305	336,655	10,476,994
Deferred Inflows of resources				
Unavailable revenue	1,696,107	-	584,061	2,280,168
Total deferred inflows of resources	1,696,107	-	584,061	2,280,168
Fund balances (deficits)				
Restricted	-	-	195,411	195,411
Committed	-	-	2,542,993	2,542,993
Assigned	320,000	-	-	320,000
Unassigned	4,780,254	(7,422,305)	(67,506)	(2,709,557)
Total fund balances (deficits)	5,100,254	(7,422,305)	2,670,898	348,847
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 9,514,395	\$ -	\$ 3,591,614	\$ 13,106,009

See Notes to Financial Statements.

(Continued)

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2014**

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

Fund balances - total governmental funds	\$ 348,847
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	124,584,652
Less accumulated depreciation	(33,350,334)
Net capital assets	<u>91,234,318</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:	
Deferred inflows - unavailable revenue	601,400
Net pension asset	306,211
Property tax receivables greater than 60 days	1,216,157
Interest receivable on property taxes	462,611
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.	289,952
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	(22,455,000)
Compensated absences	(591,660)
Capital lease payable	(680,781)
Net OPEB obligation	(1,494,146)
Interest payable on bonds and notes	(148,545)
Unamortized bond premium	(1,232,607)
Heart and hypertension	(922,130)
Net Position of Governmental Activities (Exhibit I)	<u>\$ 66,934,627</u>

See Notes to Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 38,898,014	\$ -	\$ -	\$ 38,898,014
Intergovernmental	3,036,785	246,758	330,976	3,614,519
Charges for services	1,783,235	-	820,466	2,603,701
Investment income	126,299	103	25,440	151,842
Contributions	-	-	10,671	10,671
Total revenues	43,844,333	246,861	1,187,553	45,278,747
Expenditures				
Current:				
General Government	2,334,469	-	107,106	2,441,575
Public Safety	2,552,414	-	145,342	2,697,756
Public Works	1,934,995	-	298,733	2,233,728
Health and Welfare	366,138	-	49,946	416,084
Education	27,304,586	-	251,266	27,555,852
Library	552,080	-	10,782	562,862
Parks and Recreation	358,229	-	380,348	738,577
Employee benefits	3,167,010	-	-	3,167,010
Insurance	726,442	-	-	726,442
Debt service	3,207,239	-	-	3,207,239
Capital outlay	-	-	273,002	273,002
Total expenditures	42,503,602	-	1,516,525	44,020,127
Revenues over (under) expenditures	1,340,731	246,861	(328,972)	1,258,620
Other Financing Sources (Uses)				
Transfers in	197,180	233,049	155,108	585,337
Transfers out	(388,157)	(85,944)	(111,236)	(585,337)
Total other financing sources (uses)	(190,977)	147,105	43,872	-
Change in fund balances (deficits)	1,149,754	393,966	(285,100)	1,258,620
Fund Balances (Deficits), beginning of year - as restated*	3,950,500	(7,816,271)	2,955,998	(909,773)
Fund Balances (Deficits), end of year	\$ 5,100,254	\$ (7,422,305)	\$ 2,670,898	\$ 348,847

*Relates to the Bonded Capital Projects fund and Nonmajor Governmental funds.

See Notes to Financial Statements.

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

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)	\$ 1,258,620
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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	137,203
Donated capital assets	614,665
Depreciation expense	(1,522,635)
Total	(770,767)

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.

(16,000)

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:

Miscellaneous grant receipts	73,750
Increase in property tax receivable - accrual basis change	(40,614)
Increase in property tax interest and lien revenue	(122,631)
Net pension asset	(102,896)
Total	(192,391)

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

Principal repayments:

Bond principal repayments	2,335,000
Total	2,335,000

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	158,830
Heart and hypertension claims	(92,773)
Compensated absences	621,752
Accrued interest payable	7,994
Amortization of bond premium	88,311
Other costs	262,409
Capital lease payments	143,473
Total	1,189,996

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

The net revenue of the activities of the Internal Service Fund is reported with governmental activities	(26,608)
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Change in net position of governmental activities (Exhibit II)	\$ 3,777,850
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See Notes to Financial Statements.

**Statement of Net Position - Proprietary Fund
June 30, 2014**

	Governmental Activities
	Internal Service Fund
<hr/>	
Assets	
Current Assets	
Cash and cash equivalents	\$ 326,196
Due from other funds	106,756
Total assets	<hr/> 432,952 <hr/>
Liabilities	
Current Liabilities	
Claims payable	143,000
Total liabilities	<hr/> 143,000 <hr/>
Net Position	
Unrestricted	289,952
Total net position	<hr/> \$ 289,952 <hr/>

See Notes to Financial Statements.

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities
	Internal Service Fund
Operating Revenue	
Premiums	\$ 2,271,408
Operating Expenses	
Claims	2,058,509
Administration	240,004
Total operating expenses	2,298,513
Net loss	(27,105)
Nonoperating Revenue	
Investment income	497
Change in net position	(26,608)
Net Position, beginning	316,560
Net Position, ending	\$ 289,952

See Notes to Financial Statements.

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities <u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Premiums received	\$ 2,279,190
Claim payments	(2,071,857)
Administrative payments	(240,004)
Net cash used in operating activities	<u>(32,671)</u>
Cash Flows from Investing Activities	
Income on investments	<u>497</u>
Net decrease in cash and cash equivalents	(32,174)
Cash and Cash Equivalents, beginning of year	<u>358,370</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 326,196</u></u>
Reconciliation of Operating Loss to Net Cash	
Used In Operating Activities	
Operating loss	\$ (27,105)
Adjustments to reconcile operating loss to net cash	
used in operating activities:	
Decrease in:	
Claims payable	(13,348)
Decrease in:	
Due from other funds	<u>7,782</u>
Net cash used in operating activities	<u><u>\$ (32,671)</u></u>

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Pension Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	\$ 1,877,985	\$ 1,660,648
Investments, at fair value		
Mutual funds	14,776,840	-
Accounts Receivable	17,758	-
Prepaid Benefits	56,709	-
Total assets	<u>16,729,292</u>	<u>\$ 1,660,648</u>
Liability		
Accounts and Other Payable	<u>5,046</u>	<u>1,660,648</u>
Net Position		
Net Position - Restricted for Pension Benefits	<u>\$ 16,724,246</u>	<u>\$ -</u>

See Notes to Financial Statements.

Statement of Changes in Plan Net Position - Pension Trust Fund
June 30, 2014

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 620,000
Plan members	186,906
Total contributions	<u>806,906</u>
Investment Income	
Net appreciation in fair value of investments	1,991,803
Interest and dividends	405,163
Net investment gain	<u>2,396,966</u>
Total net additions	<u>3,203,872</u>
Deductions	
Benefits	724,932
Administrative expense	10,200
Total deductions	<u>735,132</u>
Changes in net position	2,468,740
Net Position, beginning of year	<u>14,255,506</u>
Net Position, end of year	<u><u>\$ 16,724,246</u></u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: The Town of Easton (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.

Accounting principles generally accepted in the United States of America (GAAP), require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Town.

Accounting Standards Adopted in the Current Year:

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, unavailable revenue was required to be reclassified to Deferred Inflows of Resources this year.

GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of *Statements 25 and 50* remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the Town's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the Town's financial statement.

Basis of Presentation: The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The 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.

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 are supported by taxes and intergovernmental revenues.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Assets, Liabilities, Deferred Inflows of Resources and Net Position:

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 acquisition.

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, 2014, and are calculated based upon prior collections.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

For the fund financial statements, property taxes receivable at June 30, 2014, which have not been collected within 60 days of June 30, have been recorded as deferred inflows 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:

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

Compensated Absences: The Town's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured. 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 are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town had no deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

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

Restricted Net Position: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This category includes amounts that do not meet the definition of "restricted" or "Net investment in capital assets."

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

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

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Pension Accounting:

Pension Trust Fund: The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of GASB No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy: The Town funds the contributions to its pension plans based on the actuarial required contribution.

Net Other Post-Employment Benefit Obligations:

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation (asset), the cumulative differences between annual OPEB cost and the Town's contributions to the plan since July 1, 2009, is calculated on an actuarial basis consistent with the requirements GASB No. 45. The OPEB obligation (asset) is recorded in the government-wide financial statements.

Note 2. 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."

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

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 Statutes. 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, \$8,338,166 of the Town's bank balance of \$10,364,971 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,304,349
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,033,817
	<u>\$ 8,338,166</u>

Cash Equivalents: At June 30, 2014, the Town's cash equivalents amounted to \$9,493,000. 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)	AAA/m
Cutwater Asset management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments: As of June 30, 2014, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 year	1-10 Years	Over 10 Years
Interest-Bearing Investments					
U.S. Government:					
Agency Bonds	AAA	\$ 4,104,877	\$ -	\$ 247,037	\$ 3,857,840
Agency Bonds	AA+	101,895		101,895	
Corporate Bonds	A-	51,875	-	51,875	-
Corporate Bonds	BAA1	25,823	25,823	-	-
Corporate Bonds	BAA2	25,835	25,835	-	-
Total		4,310,305	\$ 51,658	\$ 400,807	\$ 3,857,840
Other Investments					
Equities		81,645			
Mutual funds		15,323,493			
Total Investments		\$ 19,715,443			

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, 2014, 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 3. 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:

	General	Bonded Capital Projects	Nonmajor and Other Funds	Total
Receivables				
Interest*	\$ -	\$ -	\$ -	\$ -
Taxes	1,855,001	-	-	1,855,001
Accounts	146,224	-	54,022	200,246
Intergovernmental	-	-	584,061	584,061
Gross receivables	2,001,225	-	638,083	2,639,308
Less Allowance for Uncollectibles	(100,000)	-	-	(100,000)
Net total receivables	\$ 1,901,225	\$ -	\$ 638,083	\$ 2,539,308

Governmental funds report deferred inflow in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue 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 inflows of resources relating to unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Delinquent property taxes receivable	\$ 1,678,768	\$ -
Grant drawdowns not yet received	584,061	77,978
Other receivables not yet received	17,339	-
Total deferred inflow/unearned revenue for governmental funds	\$ 2,280,168	\$ 77,978

Town of Easton, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 19,244,355	\$ 614,665	\$ -	\$ -	\$ 19,859,020
Construction in progress	-	24,430	-	-	24,430
Total capital assets, not being depreciated	19,244,355	639,095	-	-	19,883,450
Capital assets, being depreciated:					
Land improvements	637,315	-	-	-	637,315
Buildings	69,680,263	-	-	-	69,680,263
Building improvements	1,405,265	-	-	-	1,405,265
Machinery and equipment	1,513,547	54,172	-	-	1,567,719
Vehicles	6,104,359	58,601	(156,324)	-	6,006,636
Infrastructure	25,404,004	-	-	-	25,404,004
Total capital assets, being depreciated	104,744,753	112,773	(156,324)	-	104,701,202
Less accumulated depreciation for:					
Land improvements	(196,427)	(19,562)	-	-	(215,989)
Buildings	(17,252,939)	(817,499)	-	-	(18,070,438)
Building improvements	(168,150)	(42,070)	-	-	(210,220)
Machinery and equipment	(1,054,291)	(35,445)	-	-	(1,089,736)
Vehicles	(3,073,296)	(263,669)	140,324	-	(3,196,641)
Infrastructure	(10,222,920)	(344,390)	-	-	(10,567,310)
Total accumulated depreciation	(31,968,023)	(1,522,635)	140,324	-	(33,350,334)
Total capital assets, being depreciated, net	72,776,730	(1,409,862)	(16,000)	-	71,350,868
Governmental activities capital assets, net	\$ 92,021,085	(770,767)	(16,000)	-	\$ 91,234,318

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

Governmental Activities	
General Government	\$ 433,408
Public Safety	174,326
Public Works	225,480
Education	672,032
Library	17,389
Total depreciation expense – governmental activities	\$ 1,522,635

Town of Easton, Connecticut

Notes to Financial Statements

Note 5. Interfund Accounts

At June 30, 2014, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 106,756
		<u>\$ 106,756</u>

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

Interfund Transfers:

	Transfers In			Total
	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	
Transfers Out				
General Fund	\$ -	\$ 233,049	\$ 155,108	\$ 388,157
Bonded Capital Projects	85,944	-	-	85,944
Nonmajor governmental	111,236	-	-	111,236
Total transfers out	<u>\$ 197,180</u>	<u>\$ 233,049</u>	<u>\$ 155,108</u>	<u>\$ 585,337</u>

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

Note 6. Short-Term Obligations – Bond Anticipation Notes

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Bond Anticipation Notes				
Elementary school construction	\$ 1,973,395	\$ 1,905,500	\$ 1,973,395	\$ 1,905,500
Land acquisition	5,774,605	5,466,500	5,774,605	5,466,500
Total	<u>\$ 7,748,000</u>	<u>\$ 7,372,000</u>	<u>\$ 7,748,000</u>	<u>\$ 7,372,000</u>

On July 3, 2013, the Town issued \$7,372,000 of BAN's. These bond anticipation notes bear interest at 1.25% and mature on July 2, 2014 and are for elementary school construction and land acquisition. The BANs were rolled over to new notes in July, 2014.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt

Changes in Long-Term Debt:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2013 as restated	Additions	Deductions	Balance Outstanding June 30, 2014	Current Portion
Bonds									
General Purpose:									
Refunding bond	\$3,318,000	02/15/03	06/01/15	1.6-4.0	\$ 457,000	\$ -	\$ 236,000	\$ 221,000	\$ 221,000
Improvement bond	1,424,000	07/15/10	07/15/25	1.0-3.75	1,235,000	-	95,000	1,140,000	95,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	3,055,000	-	355,000	2,700,000	345,000
Total general purpose					4,747,000	-	686,000	4,061,000	661,000
Schools:									
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	68,000	-	34,000	34,000	34,000
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	4,705,000	-	545,000	4,160,000	535,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	798,000	-	63,000	735,000	63,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5.0	7,525,000	-	515,000	7,010,000	585,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	6,665,000	-	470,000	6,195,000	430,000
Total schools					19,761,000	-	1,627,000	18,134,000	1,647,000
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	282,000	-	22,000	260,000	22,000
Total bond/notes					24,790,000	-	2,335,000	22,455,000	2,330,000
Bond premium (as restated)									
Total bonds and related liabilities					1,320,918	-	88,311	1,232,607	-
Compensated absences					1,213,412	-	621,752	591,660	250,000
Capital lease					824,254	-	143,473	680,781	143,473
Heart and hypertension					829,357	92,773	-	922,130	68,848
Net OPEB obligation					1,335,316	158,830	-	1,494,146	-
Total general long-term obligations					\$ 30,313,257	\$ 251,603	\$ 3,188,536	\$ 27,376,324	\$ 2,792,321

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

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:

Year Ending June 30,	To Be Provided by State		Bonds	
	For Principal	For Interest	Principal	Interest
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	\$ 4,798	\$ 188	\$ 22,455,000	\$ 3,726,231

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a 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, 2014, which matures through 2026, amounted to \$15,665,000. The Town's share of the debt, net of the related grant, was \$7,085,669.

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, 2014:

Year Ending June 30,	Amount
2015	\$ 163,893
2016	163,893
2017	383,225
	711,011
Less amount representing interest	(30,230)
Present value of future minimum lease payment	\$ 680,781

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

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.

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 86,960,993	\$ 9,710,500	\$ 77,250,493
Schools	173,921,985	27,143,430	146,778,555
Sewers	144,934,988	260,000	144,674,988
Urban renewal	125,610,323	-	125,610,323
Pension deficit	115,947,990	-	115,947,990

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$270,535,221 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 \$4,798 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 8. Fund Balance (Deficits)

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances				
Restricted for:				
Grants	\$ -	\$ -	\$ 191,835	\$ 191,835
Education	-	-	3,576	3,576
	-	-	195,411	195,411
Committed to:				
Capital projects	-	-	125,425	125,425
General government	-	-	928,419	928,419
Public safety	-	-	278,671	278,671
Health and welfare	-	-	38,781	38,781
Library	-	-	1,051,642	1,051,642
Parks and recreation	-	-	120,055	120,055
	-	-	2,542,993	2,542,993
Assigned to:				
Subsequent year's budget	180,000	-	-	180,000
Potential claims	140,000	-	-	140,000
	320,000	-	-	320,000
Unassigned	4,780,254	(7,422,305)	(67,506)	(2,709,557)
Total fund balances	\$ 5,100,254	\$ (7,422,305)	\$ 2,670,898	\$ 348,847

Note 9. 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, heart and hypertension claims, 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Risk Management (Continued)

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:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2012-2013	\$ 90,914	\$ 2,160,979	\$ 2,095,545	\$ 156,348
2013-2014	156,348	2,058,509	2,071,857	143,000

Note 10. Pension Plans

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.

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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Classes of Employees Covered: As of July 1, 2013, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	62
Terminated members entitled to benefits but not yet receiving them	21
Current active members	99
Total	<u>182</u>

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:

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
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
2014	620,000	505,405	122.7%	517,104	119.9%	306,211

Actuarial Assumptions (GASB 27): 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, 2013
Actuarial cost method	Entry Age Normal (previously Frozen Initial Liability)
Amortization method	Level Dollar - 30 Yr. base re-established - 7/1/ 2013
Remaining amortization period	8.6
Asset valuation methods	Fair value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	2.6% – 3.0%
Post Retirement Mortality	2014 IRS Post Ret. with 3% load for future improvements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Annual Pension Cost and Net Pension Asset (GASB 27): The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 505,405
Interest on net pension asset	(14,232)
Adjustment to annual required contribution	<u>25,931</u>
Annual pension cost	517,104
Contributions made	<u>620,000</u>
Increase in net pension asset	102,896
Net pension asset - July 1, 2013	<u>203,315</u>
Net pension asset - June 30, 2014	<u>\$ 306,211</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 Percentage of Covered Payroll ((a-b)/c)
7/1/13	14,255,507	16,085,685	1,830,178	88.6%	4,370,454	41.88%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year-end.

Discount Rate (GASB 67):

Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%
Municipal bond rate	N/A

Other Key Actuarial Assumptions (GASB 67): The Plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2013
Measurement date	June 30, 2014
Inflation	2.6% -3.0%
Salary projection	3.0%
Mortality	Prescribed IRS Static Mortality Schedule
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity Analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 7%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 2,258,970	\$ 242,699	\$ (1,433,641)

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town: The components of the net pension liability of the Region at June 30, 2014 were as follows:

Net Pension Liability	June 30, 2014
Total pension liability	\$ 16,966,947
Fiduciary net position	16,724,248
Net pension liability	242,699
Fiduciary net position as a percentage of total pension liability	98.6%
Covered payroll	4,043,303
Net pension liability as a percentage of covered payroll	6.0%

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Investments: The pension plan's policy in regard to the allocation is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014:

Asset Class	Pension Funds Allocation %
U.S. Large Cap Blend	30.00%
U.S. Small/Mid Cap Blend	8.50%
International equities	14.50%
Emerging Markets Equity	6.50%
Real estate	1.50%
Fixed Income - Government	16.00%
Fixed Income - Corporate	7.00%
Alternatives	5.00%
Cash & cash equivalents	11.00%
	<u>100.0%</u>

Assumed Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio	Weighted
U.S. Large Cap Blend	4.75%	1.43%
U.S. Small/Mid Cap Blend	5.50%	0.47%
International equities	5.25%	0.76%
Emerging Markets Equity	6.00%	0.39%
Real estate	5.00%	0.08%
Fixed Income - Government	1.75%	0.28%
Fixed Income - Corporate	2.25%	0.16%
Alternatives	5.25%	0.26%
Cash and Cash equivalents	0.05%	0.06%
Total Weighted Average Real Return		<u>3.89%</u>
Long-Term Inflation Expectation		<u>3.00%</u>
Long-Term Expected Normal Return		<u>6.89%</u>

Town of Easton, Connecticut

Notes to Financial Statements

Note 11. Municipal Employees' Retirement System

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.

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, 2014, 2013 and 2012 were \$350,961, \$327,219 and \$322,474, respectively, equal to the required contributions for each year.

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 \$7,212,169 or 75% of the total Board of Education payroll of \$9,588,078.

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 \$1,788,000 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.

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.

Note 12. Other Post-Employment Benefits

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:

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

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 supplemental 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 supplemental 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

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.

Membership: Membership in the plan consisted of the following at July 1, 2013:

	Town of Easton Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	11
Number of active participants	177
Total	188

Description of Actuarial Assumptions and Methods: The following is a summary of certain significant actuarial assumptions and other PERS information:

	Town of Easton Retiree Medical Benefit Plan
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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

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

	Town of Easton Retiree Medical Benefit Plan
Annual required contribution	\$ 237,345
Interest on net OPEB obligation	60,089
Adjustment to annual required contribution	(78,456)
Annual OPEB cost	218,978
Contribution made	60,148
Increase in net OPEB obligation	158,830
Net OPEB obligation, July 1, 2013	1,335,316
Net OPEB obligation, June 30, 2014	\$ 1,494,146

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, 2014 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	\$ 318,873	\$ (9,021)	-3.0%	\$ 1,121,432
6/30/13	322,112	108,228	34.0%	1,335,316
6/30/14	218,978	60,148	27.5%	1,494,146

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):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 2,777,663	\$ 2,777,663	0%	\$ 12,665,797	22.0%
7/1/2010	\$ -	\$ 2,623,470	\$ 2,623,470	0%	\$ 12,712,616	21.0%
7/1/2012	\$ -	\$ 2,222,858	\$ 2,222,258	0%	\$ 13,338,378	17.0%

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Schedule of Employer Contributions:

Year Ended	Annual Required Contributions	Percentage Contributed
2012	\$ 329,788	-3%
2013	\$ 337,537	32%
2014	\$ 237,345	25%

Note 13. 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 expenditure 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.

Note 14. Subsequent Event

In July of 2014, the Town issued \$6,966,000 of bond anticipation notes with a maturity date of January 2015.

Note 15. Restatement of Balances

The Town's net position and fund balance was restated to properly report cash, deferred inflows of resources relating to unavailable revenue, and bond premium amounts from the prior year. The restatements were the result of correcting an error relating to the cash reconciliation and to properly recognize bond premiums and unavailable revenues. The restatement is detailed as follows:

	Net Position Governmental Activities	Fund Balance Bonded Capital Projects	Fund Balance Nonmajor Governmental
As previously reported:			
Fund Balance, June 30, 2013	\$ 64,025,698	\$ (8,268,277)	\$ 3,540,059
Due to/from reconciliation error	451,997	452,006	-
Recognition of deferred inflow	-	-	(584,061)
Bond premium recognition	(1,320,918)	-	-
As restated:			
Fund Balance, June 30, 2013	\$ 63,156,777	\$ (7,816,271)	\$ 2,955,998

Town of Easton, Connecticut

Notes to Financial Statements

Note 16. Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective on July 1, 2014. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective on July 1, 2014. This statement provides guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments.

Management has not yet determined the effect that the above GASB statements will have on the financial statements, except for GASB No. 68 will have an impact due to the recording of the net pension liability.

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Required Supplementary Information - *unaudited*

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Town of Easton, Connecticut
Required Supplementary Information – unaudited
Schedule of Funding Progress and Schedule of Employer Contributions –
Pension Trust Fund and OPEB
June 30, 2014

RSI-1

Schedule of Funding Progress - Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/07	12,148,662	11,932,419	216,243	101.8%	3,653,568	5.9%
7/1/08	11,594,133	12,353,716	(759,583)	93.9%	3,976,807	-19.1%
7/1/09	9,129,252	12,922,832	(3,793,580)	70.6%	4,192,636	-90.5%
7/1/10	10,177,663	13,910,263	(3,732,600)	73.2%	4,481,747	-83.3%
7/1/11	12,450,507	14,493,708	(2,043,201)	85.9%	4,167,096	-49.0%
7/1/12	12,333,042	15,094,031	(2,760,989)	81.7%	4,185,068	-66.0%
7/1/13	14,255,507	16,085,685	(1,830,178)	88.6%	4,370,454	-41.9%

Schedule of Employer Contributions - Pension

Fiscal Year Ended	Actuarial Determined Contribution	Contribution in relation to ADEC	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Coved payroll	Percentage Contributed
6/30/05	430,579	\$ 500,000	\$ 69,421	3,101,427	16%	116%
6/30/06	352,331	469,000	116,669	3,457,793	14%	133%
6/30/07	328,924	415,000	86,076	3,653,568	11%	126%
6/30/08	272,277	360,000	87,723	3,976,807	9%	132%
6/30/09	377,809	254,000	(123,809)	4,192,636	6%	67%
6/30/10	698,146	554,000	(144,146)	4,481,747	12%	79%
6/30/11	689,581	691,269	1,688	4,167,096	17%	100%
6/30/12	444,724	640,421	195,697	4,185,068	15%	144%
6/30/13	637,699	590,000	(47,699)	4,370,454	13%	93%
6/30/14	517,104	620,000	102,896	4,043,303	15%	120%

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2008	\$ -	\$ 2,777,663	\$ (2,777,663)	0.00%	\$ 12,665,797	22%
7/1/2010	-	2,623,470	\$ (2,623,470)	0.00%	12,712,616	21%
7/1/2012	-	2,222,858	\$ (2,222,858)	0.00%	13,338,378	17%

Schedule of Employer Contributions - OPEB

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 331,272	30.00%
6/30/10	335,488	21.00%
6/30/11	315,538	6.00%
6/30/12	318,873	-3.00%
6/30/13	322,112	34.00%
6/30/14	218,978	27.00%

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
Last Fiscal Year
June 30, 2014

	2014
Changes in Net Pension Liability	
Total Pension Liability	
Service cost	\$ 287,545
Interest on total pension liability	1,125,998
Effect of plan changes	(300,397)
Effect of assumption changes or inputs	493,047
Benefit payments	(724,931)
Net change in total pension liability	<u>881,262</u>
Total Pension Liability, beginning	<u>16,085,685</u>
Total pension liability, ending (a)	<u>16,966,947</u>
Fiduciary Net Position	
Employer contributions	\$ 620,000
Member contributions	186,906
Investment income net of investment expenses	2,396,966
Benefit payments	(724,931)
Administrative expenses	(10,200)
Net change in plan fiduciary net position	<u>2,468,741</u>
Fiduciary Net Position, beginning	<u>14,255,507</u>
Fiduciary net position, ending (b)	<u>16,724,248</u>
Net pension liability, ending = (a) - (b)	<u><u>\$ 242,699</u></u>
Fiduciary net position as a % of total pension liability	98.57%
Covered payroll	\$ 4,043,303
Net pension liability as a % of covered payroll	6.00%

NOTE: As 2014 is the implementation year, only 2014 information is available.

Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Property Taxes				
Property taxes, current and prior	\$ 38,173,225	\$ 38,173,225	\$ 38,525,580	\$ 352,355
Interest and lien fees	110,000	110,000	319,743	209,743
Telephone access	19,856	19,856	52,691	32,835
Total property taxes	38,303,081	38,303,081	38,898,014	594,933
Intergovernmental				
Educational assistance:				
Special education and education cost share	651,536	651,536	622,784	\$ (28,752)
School building grant	-	-	43,091	43,091
Other	16,474	16,474	5,564	(10,910)
Total educational assistance	668,010	668,010	671,439	3,429
Town assistance:				
Town aid roads	226,956	226,956	227,623	\$ 667
Infrastructure	345,504	345,504	194,642	(150,862)
In lieu of tax loss - boats	-	-	-	-
Elderly tax relief	44,917	44,917	34,163	(10,754)
Tax relief for the totally disabled	-	-	103	103
State owned property	-	-	58,716	58,716
Municipal revenue sharing	-	-	-	-
Mashantucket Pequot grant	-	-	8,568	8,568
Civil preparedness	3,785	3,785	-	(3,785)
Property tax relief (veterans)	8,200	8,200	7,956	(244)
Miscellaneous	500	500	45,575	45,075
Total Town assistance grants	629,862	629,862	577,346	(52,516)
Total intergovernmental	1,297,872	1,297,872	1,248,785	(49,087)
Investment Income	175,000	175,000	126,299	(48,701)
Charges for Services				
Town Clerk	176,000	176,000	233,692	\$ 57,692
Building inspection fees and permits	150,000	150,000	144,780	(5,220)
Health Department	18,000	18,000	21,460	3,460
Planning and Zoning	16,785	16,785	17,112	327
Conservation Commission	4,000	4,000	7,469	3,469
Police Department	125,000	125,000	328,830	203,830
First Selectman	85,540	85,540	91,782	6,242
Municipal building leases	367,000	367,000	396,807	29,807

(Continued)

Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)

General Fund

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for Services (Continued)				
Fire Marshal	20	20	240	220
Parks and Recreation	-	-	-	-
Region 9 tuition	5,964	5,964	9,222	3,258
BOE tuition	7,682	7,682	19,959	12,277
Recycling bins	14,000	14,000	4,461	(9,539)
Highway Department	1,500	1,500	5,513	4,013
Other	368,500	368,500	501,908	133,408
Total charges for services	1,339,991	1,339,991	1,783,235	443,244
Total revenues	41,115,944	41,115,944	42,056,333	940,389
Other Financing Sources				
Transfer in - park and rec activity	24,541	24,541	16,236	(8,305)
Transfer in - EMS	95,000	95,000	95,000	-
Transfer in - Bonded capital projects	-	-	85,944	85,944
Total other financing sources	119,541	119,541	197,180	77,639
Total revenues and other financing sources	\$ 41,235,485	\$ 41,235,485	42,253,513	\$ 1,018,028
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State				
Teachers' Retirement System for Town teachers are not budgeted			1,788,000	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			\$ 44,041,513	

Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government					
Town Clerk	\$ 164,193	\$ 22,061	\$ 186,251	\$ 172,058	\$ 14,193
First Selectman	159,473	-	159,473	155,839	3,634
Probate Court	3,917	-	3,917	3,916	1
Registrar of Voters	50,256	-	50,256	48,469	1,787
Board of Finance	6,200	-	6,200	4,893	1,307
Auditors	38,385	-	38,385	37,235	1,150
Treasurer	187,334	6,359	193,693	188,956	4,737
Assessor	114,515	486	115,001	115,001	-
Board of Assessment Appeals	785	-	785	558	227
Tax Collector	87,757	-	87,757	82,368	5,389
Town attorney	150,000	-	150,000	130,002	19,998
Planning and Zoning Commission	116,492	(4,000)	112,492	111,646	846
Zoning Board of Appeals	7,598	-	7,598	6,716	882
Building Department	98,207	2,265	100,472	100,432	40
Technology computer	25,854	-	25,854	24,977	877
Town Hall	135,395	-	135,395	110,802	24,593
Communication dispatchers	232,020	-	232,020	218,013	14,007
Commission for the Elderly	54,830	-	54,830	54,323	507
Senior Center	173,627	3,432	177,059	177,062	(3)
SSS building	323,733	-	323,733	274,274	49,459
Cemetery	2,432	-	2,432	2,250	182
Public celebrations	250	-	250	109	141
Total general government	2,133,253	30,603	2,163,853	2,019,899	143,954
Public Safety					
Police Department	1,493,770	165,864	1,659,634	1,621,685	37,949
Fire Department	850,147	(22,984)	827,163	823,261	3,902
Fire Marshall	28,734	-	28,734	18,672	10,062
Emergency Management	10,850	-	10,850	10,216	634
Firehouse rent	41,000	-	41,000	41,000	-
Conservation Commission	37,966	-	37,966	37,820	146
Total public safety	2,462,467	142,879	2,605,346	2,552,654	52,692
Public Works					
Recycling	131,500	-	131,500	115,083	16,417
Highway Department	1,997,114	-	1,997,114	1,817,227	179,887
Street lights	1,400	-	1,400	1,266	134
Engineering and professional services	39,330	-	39,330	5,879	33,451
Total public works	2,169,344	-	2,169,344	1,939,455	229,889
Health and Welfare					
Health Director	73,381	-	73,381	69,729	3,652
EMS Commission	293,809	-	293,809	293,691	118
Welfare	4,144	-	4,144	2,718	1,426
Total health and welfare	371,334	-	371,334	366,138	5,196

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)

General Fund

For the Year Ended June 30, 2014

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education					
Easton Board of Education:					
General instruction	\$ 7,197,068	\$ (25,535)	\$ 7,171,533	\$ 7,149,957	21,576
Kindergarten	9,978	111	10,089	7,408	2,681
Humanities	40,082	(414)	39,668	33,325	6,343
Integrated language arts	30,703	611	31,314	36,536	(5,222)
Curriculum	67,686	1,692	69,378	43,785	25,593
Science/math technology	30,158	103,439	133,597	130,470	3,127
Physical education/health	6,418	2,743	9,161	8,654	507
Student Activity Co-curricular	-	331	331	331	-
Special services	32,480	(17,570)	14,910	5,552	9,358
Special education	3,275,458	9,756	3,285,214	3,249,345	35,869
Guidance	1,606	-	1,606	1,410	196
Health services	186,000	(2,058)	183,942	178,315	5,627
Psychological services	13,300	3,050	16,350	15,497	853
Speech services	16,200	(4,000)	12,200	6,126	6,074
Educational media services	77,846	1,084	78,930	78,713	217
Technology plan	298,694	9,808	308,502	346,515	(38,013)
Board of Education	83,985	-	83,985	125,647	(41,662)
Central administration	547,164	-	547,164	547,164	-
School administration	1,025,293	(3,044)	1,022,249	1,007,181	15,068
Operation/Maint. Physical Plant	1,603,953	(78,670)	1,525,283	1,517,491	7,792
Student transportation	874,938	-	874,938	894,501	(19,563)
Food service	2,800	(1,334)	1,466	30	1,436
Total Easton Board of Education	15,421,810	-	15,421,810	15,383,953	37,857
Regional School District No. 9	10,132,633	-	10,132,633	10,132,633	-
Total education	25,554,443	-	25,554,443	25,516,586	37,857
Library	581,366	-	581,366	552,238	29,128
Parks and Recreation					
Parks and Recreation Commission	362,560	-	362,560	353,555	9,005
Tree Warden	6,450	-	6,450	4,674	1,776
Total parks and recreation	369,010	-	369,010	358,229	10,781
Employee Benefits					
Pensions	1,042,435	-	1,042,435	1,039,827	2,608
Fringe benefits	1,861,672	-	1,861,672	1,730,272	131,400
Social Security and Medicare	431,000	-	431,000	396,911	34,089
Total employee benefits	3,335,107	-	3,335,107	3,167,010	168,097
Insurance	764,473	-	764,473	734,942	29,531
Other - Contingency	70,000	(58,756)	11,244	11,105	138

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)

General Fund

For the Year Ended June 30, 2014

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Debt Service					
Principal retirement	2,550,130	-	2,550,130	2,550,130	-
Interest payments	779,018	-	779,018	779,018	-
Fiscal agent fees	26,000	-	26,000	25,196	804
Total debt service	3,355,148	-	3,355,148	3,354,344	804
Total expenditures	41,165,945	114,726	41,280,668	40,572,600	708,068
Other Financing Uses					
Transfers out:					
Dog fund	81,108	-	81,108	81,108	-
Capital nonrecurring	-	74,000	74,000	74,000	-
Bonded capital projects	-	-	-	233,049	(233,049)
Total other financing uses	81,108	74,000	155,108	388,157	(233,049)
Total expenditures and other financing uses	\$ 41,247,053	\$ 188,726	\$ 41,435,776	40,960,757	\$ 475,019

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

Other expenditures not recognized for budgetary purposes

1,788,000

143,002

**Total expenditures and other financing uses as reported on the
statement of revenues, expenditures and changes in fund
balances - governmental funds - Exhibit IV**

\$ 42,891,759

Note to Required Supplementary Information – unaudited

Note 1. Stewardship, Compliance and Accountability

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 \$22,863 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.

Deficit Fund Balance: The following funds had fund balance deficits at June 30, 2014:

Major Fund	
Bonded Capital Projects	\$ (7,422,305)
Nonmajor Funds:	
Senior Center	(10,378)
Solid Waste Program	(29,506)
EMS Special Services	(11,934)
Senior Center Leasing Buyout	(4,817)
Senior Center Van	(10,871)

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.

Appendix B

Form of Opinion of Bond Counsel and Tax Matters

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Appendix B – Form of Opinion of Bond Counsel and Tax Matters

December 15, 2015

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

RE: Town of Easton, Connecticut
\$4,610,000 General Obligation Bond Anticipation Notes, dated December 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 \$4,610,000 General Obligation Bond Anticipation Notes, dated December 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 C

Form of Continuing Disclosure Agreement

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Appendix C – Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 15th day of December, 2015 by the Town of Easton, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$4,610,000 General Obligation Bond Anticipation Notes, dated December 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 D

Notice of Sale and Bid Form

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Appendix D – Notice of Sale and Bid Form

NOTICE OF SALE

TOWN OF EASTON, CONNECTICUT

\$4,610,000 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 THURSDAY,

DECEMBER 3, 2015

for the purchase, when issued, at no less than par of \$4,610,000 General Obligation Bond Anticipation Notes of the Town, dated December 15, 2015 and due December 14, 2016 (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 \$10,000 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 December 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 Thursday, December 3, 2015, and shall be submitted in the form of the Bid Form 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 the Bid Form attached hereto and submitted no later than 11:30 A.M. (E.S.T.) on Tuesday, December 3, 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). 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 December 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 B 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, 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 November 24, 2015 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, 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, Senior 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 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 C 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

November 24, 2015

(See attached form of the Bid Form Proposal for Notes)

BID FORM
PROPOSAL FOR NOTES
November 24, 2015

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 November 24, 2015, which Notice is made part of this proposal, we offer to purchase the indicated principal amount of the \$4,610,000 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 \$4,610,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated December 15, 2015 and maturing on December 14, 2016, 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 \$4,610,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated December 15, 2015 and maturing on December 14, 2016, 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 \$4,610,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Easton, Connecticut dated December 15, 2015 and maturing on December 14, 2016, 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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