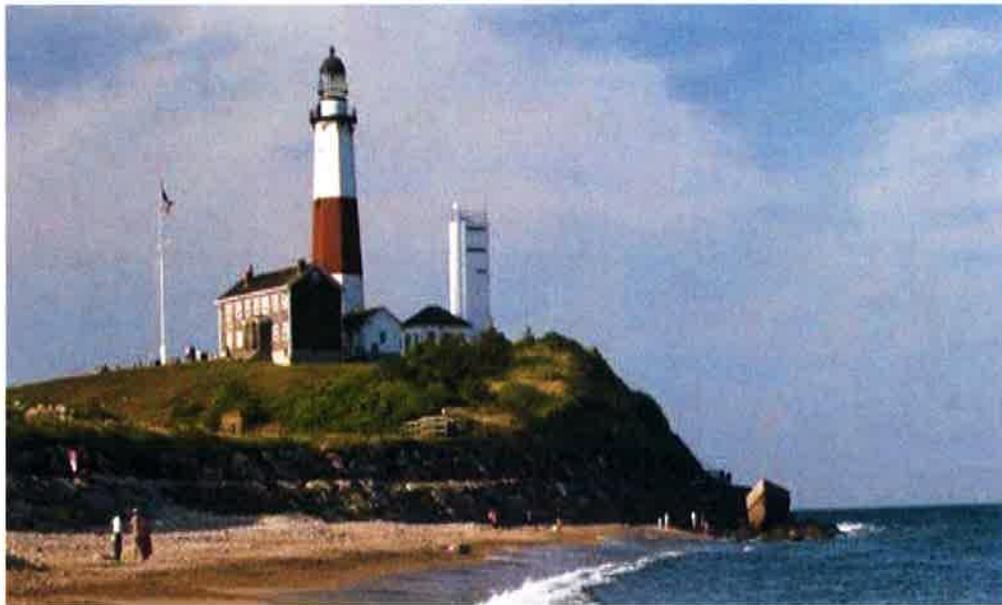




TOWN OF  
**EAST HAMPTON**  
LONG ISLAND, NY

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2017



**Town Board**

**Peter Van Scoyoc, Supervisor**

**Jeffrey Bragman, Councilperson**

**Kathee Burke-Gonzalez, Councilperson**

**David Lys, Councilperson**

**Sylvia Overby, Councilperson**

**TOWN OF EAST HAMPTON**  
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***INTRODUCTORY  
SECTION***

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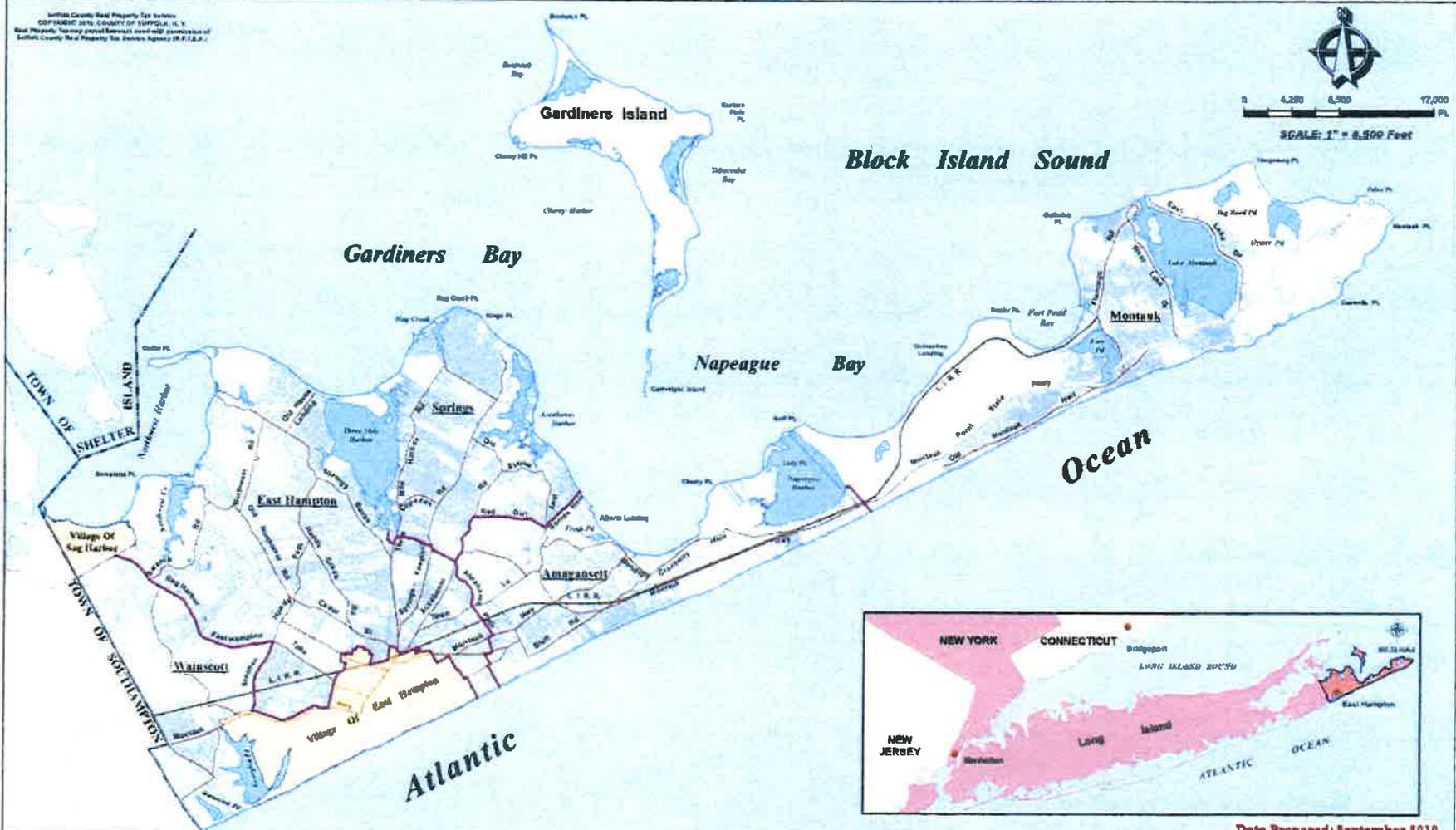
CARTOGRAPHY - RONN PIRRELLI - 04/10

British County Real Property Tax Service  
COPYRIGHT 2010, COUNTY OF SUFFOLK, N.Y.  
Real Property Taxing Agency Manual used with permission of  
Suffolk County Tax & Property Tax Services Agency (S.P.T.S.A.)



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PL

SCALE: 1" = 8,500 Feet



Date Prepared: September 2010



Prepared by:  
**THE TOWN OF EAST HAMPTON**  
Suffolk County, New York

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# TOWN OF EAST HAMPTON

## Suffolk County, New York

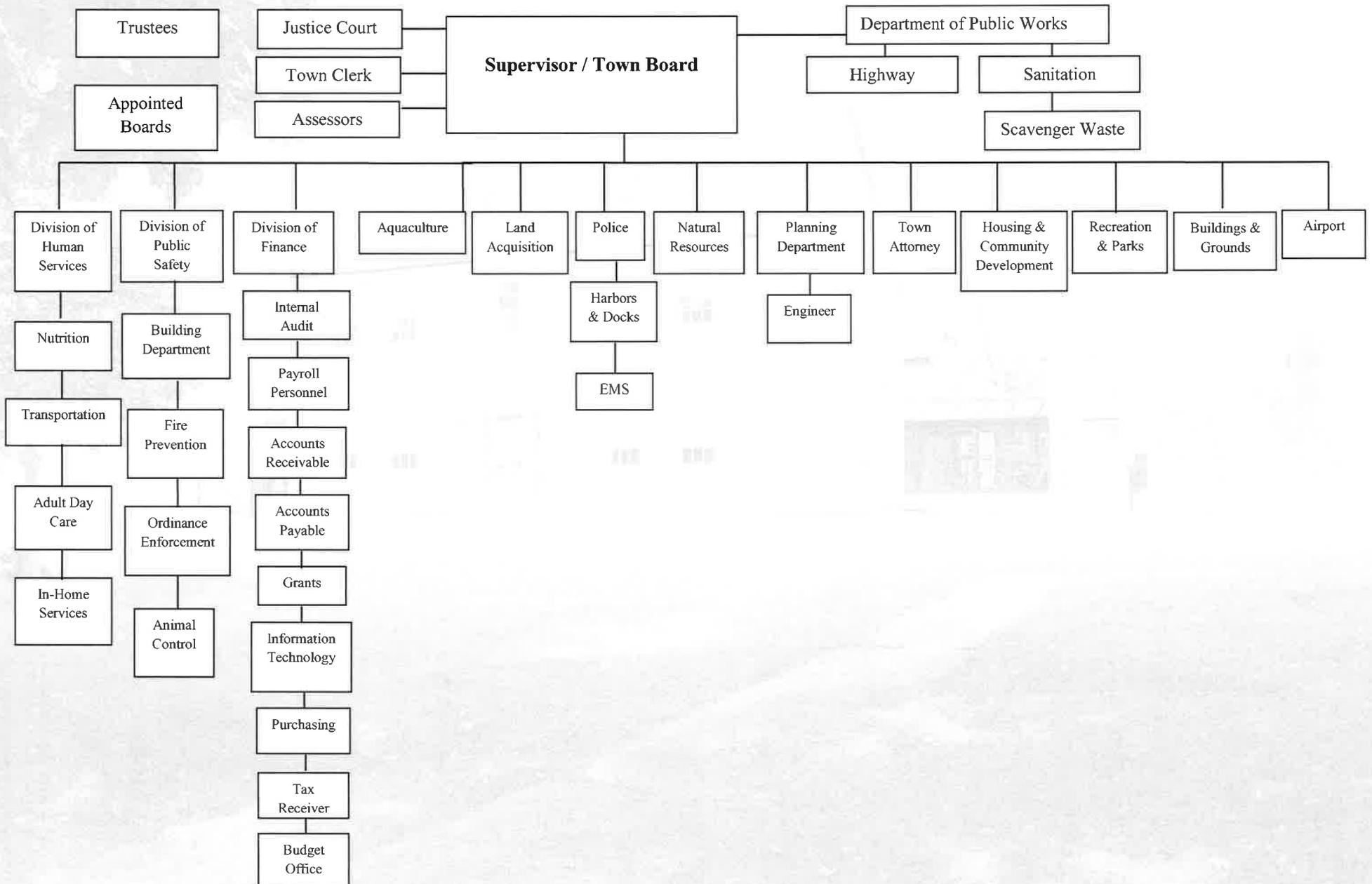
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TOWN OF EAST HAMPTON, NEW YORK  
PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 2017

TOWN BOARD:

Supervisor	Peter Van Scoyoc
Deputy Supervisor	Sylvia Overby
Councilperson	Kathee Burke-Gonzalez
Councilperson	Jeffrey L. Bragman
Councilperson	David Lys
Town Clerk:	Carole Brennan
Town Budget Officer:	Leonard W. Bernard, Jr.
Chief Auditor:	Charlene Kagel, CPA
Town Attorney:	Michael Sendlenski, Esq.
Director of Public Safety:	David A. Betts
Chair of Assessors:	Jeanne Nielsen
Chief of Police:	Michael Sarlo
Superintendent of Highways:	Stephen Lynch
Director of Housing:	Thomas Ruhle
Town Director of Human Services:	Diane Patrizio
Town Justice:	Hon. Steven Tekulsky
Town Justice:	Hon. Lisa Rana
Director of Aquaculture/Bay Management Specialist II:	John Dunne
Land Acquisition Management III:	Scott Wilson
Environmental Protection Director:	Kimberly Shaw
Town Maintenance Supervisor:	Anthony Littman
Planning Director:	Marguerite Wolffsohn
Superintendent of Recreation:	John Rooney

# TOWN OF EAST HAMPTON ORGANIZATION CHART





# TOWN OF EAST HAMPTON

159 Pantigo Road  
East Hampton, New York 11937

**PETER VAN SCOYOC**  
Supervisor  
pvanscoyoc@eamptonny.gov

(631) 324-4140

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June 26, 2018

Honorable Members of the Town Board and Citizens of the Town of East Hampton:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of East Hampton, New York, for the year ended December 31, 2017. The financial statements have been audited by the accounting firm selected by the Town Board, Nawrocki Smith LLP. The Independent Auditor's unmodified opinion is included in this report.

This report is assembled and published for the explicit purpose of providing the Town Board, Town employees, citizens, bond holders and other interested parties with the most detailed information on the Town's operational and financial strategies and practices.

The Town's financial staff will continue to spearhead the financial analysis and reporting required to ensure our residents and taxpayers are safeguarded despite the economic challenges present.

Sincerely,

*Peter Van Scoyoc*

Peter Van Scoyoc  
Town Supervisor



# TOWN OF EAST HAMPTON

Budget Office / Finance Department  
159 Pantigo Road  
East Hampton, New York 11937  
Phone: (631) 324-6888 Fax: (631) 324-7895

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June 26, 2018

Honorable Members of the Town Board  
And Citizens of the Town of East Hampton:

The Comprehensive Annual Financial Report ("CAFR") of the Town of East Hampton, New York ("Town") for the year ended December 31, 2017, as prepared by the Budget and Finance Department is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the Town.

This report is the primary means of presenting the Town's financial activities in a manner designed to set forth fairly, the financial position and the results of the operations of the Town as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain a reasonable understanding of the Town's financial position.

The accounting firm of Nawrocki Smith LLP was selected by the Town Board to perform an independent audit of the Town's financial statements as of December 31, 2017 and for the year then ended to provide reasonable assurance that the financial statements are free from material misstatement. The auditor's unmodified opinion on the financial statements, required supplementary information and other supplementary information are included in the financial section of this report.

The Management's Discussion and Analysis ("MD&A"), in the financial section, provides an introduction, overview and analysis of the Town's financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Town is required to undergo an annual "single audit" in conformity with the provisions of the Federal Single Audit Act (as amended) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Information related to this "single audit", including the schedule of expenditures of federal awards, findings and recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations is also presented within this report in the financial section.

## **Reporting Entity**

This report includes government-wide financial statements and fund financial statements of various departments, agencies and other organizational units, which are considered part of the Town of East Hampton's financial reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by the Governmental Accounting Standards Board ("GASB"). The criteria include legal standing and financial accountability. Note 2 of the Notes to Financial Statements provide detail on their relationship to the Town of East Hampton. A brief summary of the nature of significant component units and their relationship to the Town of East Hampton is also provided in the Notes to Financial Statements.

## **General and Historical Information of the Town**

East Hampton is the easternmost town on Long Island. It encompasses a land area of approximately 70 square miles on Long Island's south fork and has almost 70 miles of waterfront on three sides. The Town is bordered by the Town of Southampton to the west, the Atlantic Ocean to the east and south and Gardiners Bay to the north.

The lands of the Town were purchased from the Montaukett Indians and cover approximately 30,000 acres. The first settlement within the present jurisdiction of the Town was made by Lion Gardiner on his privately-owned Gardiners Island in 1639. Organized settlement did not take place until 1648. The original name of the Town was Maidstone but fourteen years later it became known as East Hampton. Whaling, fishing, farming and cattle-raising were the basis of the settlers' early economy.

Present day East Hampton provides many artistic, cultural and historic points of interest including the Second House Museum, Old Hook Mill (built in 1806 and later restored), Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. The Atlantic Ocean beaches (often rated the best in the country), various bays, harbors, and scenic open space remain the Town's prime attractions, providing swimming, boating, fishing, hiking and bicycling for summer visitors and year-round residents alike.

### **Profile of the Government**

The Town of East Hampton was established in 1788 by the State of New York ("State") as a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders, there is one incorporated village, the Village of East Hampton, and a portion of a second incorporated village, the Village of Sag Harbor. The Town has four independently governed school districts wholly located within its borders and portions of two others, all of which rely on their taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property. The Town has four fire districts wholly or partially located within its borders, all of which rely on their taxing powers granted by the State to raise revenues for fire district purposes.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Town Supervisor. The Town Supervisor is the presiding member and Chief Fiscal Officer of the Town and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms. All the Town Board members are elected at large. There are no limitations as to the number of terms which they may serve.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. Pursuant to the Town Law, the Town Clerk is elected to serve a four-year term. The number of terms the Town Clerk may serve is unlimited. The Town Budget Officer is responsible for the Town's fiscal affairs and the efficient operation of the Finance Department, including establishing and maintaining records of and controls on all monies received by the Town, all accounts maintained by the Town and all claims against the Town. The Town Receiver of Taxes is responsible for receiving and collecting all State, county, town and school taxes and all assessments that may be levied in the Town. Other officers of the Town include: the Highway Superintendent, which is a two-year elected position; the Town Assessors, who are elected to four-year terms, and the Town Attorney, who is appointed by the Town Board.

Each year, the Town Board is required to adopt a budget, no later than November 20<sup>th</sup>, for the subsequent calendar year. The budget is prepared by fund, and by department (which generally equates to function) down to the individual expenditure (object) line. The adopted budget includes the Town's General, Capital Projects, Community Preservation, Town Outside Village, Highway, Refuse and Garbage Districts, Airport, Fire Protection Districts, Street Lighting Districts, Sewer Districts, Water Districts, Special Grant, Special Revenue, Permanent, Community Housing Opportunity, and Community Development Building Grant funds. Capital Projects are budgeted on an individual project basis, with debt service budgeted in the operating funds associated with each project. Transfers of budget funds between individual expenditure (object) lines require the Town Board approval.

### **Services**

The Town is responsible for providing most governmental services to its residents. Water service is provided by the Suffolk County Water Authority and sewage service is arranged by the individual private property owners. In addition, recreation is provided via parks and beaches which are maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town furnishes police protection, while the State police provide intermittent patrols of highways and the County police supply special police services. Fire protection is

contracted for through the Town's several fire protection districts. Education is the responsibility of the six independent school districts located in whole or in part in the Town. The County provides various social and health services. Street lighting is provided through Town-operated Special Districts and managed by the Town Board.

### **Local Economy**

The local economy depends heavily on tourism and those who travel to the Town to enjoy the many resort activities and attractive environment. Owners of vacation homes also contribute greatly to the local economy by using the services provided by local merchants, carpenters, property managers, restaurateurs and others. Some of the world's wealthiest and most influential people own second homes in East Hampton, so that they may "summer in the Hamptons". The influx of summer residents acts as a major economic driver for the local business community. In recent years, the film industry has used the pristine beauty of East Hampton as a backdrop for various on-location shoots for major film projects and HBO and Showtime programs, such as the award winning television series "The Affair". Pursuit of the arts also contributes to the local economy with a large local artist colony that paint and sell their pieces locally at area galleries.

Individuals are attracted to the Town for beach and water related recreation activities, sport fishing, and leisure activities like hiking and bike riding. People also come to the Town to enjoy the pristine environment that the Town has so arduously preserved through open space acquisitions financed by local taxes and revenue produced by the Community Preservation Fund real estate transfer tax (discussed below).

Some of the biggest employers in Town are part of the local hospitality industry. The Town also has a commercial fishing fleet and industry, and a number of farmers who grow crops such as potatoes and corn, as well as more specialized vegetables and products. These products are sold both on a wholesale/commercial basis as well as on a retail basis at the many roadside farm stands and farmers markets that can be found throughout the Town.

Due to the large number of second homes throughout the Town, real estate is also a major industry and employer of local residents. The Town benefits from a high assessed tax base created from the value of primary and secondary homes and the demand for real estate in what is considered a desirable resort community. At the end of 2017, the market value of the assessed tax base was over \$35 billion, which averages over \$1.5 million per assessable parcel. NYS has lowered the equalization rate for 2017 and assessments increased by about 4.1%. Market values of property should top \$36 billion in 2018.

The vigor of the local housing market is exhibited in the continued strong sales of valuable homes during 2017 and the first quarter of 2018. Mortgage tax collection for 2017 were slightly (3%) lower than 2016. Collections for the first five months of 2018 came in at \$2.66 million, \$123K over the same period in 2017. In 2014, sale of a waterfront estate made national news, breaking the record for the most expensive home sale in U.S. history, selling at \$147 million. In February of 2016, an oceanfront home in East Hampton sold for \$110 million, the second largest transaction in Hamptons and New York state history. Community Preservation Fund's non-property tax revenues are generated from a 2% transfer tax on sale proceeds over \$250,000 for improved properties and \$100,000 for unimproved properties. Community Preservation Tax revenue was a robust \$27.1 million in 2017.

Median family income has been consistently higher in the Town than the state at large. The latest information for 2015 shows state median family income at \$60,850, with the Town's median at \$104,150.

### **Community Preservation Fund - Real Estate Transfer Tax**

In 1998, the Town, along with four other East End towns on Long Island, was authorized by the New York State Legislature to collect a 2% real estate transfer tax to achieve open space and farmland preservation through the voluntary acquisition of land and development rights in targeted areas pursuant to a Community Preservation Fund ("CPF") Project Plan ("Plan"). Such transfer tax monies are restricted and are not generally available for ordinary Town purposes. The legislation authorizing the 2% real estate tax is set to expire on March 31, 2030.

One of the goals of the CPF is to preserve lands which contain: "fresh and saltwater marshes"; "aquifer recharge areas"; "undeveloped beach lands or shoreline"; "pine barrens"; and "rivers, river areas in natural, free flowing condition". In addition, the Plan states that the preservation of "unique or threatened ecological areas" will be considered to protect unique coastal or estuarine habitats. Furthermore, the CPF allows for "restoration and preservation of historic properties".

The CPF's primary purpose is to protect the above described lands from development by preserving them through purchases of land, development rights and conservation easements. According to the CPF, moderating or reducing development will limit the amount of fertilizers, pesticides, oil spills and leaks, septic system leaks, and street runoff which would otherwise drain into surface waters or groundwater recharge areas. This will also protect surface water and groundwater by limiting development.

The 2% real estate tax is collected by Suffolk County and transferred to the Town monthly, and received into its Community Preservation Fund. The tax was implemented on April 1, 1999. As of December 31, 2017, the CPF had generated approximately \$377.3 million in total revenues. Total land purchases for the Town totaled approximately \$354.6 million, including purchases funded with money borrowed and to be repaid with future CPF collections. In 2017, the fund's total yearly revenues remained consistently strong at \$27.1 million. After purchases for 2017, the ending fund balance in CPF was \$22.5 million.

On June 2, 2000, the Town adopted a resolution authorizing a capital appropriation of \$20 million for the acquisition of land or rights in land for preservation purposes to be repaid with CPF revenue. Following the adoption of the first bond resolution, the Town adopted additional resolutions pursuant to this program authorizing the appropriation of an additional \$37.6 million for the acquisition of open space pursuant to this program to be paid off over time using future CPF revenues.

The Town has continued to aggressively acquire environmentally sensitive land and open space using CPF revenues as the collection of that revenue has been consistently strong over the last several years with approximately \$27.1 million collected in 2017, as described earlier.

Over the last four years, the Town has taken a number of steps to strengthen the accounting for CPF funds. The Town engaged the accounting firm, Cullen & Danowski LLP, to conduct yearly financial audits of the fund. The audits have shown significant improvements in the accounting and management of the program and its revenues after some problems were identified with financial activities attributed to certain accounting and spending actions in the fiscal years 2004 through 2009.

**Prior Administration's Financial Problems and the New Administration's Fiscal Recovery Plan and the Implementation of New Internal Controls that have Turned the Town Around**

For several years prior to 2010, the Town experienced financial difficulties as a result of consistently under-budgeting expenses and over-budgeting revenues by the previous administration. During the period 2005 through 2008, the Town's former Budget Officer unlawfully used Community Preservation Fund monies to fund the Town's operating expenses, thus concealing consecutive years of substantial operating deficits.

**Magnitude of the Financial Problem**

After completing an exhaustive analysis of financial activities for the years ended 2004 through 2009, on March 2, 2011 the Office of the State Comptroller certified the Town's accumulated deficit at December 31, 2009 as follows:

General Fund	\$ 17,173,845
Town Outside Village Fund	<u>10,084,057</u>
Total accumulated deficit	<u>\$ 27,257,902</u>

Pursuant to Special State Legislation, the Town Board was authorized to issue bonds or notes to fund the accumulated deficit in its General Fund and Town Outside Village Fund. The Town Board adopted two bond resolutions authorizing the issuance of not to exceed \$30 million in serial bonds to fund its accumulated deficits.

On June 29, 2010, the Town issued \$9,490,000 of deficit reduction bonds and on June 2, 2011, the Town issued an additional \$11,775,000 in deficit reduction bonds to fund the accumulated deficits at December 31, 2009. The balance of the Town's deficit was reduced as a result of positive operating results for the years ended December 31, 2010 and 2011. Going forward, the Town is not authorized to issue any additional bonds or notes pursuant to the Special State Legislation or the bond resolutions adopted by the Town pursuant to such Special State Legislation.

### Dealing with the Problem

Based on the Town's audited financial statements, through the immediate introduction of financial disciplines, re-engineering and efficient operating protocols, the Town generated an \$11.3 million operating surplus in its General Fund and Town Outside Village Fund for the fiscal year ended December 31, 2010, the first year under the management of the new administration. A portion of this surplus was used to help reduce the deficits; repay other Town funds which were owed money by them; and fund new reserves established by the Town Board. In 2011, the Town continued its fiscal recovery with very positive operating results. The result was the first positive cumulative fund balances in the General Fund and Town Outside Village Fund since 2004.

The Town's 2016 and 2017 financial results indicate continued fiscal improvement, as the General Fund and Town Outside Village Fund performed better than budgeted projections and the Town realized operating surpluses in those funds (see the fund balance chart on page 12 and independent audit report).

### Fiscal Recovery Initiatives

The Town Board adopted measures to increase revenues and reduce expenditures during the 2010, 2011 and 2012 fiscal years, which improved the Town's financial performance. The Town also retained a new independent auditing firm after the fiscal problems heretofore described were identified. Working with the financial team assembled by the new administration, the new independent auditors have issued their audit reports on a timely basis since 2010. Those reports have progressively contained fewer and fewer comments as past problems have been resolved.

Beginning January 1, 2010, The Town of East Hampton administration has taken a number of actions to improve its finances. These actions include:

- New internal controls related to purchasing and procurement, and the transfer and use of funds.
- The redrafting and strengthening of the Town's Purchasing and Procurement Policy.
- The submission of three-year financial plans for the Town to the State Comptroller with annual updates.
- The use of a Town Budget Advisory Committee to assist in creating new policies and procedures.
- Participation in the New York State early retirement incentive program which resulted in a reduction of 33 full-time positions in 2010. This created a savings of approximately \$2.7 million in annual salary and benefit costs for 2011 and future recurring savings.
- A staff reduction of 18 open positions that were funded and either not filled on January 1, 2010 or became unfilled during 2010. Those positions were eliminated in the 2011 budget, thus creating additional savings of \$1.5 million.
- The generation of over \$250,000 in revenue from a combination of new boat slip and parking fees, and the sale of surplus equipment.
- Proposed cuts in services and programs that generated approximately \$1.2 million in savings on a recurring basis, including the elimination of the leaf pick up program in the fall of 2010 and the closure of a Town recycling center one day per week which began on April 6, 2011.
- Finalized the sale of one-half interest in a golf course owned jointly with the Town of Southampton for \$2.2 million; proceeds will be dedicated to service the associated debt.
- In the process of negotiating the sale of up to four Town owned condominiums for a price of approximately \$1.5 million – the proceeds will be used to renovate the old, now vacant Town Hall building, which will consolidate Town operations to the central campus at 159 Pantigo Road.

- Creating a separate line item on each taxpayer's tax bill identifying the portion of the General Fund levy attributed to the cost of deficit financing (the Town's goal is to create transparency in the reporting of financial information).
- Fee increases beginning in the summer of 2011 for items taken in at the Town's recycling center.
- No new capital projects authorized in 2010 and 2011, in an effort to slow down non-deficit related borrowing and to provide a period of time to assess ongoing capital projects and evaluate the impact of these projects on future debt service.
- Implementation of a three-year capital plan and budget for the year beginning 2012 (with revisions and updates in 2013 and 2014) for projects and equipment needed for effective Town operations without unnecessarily increasing long-term debt and debt service.
- Monitoring cash flow on a monthly basis (as recommended by the State Comptroller's Office) to ensure all actions taken are done so prudently and in a manner that is fiscally responsible and fair to taxpayers.
- Reducing full-time employees through attrition (i.e. retirement) and by not automatically backfilling open positions (the Town, as of December 31, 2017, has 381 full-time equivalent employees compared to 345 in 2010).
- Reorganization of the Human Resources Department in 2012 by streamlining and incorporating the functions into the Finance Department (the reorganization has saved the Town \$140,000 in recurring annual costs while not reducing service to employees or County Civil Service).
- In the process of conducting a comprehensive review of departmental operating revenues to identify opportunities to increase fees generated by the Sanitation, Recreation, Airport and Building departments.
- Entered into an Inter-municipal Agreement with the Village of East Hampton to construct and operate a joint fuel facility which will result in capital savings of \$709,000 and annual operating savings of over \$130,000. Received a NYS Local Government Efficiency Grant in the amount of \$400,000 to offset the construction costs.

In addition, the Town has assessed the design and operating effectiveness of selected internal controls which has provided an improved understanding of the flow of transactions, including information technology aspects to identify points at which financial misstatements can occur. In particular, a new method of tracking all capital projects and finances related to those projects has been designed and implemented. Using its financial software, the Town is tracking capital projects and their underlying sources of funding on a project by project basis.

Internal controls have continued to be strengthened throughout 2017 since the hiring of the Chief Auditor in 2010 and establishment of the Town's Internal Audit Division (in 2012), which fulfills a recommendation made by several outside agencies performing oversight of the Town, such as the independent auditors. In the Town's audited financial statements for the year ended December 31, 2017, the Town's auditors did not report any significant deficiencies or material weaknesses in internal control with respect to the Town operations. As a result, the Town anticipates continued efficiency and cost effectiveness in its operations.

In the summer of 2016, Moody's Investor Services upgraded the Town's credit rating to Aa1, with a positive outlook, touting the Town's strong fiscal management. In 2017, Moody's reaffirmed the Aa1 rating.

#### Success of Recovery Plan and Actions Taken

The plan has not only led to the elimination of the General Fund and Town Outside Village Fund deficits, it has also served to stabilize tax rates (see the fund balance chart and the tax levy chart on page 12). The tax levy increases slightly in 2018 but on par with the 2010 level. The result is better balance in surpluses between the major funds in line with the Town's policy of maintaining 20% surplus in each fund. The schedule on page 12 illustrates that the Town has done much to reach its goal of balanced surplus between funds and creating ample reserves in the General Fund in particular. The Town has never pierced the New York State imposed 2% tax levy cap.

Fiscal year 2017 ended with total town indebtedness at \$105.2 million, comprised of \$80.5 million in serial bonds and \$24.7 million in short term notes. This represented a decrease of \$36.1 million in indebtedness since year end 2013. This is attributable to the Town's policy of capping yearly indebtedness of \$6 million and assuring the Town never issues more new debt than is being retired in that period.

After decreasing the Town's outstanding debt by nearly 28% in less than ten years to \$105.2 million from a high of \$146.1 million at the end of 2009, the Town has begun to conservatively plan some major capital improvements. The 2018 Capital Budget includes funding for major infrastructure expansion of water and sewage district projects, a major upgrade of the Police communication system and the construction of two new Town facilities. Overall Town indebtedness is projected to consistently remain in the \$100 million range, while providing for capital upgrades. The three-year capital budget is the culmination of a capital strategy over the last five years that has implemented the use of some Special Fund reserves, a small amount of borrowing for capital items, and large debt pay downs, producing a reduction in overall projected indebtedness of over \$40 million - even with the need to borrow almost \$21 million for deficit reduction. As of December 2017, the Town was only at 5.19% of its debt contracting limit.

Despite these successful efforts to eliminate the deficit, control spending, introduce operational discipline, and reduce debt, the Town has continued to function well and provide excellent services to its residents. Emergency preparedness, safety/rescue functions, police and code enforcement, human services, and recreation programs are operating at high levels of efficiency and effectiveness. As the Town's fiscal health has improved, capital spending has once again resumed and the three-year Capital Spending Plan includes upgrades to the fleet of police vehicles, highway and sanitation heavy equipment, improvements to various Town structures including the construction of a new senior citizen center and the upgrade of the town's public safety communications.

In the aftermath of Superstorm Sandy, the Town has received the majority of its FEMA reimbursements for emergency services, debris removal and damage to Town assets, but is still awaiting approval for storm mitigation projects for some waterfront road improvements, power line upgrades and beach access stairs.

Accounting, internal controls, and financial operations have been greatly strengthened and improved as evidenced in consistent unmodified opinions in recent audit reports from various external accounting firms. The Town has produced internal audits of financial operations prepared by its new Internal Audit division improving controls over petty cash fund procedures and balances, the recording and tracking of Police Department overtime, spending at the Town-funded public television station, policies and procedures in Human Services and controls of cash collections in the Tax Receiver's office and Building Department.

#### Closure of Scavenger Wastewater Facility

The Town Board made a decision in early 2014 to close the Scavenger Wastewater Facility primarily because of the increasing costs and it resulted in taxpayers subsidizing the private businesses of several wastewater hauling companies. Because of low volume and high fixed costs, the Town was unable to charge the very few haulers a per gallon fee large enough to cover the total cost of operating the facility. The per-gallon fee required for the facility to be self-sustaining would have been prohibitive for the several private haulers using the facility and forced them away – the ultimate catch 22. As a result, the facility was closed in November 2014.

The plant and its operating equipment have been officially decommissioned. The costs associated with the decommissioning process were borrowed and the 2018 budget (consisting primarily of closure costs and existing debt service) was reduced to \$64,917 and the tax levy was eliminated through the use of fund balance reserves. This will continue to decrease since the closure of the facility and the fund's debt is retired.

In January 2018, the Town entered into contract with the East Hampton School District to sell the reclaimed property for \$2.3 million, and the proceeds will be used to retire approx. \$670K in associated outstanding debt and the residual proceeds will be transferred to the General Fund. At that point, the Sewer Districts Fund itself will be eliminated.

#### Recovery Plan Data

The Town's recovery plan continued to flourish, evidenced by a number of financial performance indicators. The first chart on the following page illustrates the even distribution of balances between operating funds and the Town's success in turning large fund deficits into surpluses since 2010, particularly the Town's General and Outside Village Funds.

The charts that follow also illustrate how the newly implemented capital/borrowing plan will allow the Town to absorb the debt service related to the borrowing for deficit financing while reducing overall Town indebtedness by nearly \$40 million between 2010 and 2018 (projected). This is accomplished while allowing the Town to fund over 125 capital improvement projects and capital equipment acquisitions in accordance with the adopted three-year capital budgets.

Financial Recovery Statistics

***Fund Balances as a Percentage of Total Expenditures***

	2010	2011	2012	2013	2014	2015	2016	2017	2017 (\$)
General Fund	-11.07%	26.22%	33.54%	27.03%	25.26%	34.33%	43.76%	46.73%	\$ 13,857,632
Town Outside Village Fund	-16.34%	6.85%	6.41%	23.85%	26.05%	32.06%	38.94%	48.50%	11,889,006
Highway Fund	-75.30%	42.65%	35.67%	37.90%	34.93%	30.92%	41.42%	43.71%	2,955,636
Refuse and Garbage Fund	-60.08%	49.13%	24.84%	17.06%	24.41%	29.25%	44.24%	50.12%	2,878,407
Airport Fund	-57.74%	57.21%	30.03%	29.73%	33.15%	12.80%	44.70%	71.15%	3,105,892
Overall	5.72%	25.39%	23.43%	26.26%	26.92%	30.03%	41.83%	41.83%	\$ 34,686,573

<b><i>Tax Rates</i></b>	2010	2011	2012	2013	2014	2015	2016	2017	Pct. Change 2010-2017
Inside Village	15.335%	12.251%	11.127%	10.963%	11.311%	11.637%	11.713%	11.249%	-26.60%
Outside Village	28.975%	32.101%	26.641%	26.637%	28.363%	28.901%	29.388%	29.700%	2.50%

<b><i>Tax Levy Trends</i></b>	2010	2011	2012	2013	2014	2015	2016	2017	Dollar Change 2010-2017
Total Tax Levy (excludes Special Districts) <i>(in millions)</i>	\$ 62.372	\$ 52.302	\$ 51.691	\$ 47.067	\$ 47.874	\$ 49.055	\$ 49.886	\$ 50.393	\$ (11.979)

***Property Tax Revenue as a Percentage of Total Revenue***

	2010	2011	2012	2013	2014	2015	2016	2017
General, Town Outside Village, Highway, Refuse and Garbage and Airport Funds	77.0%	72.4%	70.8%	66.0%	67.5%	67.6%	66.1%	66.1%

***Town Indebtedness***

	2010	2011	2012	2013	2014	2015	2016	2017	Projected 2018
Serial Bonds and Bond Anticipation Notes <i>(in millions)</i>	\$ 141.3	\$ 131.2	\$ 124.1	\$ 119.8	\$ 110.4	\$ 104.0	\$ 100.9	\$ 105.2	\$ 99.0

***Staffing Trends***

	2010	2011	2012	2013	2014	2015	2016	2017
Full-Time Equivalent	345	339	326	363	364	367	376	381

**Financial Policies**

The Town has formal policies for purchasing and procurement; travel; investment of Town funds, and fund surplus. The policy on fund surplus sets as a goal that a 20% overall positive fund balance (surplus) be maintained in each of the Towns largest funds – General Fund, Town Outside Village Fund, Highway Fund, Refuse and Garbage Districts Fund, and Airport Fund. As of December 31, 2017, the Town has maintained well above 20% fund balance in all major funds. Through the implementation of sound fiscal measures, the Town’s Outside Village Fund went from a 45.2% deficit position in 2009 to a positive 44.0% position at the end of 2017. Most of the Town’s financial policies and procedures were revised and updated in response to a 2009 audit by

the State Comptroller. Recommendations contained in that 2009 Comptroller report have been fully responded to and implemented.

### **Long-Term Planning**

The Town's long-term planning is manifested in several reports that are prepared and updated annually.

The Town prepares (and updates) a three-year financial plan (Financial Plan) for the State Comptroller in accordance with Section 10.10 of the Local Finance Law. That Financial Plan consists of operating revenue and expenditure projections, capital spending plans, and staffing projections for the three succeeding years. It also includes explanations and rationale for the projections and plans.

The Town also adopts a three-year capital plan and budget (Capital Plan) that is updated annually by the Town Board. The Capital Plan identifies capital project and equipment needs as recommended by the various department heads. The Capital Plan includes a projection of related capital borrowing and projected debt service requirements to measure the impact of the Capital Plan on subsequent annual operating budgets. The Capital Plan also identifies funding sources other than borrowing that are available to reduce long-term debt issuance costs.

### **Major Financial Initiatives**

During the 2011 budget cycle, the new administration implemented a zero-based budgeting model. In formulating the tentative budget for 2011, the Town Supervisor requested all departments to justify all expenditures from "the bottom up". The goal was to ensure cost justification so that excess spending and related taxes would be minimized. The zero-based budget method has been used to prepare the 2011-2018 budgets.

The Town has also purchased a second financial software package to supplement its basic accounting software. The software, "Team Budget", focuses on the creation and monitoring of the budget. The software allows department heads (users) to input their budget requests directly into a work flow solution and submit to the Finance Department for compilation of the tentative budget by the Town Supervisor in accordance with Town Law. The staffing module has all employee salary and benefit data entered, and calculates the total position cost in each department's budget. The software also breaks down spending and revenue projections on a month by month basis. Once adopted and in place, the budget can then be monitored and monthly projections adjusted as needed to meet budget parameters.

In 2010, the Town hired a Chief Auditor to, among other things, lead an internal audit function within the Town. The function was established to conduct reviews and audits to ensure strong internal controls over operations and finances. To date, the internal audit function has conducted reviews of petty cash, employee health benefit administration, the use of Town funds provided to the local public television station, the operation of the Town Information Technology Department, Human Services procedures, the tracking of police overtime pay, internal controls on the Tax Receiver's Office, compliance testing of the Town's web-based time and attendance software and the East Hampton Housing Authority.

In 2014, the Town, along with the Village of East Hampton agreed to enter into a shared services initiative by constructing a new joint fuel facility with the latest technology and environmental upgrades, resulting in projected savings to both municipalities of over \$840,000. This initiative was awarded a \$400,000 grant from the NYS Department of State's Local Government Efficiency Program and construction was completed in 2016. The Town and the Village have begun to realize the savings of this joint venture in 2017, its first full year of operations.

The Town is currently participating with the County to explore other cost savings shared services initiatives, county-wide.

### **Awards**

In 2013, the Town received a Local Government Performance and Efficiency Program (LGPEP) award in the form of a \$536,000 grant from the New York State Department of State. The award was in recognition of the Town's financial recovery plan and the positive results of that plan.

In particular, the award recognized the Town's positive effort to "reorganize, consolidate, and downsize government" in response to the fiscal crisis created by the previous administration between 2004 and 2009. The Town received the final installment of the three year award in 2016 and dedicated the funds to be used to renovate Town office space and consolidate the Town work force into one campus type location, which it in its planning stage.

The GFOA of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the year ended December 31, 2013, 2014, 2015 and 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable reporting requirements.

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

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department and the support of our independent auditors, Nawrocki Smith LLP. We extend our appreciation to all the members of the Town who assisted and contributed to its preparation.

Finally, we would like to thank the Town Supervisor and members of the Town Board for their continued support in planning and conducting the financial operations of the Town of East Hampton in a responsible and progressive manner.

Respectfully submitted,

*Leonard W. Bernard*

Leonard W. Bernard  
Town of East Hampton  
Budget Officer

*Charlene G. Kagel-Betts*

Charlene G. Kagel-Betts, CPA  
Town of East Hampton  
Chief Auditor



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**Town of East Hampton  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

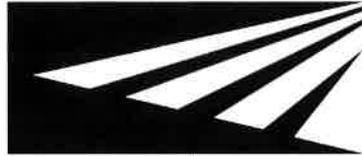
*Christopher P. Morill*

Executive Director/CEO

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***FINANCIAL  
SECTION***

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**NawrockiSmith**

**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Supervisor and Town Board of the  
Town of East Hampton:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of East Hampton (the "Town"), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the East Hampton Housing Authority (the "Authority"), which is a discretely presented component unit and represents 2.4 percent, 0.6 percent, and 1.8 percent, respectively, of the assets, net position, and revenues of the Town.

***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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Hampton Housing Authority, which represents 2.4 percent, 0.6 percent, and 1.8 percent, respectively, of the assets, net position, and revenues of the Town. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Hampton Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of East Hampton, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# NawrockiSmith

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 18-30 and 69-89, 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hampton's basic financial statements. The introductory section, other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the Town of East Hampton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Melville, New York  
June 26, 2018



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***REQUIRED  
SUPPLEMENTARY  
INFORMATION  
MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS***

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**TOWN OF EAST HAMPTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The following is a discussion and analysis of the Town of East Hampton's (the "Town") financial performance for the year ended December 31, 2017. This section is a summary of the Town's financial activities based on currently known facts, decisions and conditions. It is also based on both the Town-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL AND NON-FINANCIAL HIGHLIGHTS**

- The Town experienced a Total Governmental Funds deficit of \$22.7 million due primarily to the issuance of short term notes in anticipation of issuance of serial bonds in the Capital Projects Fund. Total Fund Balance for the Governmental Funds at the end of 2017 was \$50.1 million, a decrease of 31.2% over the prior year fund balance. Total Restricted Governmental Fund Balance (excluding the Community Preservation Fund) was \$3.5 million.
- Total 2017 Debt Service for the Town's Governmental Funds was \$15.3 million, or 13.9% of Total Governmental Revenues. This compared to \$15.0 million and 13.7% in 2016. As a percentage of revenues, this percentage should continue to decrease or remain stable (absent any major emergencies or projects deemed critical to Town operations) as the Town implements its recently updated three-year capital plan and pursues its policy of retiring more principal debt per annum than it creates.
- Total 2017 Revenues for the Town's Governmental Funds was \$109.7 million, of which \$53.8 million or 49.0% was from Property Taxes. This is a decrease of \$58,000 or 0.1%, this represents stability in the property tax levy.
- Total 2017 Expenditures for the Town's Governmental Funds was \$136.1 million, an increase of \$21.7 million or 19.0% from 2016. The spending increases are related to the acquisition of land through the Community Preservation Fund and capital expenditures financed by debt.
- The General Fund's total fund balance, as reflected in the fund financial statements, was \$13,857,632, which represents an increase of \$1,542,961 compared to the prior year's increase of \$2,502,055, which was due to the conservative budgeting for revenues and expenditures, and monitoring of the budget. General Fund-fund balance continues to increase year over year.
- The General Fund's total revenues were favorable to the 2017 Revised Budget by \$1,873,802, or 6.6% as a result of greater than expected State Aid - Mortgage Tax revenue of \$663,045, sales of real property of \$725,857 offset by Justice Court fines and fees of \$(160,157). Total expenditures were favorable to the 2017 Revised Budget by \$1,559,027 or 5.0% (see pages 69-73).
- The Community Preservation Fund had a negative change in fund balance of \$19,121,027, leading to total fund balance at the end of 2017 of \$22.5 million. The Town spent \$43.8 million in 2017 for the purchase and acquisition of open space as part of its ongoing land acquisition program and community preservation efforts.
- The Town Outside Village Fund's total fund balance, as reflected in the fund financial statements, was \$11,889,006, which is an increase of \$2,509,402, compared to the prior year's fund balance. Higher building fees and close monitoring of spending helped to achieve the positive results.
- The Highway Fund's total fund balance, as reflected in the fund financial statements, was \$2,955,636, which is an increase of \$310,934 over the prior year's fund balance. Close monitoring of operations contributed to the positive performance.
- The Town's total net position, as reflected in the *government-wide* (the "Town-wide") financial statements, increased by \$27,107,094 or 7.4% (down from 2016's increase of \$31,242,695 or 9.3%).

- The Town's expenses for the year, as reflected in the *government-wide* (the "Town-wide") financial statements, totaled \$82,865,634. Of this amount, \$43,347,462 was offset by program charges for services, fees, fines, forfeitures and operating and capital grants. General revenues of \$66,871,055 amounted to 60.7% of total revenues (see page 32).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of six parts: the introductory section, basic financial statements, required supplementary information including management's discussion and analysis (this section), other supplementary information, statistical information and the federal single audit reports. The basic financial statements include two kinds of financial statements that present different views of the Town:

- The first two financial statements are government-wide financial statements (the "Town-wide") that provide both short-term and long-term information about the Town's overall financial status (see pages 31 and 32).
- The remaining financial statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide financial statements (see pages 33-37).
  1. The *governmental fund* financial statements tell how basic services were financed in the *short-term* as well as what remains for future spending (see pages 33-36).
  2. *Fiduciary fund* financial statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others (see page 37).

#### **Reporting On The Town As A Whole**

The analysis of the Town as a whole begins on page 31. One of the most important questions asked about the Town's finances should be, "Is the Town as a whole better off or worse off as a result of the current year's activities?". The Statement of Net Position and the Statement of Activities and Changes in Net Position, report information about the Town as a whole and about its activities in a way that helps answer this question. These financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two financial statements report the Town's net position and changes in them. You can think of the Town's net position – the residual balance of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources – as a way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- *Governmental activities* - Most of the Town's basic services are reported here, including: general governmental support; public safety; health; transportation; economic assistance and opportunity; cultural and recreation and home and community services. Property taxes, fees, fines, and State and Federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.
- *Component units* - The component units are legally separate organizations for which the Town is either financially accountable, or the nature and relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town includes two discretely presented component units, the East Hampton Housing Authority and The Trustees of the Freeholders and Commonalty of the Town of East Hampton, in its report. Although legally separate, these component units are important because the Town is financially accountable for them. Complete financial statements of these component units can be obtained from their administrative offices (see Note 2).

## **Reporting The Town's Most Significant Funds**

Fund financial statements present financial information in the traditional governmental accounting format, with an emphasis on the most significant funds. Our analysis of the Town's major funds begins on page 33. Some funds are required to be established by New York State law and by bond covenants. However, the Town Board establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (such as grants received from the U.S. Department of Housing and Urban Development).

- *Governmental funds* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each of the fund financial statements (pages 34 and 36).
- *Fiduciary funds* - Fiduciary funds are used to account for resources that are earmarked for the benefit of other parties, and are not reflected on the Town-wide financial statements because those funds are not available to support the Town's activities (page 37).

## **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

### Financial Highlights:

#### Net Position

The Town's combined net position increased from a year ago, rising from \$365.5 million to \$392.6 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

- Positive working capital of \$40.3 million on December 31, 2017 compared with the December 31, 2016 positive working capital of \$60.1 million, working capital continues to be ample. The decrease is due to the progress in completing capital projects.
- Net investment in capital assets of \$390.6 million (compared to \$345.1 million in 2016) increased primarily due to the reduction of bond principal payable as a result of bond refunding and ongoing capital projects purchases offset by depreciation charges.
- Unrestricted net deficit decreased by \$1.5 million due to the recognition of property taxes collected in advance in the amount of \$1.7 million dollars offset by the continuing recognition of other post-employment benefits.

**Table 1:**

Condensed Statements of Net Position  
 Governmental Activities  
 As of December 31,

	<u>2017</u>	<u>2016</u>
Assets:		
Current and other assets	\$ 84,564,478	\$ 89,895,842
Capital assets, net of accumulated depreciation	496,509,446	446,817,690
Total assets	581,073,924	536,713,532
Deferred outflows of resources	12,501,177	21,429,112
Total assets and deferred outflows of resources	<u>\$ 593,575,101</u>	<u>\$ 558,142,644</u>
Liabilities:		
Current liabilities	\$ 44,274,526	\$ 29,738,761
Noncurrent liabilities	148,840,905	158,331,663
Total liabilities	193,115,431	188,070,424
Deferred inflows of resources	7,853,066	4,572,710
Total liabilities and deferred inflows of resources	<u>\$ 200,968,497</u>	<u>\$ 192,643,134</u>
Net position:		
Net investment in capital assets	\$ 390,603,661	\$ 345,127,715
Restricted	25,769,276	45,640,986
Unrestricted	(23,766,333)	(25,269,191)
Total net position	<u>\$ 392,606,604</u>	<u>\$ 365,499,510</u>

The Town's total assets and deferred outflows of resources as of December 31, 2017 were \$593.6 million, an increase of approximately \$35.4 million over the prior year. Total liabilities and deferred inflows of resources were \$201.0 million, an increase of approximately \$8.3 million over the prior year. The result is a net position balance of \$392.6 million, an increase of approximately \$27.1 million over the prior year. Of the Town's net position, \$390.6 million was invested in capital assets, net of related debt, while \$25.8 million was restricted. Unrestricted net deficit was \$23.8 million as of December 31, 2017.

**Table 2:**

Condensed Statements of Activities and Changes in Net Position  
 Governmental Activities  
 For the Years Ended December 31,

	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 11,769,867	\$ 12,147,243
Operating grants and contributions	30,100,506	29,737,610
Capital grants and contributions	1,477,089	2,063,080
Total program revenues	<u>43,347,462</u>	<u>43,947,933</u>
General revenues:		
Real property taxes	53,761,368	53,073,290
Other real property tax items	343,186	326,583
Non-property tax items	1,275,874	2,008,930
Use of money and property	769,141	736,632
Sale of property and compensation for loss	3,575,340	3,254,951
State aid - mortgage tax	5,013,045	5,209,818
Miscellaneous	2,133,101	1,495,425
Total general revenues	<u>66,871,055</u>	<u>66,105,629</u>
Total revenues	<u>110,218,517</u>	<u>110,053,562</u>

**Table 2 (continued):**

	2017	2016
Program expenses:		
General governmental support	\$ 18,965,363	\$ 16,750,424
Public safety	32,445,410	30,516,893
Health	47,513	50,000
Transportation	10,945,029	11,701,080
Economic assistance and opportunity	1,744,364	2,091,338
Culture and recreation	3,868,180	3,759,495
Home and community services	12,166,444	11,177,489
Interest on debt	2,683,331	2,523,513
<b>Total expenses</b>	<b>82,865,634</b>	<b>78,570,232</b>
Intergovernmental expenses:		
Transfer to the Trustees of the Freeholders and Commonalty of the Town of East Hampton	(245,789)	(240,635)
<b>Increase in net position</b>	<b>\$ 27,107,094</b>	<b>\$ 31,242,695</b>

The Town's program revenues for the year ended December 31, 2017 were \$43.3 million, consistent with 2016. General revenues increased by \$765,000 from last year to \$66.9 million. Total combined revenues for 2017 were \$110.2 million, an increase of \$165,000 from 2016. Expenses and intergovernmental transfers for the year ended December 31, 2017 were \$82.9 million, an increase of approximately \$4.3 million, resulting in a change in net position for the year ended December 31, 2017 in the amount of \$27.1 million.

#### Governmental Activities

Revenues for the Town's governmental activities increased by 0.1% (\$165,000) while total expenses increased by 5.5% (\$4.3 million).

The cost of all governmental activities this year was \$82.9 million. However, as shown in the Statement of Activities on page 32, the amount that taxpayers ultimately financed for these activities through Town taxes was only \$39.5 million, because some of the cost was paid by those who directly benefited from the programs (\$11.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$31.6 million).

Table 3 presents the cost of the Town's governmental activities as well as the net cost of services (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions (see page 32).

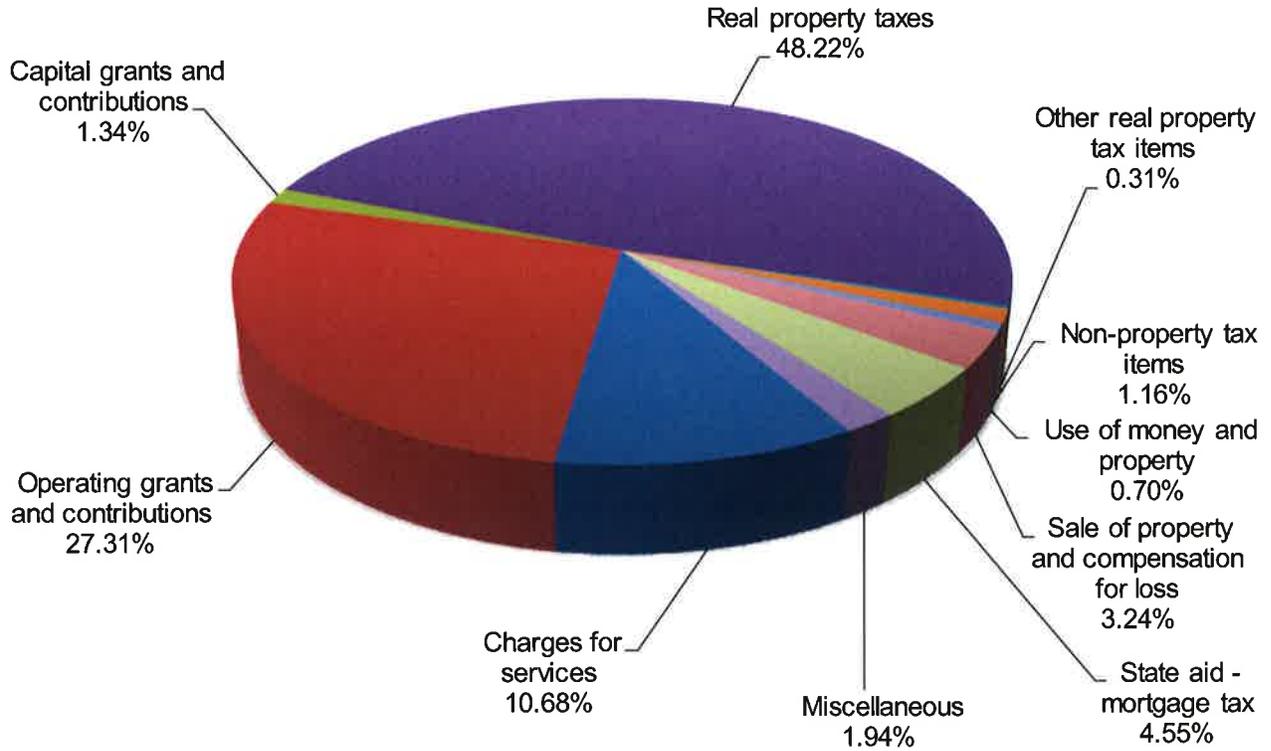
**Table 3:**

Net Costs of Services  
Governmental Activities  
For the Years Ended December 31,

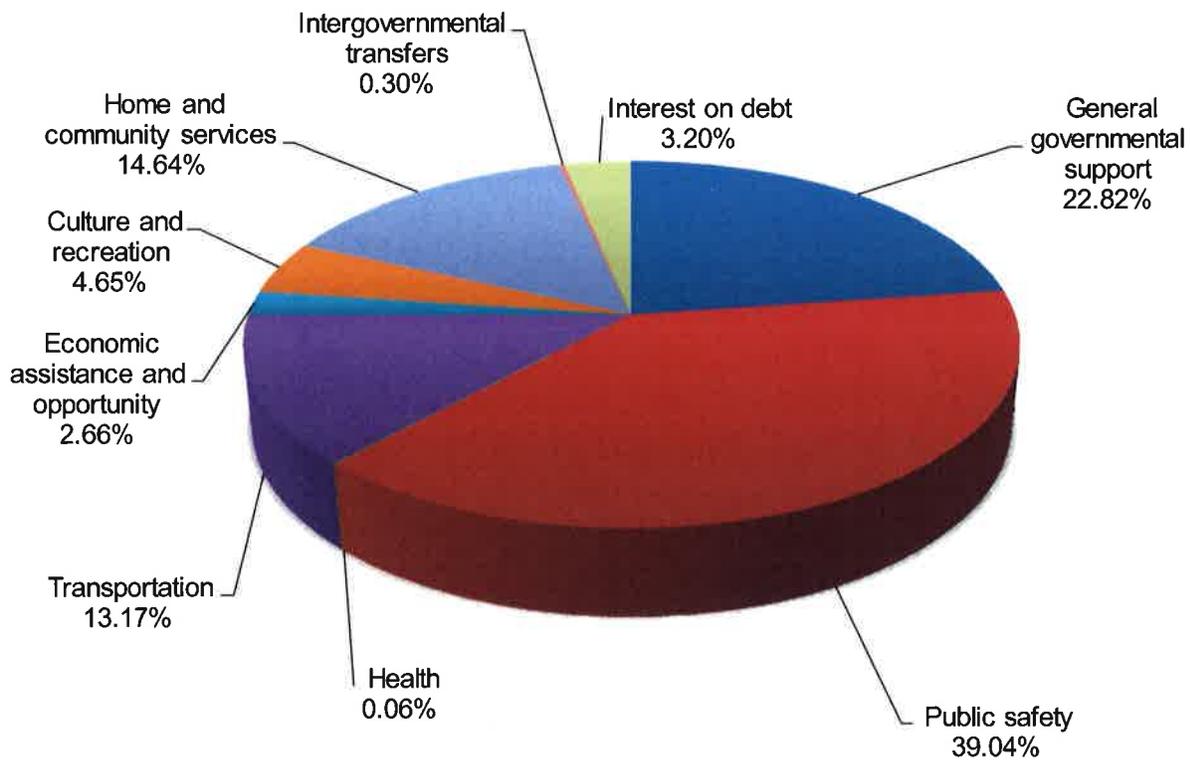
	Total Cost of Services		Program Revenues		Net (Cost) of Services	
	2017	2016	2017	2016	2017	2016
General governmental support	\$ 18,965,363	\$ 16,750,424	\$ 29,807,131	\$ 30,606,064	\$ 10,841,768	\$ 13,855,640
Public safety	32,445,410	30,516,893	4,102,591	3,293,387	(28,342,819)	(27,223,506)
Health	47,513	50,000	-	-	(47,513)	(50,000)
Transportation	10,945,029	11,701,080	4,950,646	5,267,626	(5,994,383)	(6,433,454)
Economic assistance and opportunity	1,744,364	2,091,338	-	-	(1,744,364)	(2,091,338)
Culture and recreation	3,868,180	3,759,495	-	-	(3,868,180)	(3,759,495)
Home and community services	12,166,444	11,177,489	4,487,094	4,780,856	(7,679,350)	(6,396,633)
Interest on debt	2,683,331	2,523,513	-	-	(2,683,331)	(2,523,513)
	<b>\$ 82,865,634</b>	<b>\$ 78,570,232</b>	<b>\$ 43,347,462</b>	<b>\$ 43,947,933</b>	<b>\$ (39,518,172)</b>	<b>\$ (34,622,299)</b>

The overall net cost of services increased from 2016 by approximately \$4.9 million.

**Table 4: Sources of Revenues for Fiscal Year 2017 - Governmental Activities**



**Table 5: Expenses for Fiscal Year 2017 - Governmental Activities**



## FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

### Governmental Funds

The General Fund has an unassigned fund balance of \$11.0 million (an increase from \$9.1 million in 2016), which represents 37.0% of annual operating general fund expenditures and a total fund balance of \$13,857,632 or 46.7% of operating fund expenditures. The 46.7% is well above the Town policy of maintaining 20% fund balances.

In the Community Preservation Fund, the fund balance decreased by approximately \$19.1 million. This number reflects purchasing property in amounts greater than receipts for the year, with the use of reserves.

The Town Outside Village Fund had an increase of fund balance of approximately \$2.5 million, primarily due to conservative budgeting and close budget monitoring.

The Highway Fund had an increase of fund balance of approximately \$311,000.

The Refuse and Garbage Districts Fund had an increase of fund balance of approximately \$384,000, primarily due to conservative budgeting and close budget monitoring.

Beginning in fiscal year 2011, the Town of East Hampton budgeted and reported employee benefits at the department level, rather than on a fund wide basis, and those related expenditures are reflected in the appropriate governmental function.

At December 31, 2017, the Town's governmental funds had a combined fund balance of \$50,093,061, which is a decrease of \$22.7 million from the previous year. Fund balances for the Town's governmental funds for the past two years distributed as follows:

**Table 6:**  
Fund Balances  
As of December 31,

	2017	2016
<b>General Fund</b>		
Nonspendable:		
Prepaid retirement items	\$ 316,172	\$ 507,969
Restricted:		
Debt service	1,677,786	1,654,784
Gifts and donations	307,619	307,310
Retirement contribution	98,115	302,827
Employee benefit accrued liability	150,806	150,655
Capital improvements	2,156	37,139
Judgments and claims	148,456	148,308
Capital improvements for YMCA	91,677	58,487
Assigned:		
Encumbrances	83,373	52,559
Unassigned	10,981,472	9,094,633
<b>Total General Fund</b>	13,857,632	12,314,671

**Table 6:**  
Fund Balances (continued)  
As of December 31,

	2017	2016
<b>Capital Projects Fund</b>		
Restricted	\$ -	\$ 530,397
Unassigned	(8,898,521)	-
<b>Total Capital Projects Fund</b>	<b>(8,898,521)</b>	<b>530,397</b>
<b>Community Preservation Fund</b>		
Nonspendable:		
Prepaid retirement items	9,993	11,082
Restricted:		
Debt service	138,849	902,299
Community preservation	21,392,167	40,670,176
Assigned:		
Encumbrances	982,629	61,108
<b>Total Community Preservation Fund</b>	<b>22,523,638</b>	<b>41,644,665</b>
<b>Town Outside Village Fund</b>		
Nonspendable:		
Prepaid retirement items	586,040	500,716
Restricted:		
Debt service	163,464	47,924
Retirement contribution	5,126	5,121
Employee benefit accrued liability	50,269	50,219
Capital improvements	25,134	25,109
Assigned:		
Encumbrances	41,018	22,299
Designated for special purpose	11,017,955	8,728,216
<b>Total Town Outside Village Fund</b>	<b>11,889,006</b>	<b>9,379,604</b>
<b>Highway Fund</b>		
Nonspendable:		
Prepaid retirement items	63,924	89,517
Restricted:		
Debt service	138,490	191,055
Retirement contribution	25,134	25,109
Employee benefit accrued liability	25,134	25,109
Capital improvements	25,134	25,109
Assigned:		
Encumbrances	83,002	73,135
Designated for special purpose	2,594,818	2,215,668
<b>Total Highway Fund</b>	<b>2,955,636</b>	<b>2,644,702</b>
<b>Refuse and Garbage Districts Fund</b>		
Nonspendable:		
Prepaid retirement items	41,797	60,024
Restricted:		
Debt service	344,053	73,765
Retirement contribution	25,134	25,109
Employee benefit accrued liability	25,134	25,109
Capital improvements	25,134	25,109
Assigned:		
Encumbrances	22,671	10,206
Designated for special purpose	2,394,484	2,274,980
<b>Total Refuse and Garbage Districts Fund</b>	<b>2,878,407</b>	<b>2,494,302</b>

**Table 6:**  
Fund Balances (continued)  
As of December 31,

	<u>2017</u>	<u>2016</u>
<b>Non-Major Governmental Funds</b>		
Nonspendable:		
Permanently restricted funds	\$ 250,000	\$ 250,000
Prepaid retirement items	14,223	24,000
Restricted:		
Debt service	103,908	84,757
HUD grants	59,172	-
Assigned:		
Encumbrances	187,237	125,490
Designated for special purpose	4,276,627	3,327,568
Unassigned	<u>(3,904)</u>	<u>(727)</u>
 Total Non-Major Governmental Funds	 <u>4,887,263</u>	 <u>3,811,088</u>
 Total fund balances	 <u>\$ 50,093,061</u>	 <u>\$ 72,819,429</u>

### **BUDGETARY HIGHLIGHTS**

Normally, the Town Board reviews and modifies the budget during the year as variations between budgeted forecasts and actual results appear throughout the various line items. These variances are caused primarily by outside economic factors such as unusual inflationary pressures, State-mandated employee benefit increases and market driven waste disposal costs. Although revenues are traditionally stable as to original forecast, external economic factors can affect items such as mortgage tax and franchise tax collections. Mortgage tax collections were well above the amount contained in the original budget due to conservative estimates of revenues. Fees related to building and construction were also substantially higher than the projection in the adopted budget due to the strong construction economy in East Hampton.

The Town's outstanding performance in 2017, especially in the General Fund and Town Outside Village Fund (combined increase of \$4.1 million in fund balance), was due to conservative budgeting and close monitoring of expenses and revenue flow by Finance Department staff and Department Heads.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

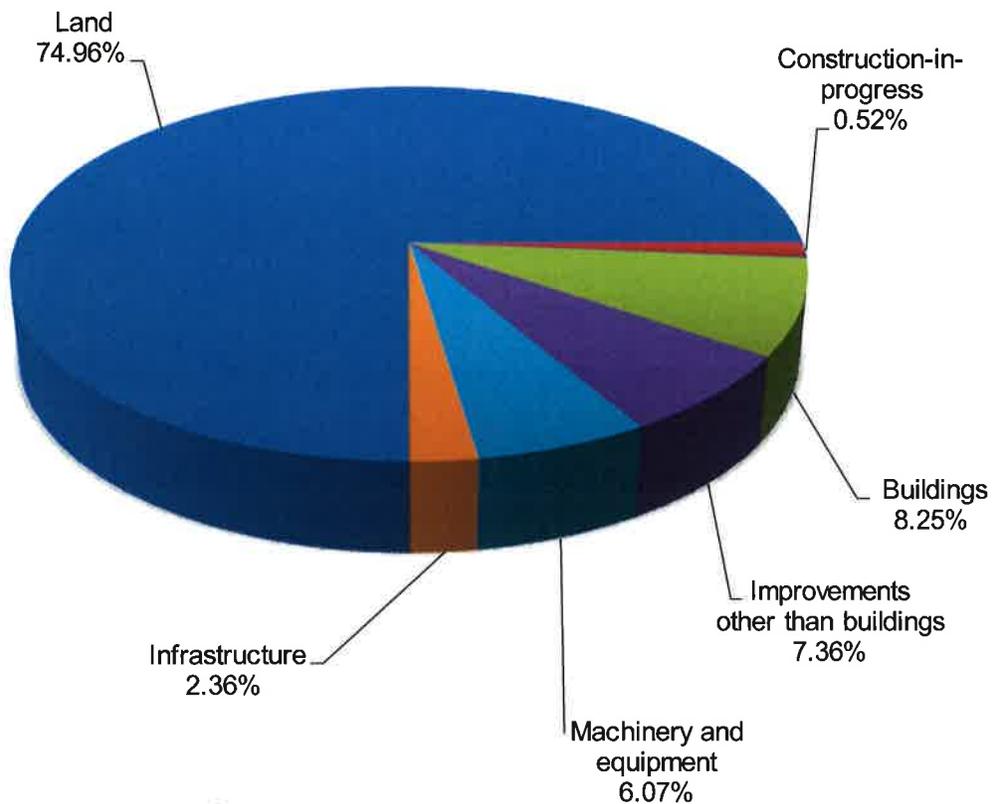
#### **Capital Assets**

The Town's investment in net capital assets for its governmental activities as of December 31, 2017, amounted to \$496,509,446. This investment in capital assets includes land, construction-in-progress, buildings, building improvements, machinery and equipment and infrastructure assets. Infrastructure assets consist of certain improvements other than buildings, including roads, curbs, sidewalks, drainage systems, street lighting, water mains and sewer systems. The Town's component unit, had \$12,339,940 invested in net capital assets including land, buildings, building improvements and automobiles.

**Table 7:**  
**Capital Assets**  
 As of December 31,

<u>Governmental Activities:</u>	<u>2017</u>	<u>2016</u>
Land	\$ 425,567,338	\$ 382,237,717
Construction-in-progress	7,903,434	2,679,511
Buildings	46,855,404	46,414,602
Improvements other than buildings	39,840,602	37,742,295
Machinery and equipment	34,154,858	31,092,574
Infrastructure	13,381,409	12,390,059
	<hr/>	<hr/>
Total capital assets	567,703,045	512,556,758
Less: accumulated depreciation	71,193,599	65,739,068
	<hr/>	<hr/>
Total net capital assets	<u>\$ 496,509,446</u>	<u>\$ 446,817,690</u>
 <u>Component Unit:</u>		
East Hampton Housing Authority		
Land	\$ 6,800,001	\$ 6,500,001
Construction-in-progress	433,317	202,613
Buildings	10,223,909	4,597,885
Building improvements	1,894,871	141,055
Automobiles	154,428	13,329
	<hr/>	<hr/>
Total capital assets	19,506,526	11,454,883
Less: accumulated depreciation	7,166,586	1,938,802
	<hr/>	<hr/>
Total net capital assets	<u>\$ 12,339,940</u>	<u>\$ 9,516,081</u>

**Table 8: Capital Assets**



Additional information on the Town's capital assets is shown in the notes to financial statements (see pages 52 and 53).

**Debt**

At December 31, 2017, the Town had \$80,545,000 in bonds outstanding as compared to \$89,815,941 last year, a decrease of 10.3%. The Town issued a \$3,190,000 various purpose serial bonds to fund capital improvements and acquisitions. The Town also issued \$24,650,990 in bond anticipation notes during 2017, up from \$11,056,899 in 2016. In 2017, the Town rolled some of its outstanding notes, added some new money notes, and converted some outstanding notes to long-term bonds (see pages 54-56).

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates and fees to be charged. The Town, located in Suffolk County NY, generally has more favorable financial statistical data than Suffolk County or New York State. According to the U.S Census Bureau, the Town's unemployment rate compares favorably to New York State's unemployment rate. In preparing the 2017 budget, the Town was sensitive to the large tax increases suffered by Town residents in 2008, 2009, and 2010, and through conservative budgeting and taking a zero-based approach. Town management was able to continue to keep tax rate increases to a minimum in 2017. The goal was to continue to return the Town to metrics more in line with municipalities of the same size in terms of staffing, spending and service, a goal that was first established in the 2011 budget and has continued through 2017, and 2018.

Inflation in the Town's geographic area is consistent with the Metropolitan area and is similar though somewhat higher than national averages. The Town negotiated a very fair and fiscally responsible new contract with the Police Union in September 2014 and negotiated a new contract in 2016, which called for a fair but modest total salary increase of 9.25% over four years. A similar agreement was reached in 2016 with the Safety Dispatcher Union. The Town settled a new contract with the Civil Service Employee Association ("CSEA") in March 2016 that will run through 2018. CSEA employees hired since 2011 already pay 15% toward health insurance as a result of their contract that expired on December 31, 2014. The new contract requires a 20% contribution for anyone hired

after March 2016. The salary increases are about 11% in aggregate over the 4 years of the contract. The terms negotiated in these contracts will greatly assist the Town in staying under the mandatory 2% tax levy cap imposed by the State. The Town was below the cap in the 2015, 2016, 2017 and 2018 budgets.

The New York State Employees' Retirement System is still recovering from adverse market conditions that have raised contribution rates significantly. The Town has continued to budget amounts sufficient to pay the anticipated contributions. Employer contributions are based on the Russell 3000 performance as of April 1 of the preceding two years. In fact, in 2015-16, the Town was in such a solid financial position that it prepaid its retirement bill in December 2015 rather than February 2016 and earned a discount, the Town has prepaid its retirement bill and realized the discount every year since. This is one more sign of the Town's recovery from the problems of 2005 through 2009.

Property taxes for the Town, together with Suffolk County, fire and school district taxes are collected by the Town Tax Receiver on a single tax bill. The taxes are due and payable in two equal payments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the day such taxes are due and payable and 10% after May 31.

The Town Tax Receiver distributes the collected money to the Town, fire and school districts prior to distributing the balance collected to Suffolk County. Uncollected amounts are not segregated by the Tax Receiver and any deficiency in tax collection is Suffolk County's liability. The Town is thereby assured of full tax collection.

The 2018 budget for the Town included a 2.384% increase in the tax levy, which was \$237,204 below the State mandated cap. Spending increased in the 2018 budget by a modest 3.7941% (total spending in the major funds was budgeted at \$77,757,527), with most of the increase going to contractual salary and benefit obligations. For those living inside a village, their tax rate increased by 1.64%, while those living outside a village saw their tax rate increase by 1.55% in the 2018 budget.

The Town has been able to recover from its 2005 to 2009 financial crisis by adding revenues, reducing spending, and incorporating discipline to the budget process. It has done all this while reducing overall Town indebtedness through the implementation of a gradual and well thought-out capital improvement strategy that prohibits yearly borrowing from exceeding yearly bond principal pay-down setting as a goal to not borrow more than approximately \$5 million to \$6 million per year for capital improvements. Indebtedness was over \$146 million at the end of 2009 and is estimated to drop to approx. \$101 million by the end of 2018 in accordance with the revised 3-year Capital Plan adopted early in 2018.

### **FACTOR'S BEARING ON THE FUTURE OF THE TOWN**

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011, restricts the amount of property taxes that may be levied in a particular year. Although there are exceptions, exemptions, and overrides to the limitation, the Law has made budgetary decisions more difficult. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded, which requires a 60% vote of the total voting power of the governing board. The Town has complied with this law and has not required an override vote. The Law was extended in July 2015, and is not set to expire on June 15, 2020.
- Changes in accounting principles which are set to be implemented in subsequent years will force the Town to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Town's Statement of Net Position by increasing the amount reported for total liabilities.
- Changes in the New York State Employee's Retirement System assumed rate of return and required employer contributions rates, could affect the amount of the Town's net pension liability on their Statement of Net Position.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Budget Office at Town of East Hampton, 159 Pantigo Road, East Hampton, New York 11937.

**TOWN OF EAST HAMPTON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Component Units		
	Primary Governmental Activities	East Hampton Housing Authority	Trustees of the Freeholders and Commonalty of the Town of East Hampton
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,535,074	\$ 664,555	\$ 691,978
Restricted cash	39,150,528	1,049,498	31,909
Accounts receivable, net	1,526,578	12,770	16,340
State and Federal aid receivables	1,996,286	-	-
Due from other governments	5,289,638	-	-
Due from fiduciary funds	34,225	-	-
Prepaid expenses	1,032,149	34,445	-
Non-depreciable capital assets	433,470,772	7,233,318	-
Depreciable capital assets, net	63,038,674	5,106,622	-
<b>Total assets</b>	<b>581,073,924</b>	<b>14,101,208</b>	<b>740,227</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge from refunding bonds	1,161,933	435,184	-
Pension related	11,339,244	60,588	-
<b>Total deferred outflows of resources</b>	<b>12,501,177</b>	<b>495,772</b>	<b>-</b>
<b>LIABILITIES</b>			
Accounts payable	3,921,034	24,899	10,682
Accrued liabilities	386,630	-	-
Bond anticipation note payable	24,650,990	4,006,124	-
Accrued interest payable	541,908	76,750	-
Deferred rent	-	1,380	-
Due to fiduciary funds	10,183	-	-
Due to other governments	32,674	-	-
Tenant security deposits	-	147,729	-
Noncurrent liabilities due within one year:			
General obligation bonds payable, net	11,662,395	-	-
Revenue bonds payable	1,790,000	137,696	-
Compensated absences	159,098	-	-
Judgments and claims payable	967,716	-	-
Estimated liability for landfill closure and post-closure care costs	151,898	-	-
Mortgage payable to NYS Housing Trust Fund Corporation	-	90,000	-
Noncurrent liabilities due in more than a year:			
General obligation bonds payable, net	60,609,333	-	-
Revenue bonds payable	8,355,000	4,170,442	-
Other post-employment benefits	55,858,228	-	-
Compensated absences	7,308,144	1,259	-
Judgments and claims payable	3,947,014	-	-
Net pension liability - proportionate share	10,401,701	76,431	-
Estimated liability for landfill closure and post-closure care costs	2,361,485	-	-
Mortgage payable to NYS Housing Trust Fund Corporation	-	3,474,104	-
<b>Total liabilities</b>	<b>193,115,431</b>	<b>12,206,814</b>	<b>10,682</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	5,469,545	-	-
Grants paid in advance	361	-	-
Pension related	2,383,160	11,596	-
<b>Total deferred inflows of resources</b>	<b>7,853,066</b>	<b>11,596</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	390,603,661	910,008	-
Restricted:			
Expendable -			
Debt service	2,566,550	-	-
Gifts and donations	307,619	-	-
Retirement contribution	153,509	-	-
Employee benefit accrued liability	251,343	-	-
Capital improvements	77,558	-	-
Judgments and claims	148,456	-	-
HUD grants	59,172	-	-
Community preservation operations	21,392,167	-	-
Repairs	-	902,069	-
Other	91,677	-	31,909
Nonexpendable -			
Permanent fund	250,000	-	-
Unrestricted	(23,295,108)	566,493	697,636
<b>Total net position</b>	<b>\$ 392,606,604</b>	<b>\$ 2,378,570</b>	<b>\$ 729,545</b>

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF EAST HAMPTON**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Revenues</u>				<u>Net Expenses and Change in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services, Fees, Fines and Forfeitures</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Component Units</u>		
					<u>Primary Government</u>	<u>East Hampton Housing Authority</u>	<u>Trustees of the Freeholders and Commonalty of the Town of East Hampton</u>
Functions and programs:							
Primary government -							
Government activities:							
General governmental support	\$ 18,965,363	\$ 2,677,924	\$ 27,129,207	\$ -	\$ 10,841,768		
Public safety	32,445,410	3,019,788	1,082,803	-	(28,342,819)		
Health	47,513	-	-	-	(47,513)		
Transportation	10,945,029	3,473,557	-	1,477,089	(5,994,383)		
Economic assistance and opportunity	1,744,364	-	-	-	(1,744,364)		
Culture and recreation	3,868,180	-	-	-	(3,868,180)		
Home and community services	12,166,444	2,598,598	1,888,496	-	(7,679,350)		
Interest on debt	2,683,331	-	-	-	(2,683,331)		
Total functions and programs	<u>\$ 82,865,634</u>	<u>\$ 11,769,867</u>	<u>\$ 30,100,506</u>	<u>\$ 1,477,089</u>	<u>(39,518,172)</u>		
Component units -							
East Hampton Housing Authority:							
Economic assistance and opportunity	<u>\$ 1,633,881</u>	<u>\$ 1,482,053</u>	<u>\$ 303,312</u>	<u>\$ -</u>		<u>\$ 151,484</u>	
Trustees of the Freeholders and Commonalty of the Town of East Hampton:							
Economic assistance and opportunity	<u>\$ 603,577</u>	<u>\$ 362,970</u>	<u>\$ 10,250</u>	<u>\$ -</u>			<u>\$ (230,357)</u>
General revenues:							
Real property taxes					53,761,368	-	-
Other real property tax items					343,186	-	-
Non-property tax items					1,275,874	-	-
Use of money and property					769,141	83,713	1,829
Sale of property and compensation for loss					3,575,340	-	-
State aid - mortgage tax					5,013,045	-	-
Miscellaneous					2,133,101	191,567	-
Total general revenues					<u>66,871,055</u>	<u>275,280</u>	<u>1,829</u>
Excess (deficiency) of revenues over (under) expenses					27,352,883	426,764	(228,528)
Intergovernmental revenues (expenses)					<u>(245,789)</u>	<u>-</u>	<u>245,789</u>
Change in net position					27,107,094	426,764	17,261
Total net position, beginning of year					<u>365,499,510</u>	<u>1,951,806</u>	<u>712,284</u>
Total net position, end of year					<u>\$ 392,606,604</u>	<u>\$ 2,378,570</u>	<u>\$ 729,545</u>

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF EAST HAMPTON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<b>MAJOR FUNDS</b>							
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Community Preservation Fund</b>	<b>Town Outside Village Fund</b>	<b>Highway Fund</b>	<b>Refuse and Garbage Districts Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>								
Cash and investments	\$ 10,577,335	\$ -	\$ -	\$ 13,668,865	\$ 3,033,548	\$ 2,648,467	\$ 5,606,859	\$ 35,535,074
Restricted cash	2,476,615	17,733,860	17,649,633	243,993	213,892	419,455	413,080	39,150,528
Accounts receivable, net	837,460	50	-	289,288	13,486	80,395	305,899	1,526,578
State and Federal aid receivables	1,393,908	572,239	-	10,000	-	10,253	9,886	1,996,286
Due from other governments	155,902	-	5,022,675	28,865	60,373	-	21,823	5,289,638
Due from fiduciary funds	-	-	-	34,225	-	-	-	34,225
Due from other funds	1,476,861	383,854	17,313	13,316	1,588	-	112,798	2,005,730
Prepaid items	316,172	-	9,993	586,040	63,924	41,797	14,223	1,032,149
<b>Total assets</b>	<b>\$ 17,234,253</b>	<b>\$ 18,690,003</b>	<b>\$ 22,699,614</b>	<b>\$ 14,874,592</b>	<b>\$ 3,386,811</b>	<b>\$ 3,200,367</b>	<b>\$ 6,484,568</b>	<b>\$ 86,570,208</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 515,918	\$ 2,245,602	\$ 143,809	\$ 189,489	\$ 347,754	\$ 277,140	\$ 201,322	\$ 3,921,034
Accrued liabilities	149,479	22,919	13,806	81,276	55,597	43,993	19,560	386,630
Bond anticipation note payable	-	24,650,990	-	-	-	-	-	24,650,990
Due to other governments	32,674	-	-	-	-	-	-	32,674
Due to fiduciary funds	1,033	-	9,150	-	-	-	-	10,183
Due to other funds	50,097	669,013	9,211	77,041	25,377	827	1,174,164	2,005,730
<b>Total liabilities</b>	<b>749,201</b>	<b>27,588,524</b>	<b>175,976</b>	<b>347,806</b>	<b>428,728</b>	<b>321,960</b>	<b>1,395,046</b>	<b>31,007,241</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Property taxes	2,627,420	-	-	2,637,780	2,447	-	201,898	5,469,545
Grants paid in advance	-	-	-	-	-	-	361	361
<b>Total deferred inflows of resources</b>	<b>2,627,420</b>	<b>-</b>	<b>-</b>	<b>2,637,780</b>	<b>2,447</b>	<b>-</b>	<b>202,259</b>	<b>5,469,906</b>
<b>FUND BALANCE</b>								
Fund balance:								
Nonspendable	316,172	-	9,993	586,040	63,924	41,797	264,223	1,282,149
Restricted	2,476,615	-	21,531,016	243,993	213,892	419,455	163,080	25,048,051
Assigned	83,373	-	982,629	11,058,973	2,677,820	2,417,155	4,463,864	21,683,814
Unassigned	10,981,472	(8,898,521)	-	-	-	-	(3,904)	2,079,047
<b>Total fund balance</b>	<b>13,857,632</b>	<b>(8,898,521)</b>	<b>22,523,638</b>	<b>11,889,006</b>	<b>2,955,636</b>	<b>2,878,407</b>	<b>4,887,263</b>	<b>50,093,061</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 17,234,253</b>	<b>\$ 18,690,003</b>	<b>\$ 22,699,614</b>	<b>\$ 14,874,592</b>	<b>\$ 3,386,811</b>	<b>\$ 3,200,367</b>	<b>\$ 6,484,568</b>	<b>\$ 86,570,208</b>

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF EAST HAMPTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

Total Fund Balance - Governmental Funds \$ 50,093,061

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 433,470,772	
Depreciable	134,232,273	
Accumulated depreciation	<u>(71,193,599)</u>	496,509,446

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. However, these liabilities are included in the Statement of Net Position:

General obligation bonds payable, net	(72,271,728)	
Revenue bonds payable	(10,145,000)	
Compensated absences	(7,467,242)	
Judgments and claims payable	(4,914,730)	
Other post-employment benefits	(55,858,228)	
Estimated liability for landfill closure and post-closure care costs	<u>(2,513,383)</u>	(153,170,311)

Deferred charges on refunding bond 1,161,933

Pension related items are not reported in the governmental fund financial statements since they are not related to current financial resources. The pension related items included in governmental activities consist of the following:

Net pension liability - proportionate share	(10,401,701)	
Deferred outflow of resources	11,339,244	
Deferred inflow of resources	<u>(2,383,160)</u>	(1,445,617)

Interest payable applicable to the Town's governmental activities are not due and payable in the current period and accordingly, are not reported in the governmental fund financial statements. However, this liability is included in the Statement of Net Position. (541,908)

Net Position - Governmental Activities \$ 392,606,604

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF EAST HAMPTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>MAJOR FUNDS</b>							<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Community Preservation Fund</b>	<b>Town Outside Village Fund</b>	<b>Highway Fund</b>	<b>Refuse and Garbage Districts Fund</b>	<b>Other Governmental Funds</b>	
<b>REVENUES</b>								
Real property taxes	\$ 18,888,948	\$ -	\$ -	\$ 22,037,482	\$ 5,997,033	\$ 3,613,058	\$ 3,224,847	\$ 53,761,368
Other real property tax items	209,596	-	-	87,398	23,432	13,930	8,830	343,186
Non-property tax items	1,139,007	-	27,129,207	136,867	-	-	-	28,405,081
Departmental income	1,336,950	-	-	2,911,090	-	2,598,598	3,321,138	10,167,776
Intergovernmental charges	31,860	94,083	-	14,615	152,419	-	73,981	366,958
Use of money and property	472,928	-	105,865	178,577	3,992	2,845	4,934	769,141
Licenses and permits	10,256	-	-	-	49,400	-	-	59,656
Fines and forfeitures	1,175,477	-	-	-	-	-	-	1,175,477
Sale of property and compensation for loss	980,381	-	-	86,806	86,606	89,067	2,332,480	3,575,340
Miscellaneous local sources	604,664	127,440	2,634	418,505	103,466	52,510	286,272	1,595,491
State aid	5,167,785	237,222	-	1,023,243	801,420	-	-	7,229,670
Federal aid	228,165	438,447	11,000	59,560	-	-	1,494,591	2,231,763
<b>Total revenues</b>	<b>30,246,017</b>	<b>897,192</b>	<b>27,248,706</b>	<b>26,954,143</b>	<b>7,217,768</b>	<b>6,370,008</b>	<b>10,747,073</b>	<b>109,680,907</b>
<b>EXPENDITURES</b>								
General governmental support	10,906,438	5,508,477	43,818,627	1,180,782	250	-	312,329	61,726,903
Public safety	1,337,083	4,225,662	-	18,618,085	-	-	3,031,081	27,211,911
Health	47,513	-	-	-	-	-	-	47,513
Transportation	793,645	1,533,077	-	-	4,955,377	-	4,073,328	11,355,427
Economic assistance and opportunity	1,580,607	74,834	-	-	-	-	-	1,655,441
Culture and recreation	2,808,152	71,298	-	-	-	-	-	2,879,450
Home and community services	2,588,970	1,853,939	-	1,412,942	-	3,836,939	1,885,053	11,577,843
Employee benefits	1,505,194	-	-	1,772,591	689,125	240,778	186,418	4,394,106
Debt service -								
Principal	6,552,286	-	1,918,387	1,364,864	897,036	1,453,585	274,783	12,460,941
Interest	1,531,742	-	632,719	161,777	220,760	211,786	66,566	2,825,350
<b>Total expenditures</b>	<b>29,651,630</b>	<b>13,267,287</b>	<b>46,369,733</b>	<b>24,511,041</b>	<b>6,762,548</b>	<b>5,743,088</b>	<b>9,829,558</b>	<b>136,134,885</b>
Excess (deficiency) of revenues over (under) expenditures	594,387	(12,370,095)	(19,121,027)	2,443,102	455,220	626,920	917,515	(26,453,978)
<b>OTHER FINANCING SOURCES (USES)</b>								
Serial bond, issuance	-	3,190,000	-	-	-	-	-	3,190,000
Premium on debt issuance	133,276	241,425	-	64,400	47,065	25,463	25,981	537,610
Interfund transfers in	1,161,852	-	-	1,900	114,261	12,210	488,628	1,778,851
Interfund transfers out	(346,554)	(490,248)	-	-	(305,612)	(280,488)	(355,949)	(1,778,851)
<b>Total other financing sources (uses)</b>	<b>948,574</b>	<b>2,941,177</b>	<b>-</b>	<b>66,300</b>	<b>(144,286)</b>	<b>(242,815)</b>	<b>158,660</b>	<b>3,727,610</b>
Changes in fund balance	1,542,961	(9,428,918)	(19,121,027)	2,509,402	310,934	384,105	1,076,175	(22,726,368)
Fund balance, beginning of year	12,314,671	530,397	41,644,665	9,379,604	2,644,702	2,494,302	3,811,088	72,819,429
Fund balance (deficit), end of year	<u>\$ 13,857,632</u>	<u>\$ (8,898,521)</u>	<u>\$ 22,523,638</u>	<u>\$ 11,889,006</u>	<u>\$ 2,955,636</u>	<u>\$ 2,878,407</u>	<u>\$ 4,887,263</u>	<u>\$ 50,093,061</u>

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF EAST HAMPTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balance - Governmental Funds		\$ (22,726,368)
<p>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. The amount by which capital outlay exceeds depreciation in the current period:</p>		
Capital outlay, net of reclassifications and retirements	\$ 55,431,872	
Depreciation expense	<u>(5,740,116)</u>	49,691,756
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Serial bond issuance	(3,190,000)	
Repayment of bond principal	<u>12,460,941</u>	9,270,941
<p>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:</p>		
Other post-employment benefits	(7,260,000)	
Compensated absences	(318,091)	
Judgments and claims payable	61,613	
Estimated liability for landfill closure and post-closure care costs	151,898	
Pension related	(1,906,674)	
Amortization of deferred charges from bond refunding	(185,055)	
Amortization of bond premium	<u>292,395</u>	(9,163,914)
<p>Bond interest is recorded as an expenditure in the governmental funds when it is paid, and in the Statement of Activities when it is incurred.</p>		
		<u>34,679</u>
Change in Net Position - Governmental Activities		<u>\$ 27,107,094</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF EAST HAMPTON**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2017**

<b>ASSETS</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 79,693,675
Accounts receivable	311,433
Due from governmental funds	10,183
Total assets	\$ 80,015,291
<b>LIABILITIES</b>	
Due to Justices	\$ 170,894
Bail liability	483,542
Due to other governments	78,306,203
Due to governmental funds	34,225
Other agency liabilities	1,020,427
Total liabilities	\$ 80,015,291

The accompanying notes to financial statements are an  
integral part of this statement.

**TOWN OF EAST HAMPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. BACKGROUND**

The Town of East Hampton (the "Town") was established in 1788 and is governed by Town Law and other general laws of the State of New York (the "State") and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Town Supervisor and four Council members. The Town Supervisor serves as the Chief Fiscal Officer of the Town, and is elected for a term of two years. The Council members are each elected for terms of four years. The Town Clerk, the Superintendent of Highways, the Town Assessor, and the Town Justices are elected and serve for four years. The Town Board appoints various department heads.

The Town provides a full range of municipal services, including police and justice court, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The accompanying financial statements include all funds of the Town for which the elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. All such entities of the Town have been included in this report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of East Hampton have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the Town accounting policies are described below.

**A. Reporting entity**

The financial reporting entity consists of: (a) the primary government, which is the Town of East Hampton; (b) organizations for which the primary government is financially accountable; and (c) 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 as set forth by GASB.

The decision to include a potential component unit in the Town of East Hampton's financial reporting entity is based on several criteria set forth by GASB which includes legal standing, dependency and financial accountability. Based on the application of these criteria, a summary of certain entities considered in determining the Town of East Hampton's reporting entity is discussed below.

The Trustees of the Freeholders and Commonalty of the Town of East Hampton (the "Trustees") were formed under the auspices of the "Dongan Patent" on December 9, 1686. This document gives the Trustees jurisdiction to certain properties prescribed in the patent. There are nine trustees who are elected for two year terms. Essentially, the primary function of the Trustees is to collect mooring fees, dock fees, and lease various parcels of land over which they have jurisdiction. In addition, the Trustees receive funding from the Town of East Hampton for expenses and personnel supplied to the Trustees and paid by the Town of East Hampton. As a result of the Town providing financial support for the Trustees' employees and capital additions, it is determined that they are fiscally dependent on the Town. The Trustees also do not provide services exclusively to the Town itself but also to the residents of the Town and therefore, are presented discretely in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements of the Trustees can be obtained from their administrative office: The Trustees of the Freeholders and Commonalty of the Town of East Hampton, 267 Bluff Road, Amagansett, NY 11930. During 2014, the State Supreme Court declared the Trustees to be a division of the Town.

The East Hampton Housing Authority (the "Housing Authority") was created in 1983 pursuant to New York State Law. It owns and operates apartment buildings for low income families. The Town Board appoints members to the Housing Authority Board. Also, bonds issued by the Housing Authority are backed by the full faith and credit of the Town. Accordingly, the Housing Authority has been determined to be a component unit of the Town and is presented discretely in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements of the Housing Authority can be obtained from their administrative office at: East Hampton Housing Authority, P.O. Box 2106, East Hampton, NY 11937.

B. Excluded from the reporting entity

Within the geographic boundaries of the Town are 2 incorporated villages, one which is partially located in a neighboring town. The villages have their independent forms of government but real property located therein is subject to taxation by the Town for certain Town purposes. Located within the Town are 6 independently governed school districts, which rely upon their own taxing powers, granted by the State to raise revenue. Four of these school districts are entirely within the Town, while parts of two other school districts are located in neighboring towns. These entities are excluded from the Town's financial statements because their operations are controlled by officials elected by their respective constituents and the Town has no fiscal responsibilities to them and cannot influence their operations.

C. Basis of presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

1. Government-wide financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the primary government and its component units. These financial statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these financial statements. The primary government is reported separately from the legally separate component units for which the primary government is financially accountable. All of the activities of the Town as primary government are governmental activities.

In the government-wide Statement of Net Position, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functional categories (public safety, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property taxes, certain intergovernmental revenues, interest earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services, fines, fees and forfeitures and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenues (property taxes, intergovernmental revenues, interest earnings, etc.).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Interfund services provided and used are not eliminated in the process of consolidation.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

## 2. Fund financial statements

The fund financial statements are similar to the financial statements presented in the previous model. The emphasis is on the major funds in the fund financial statements. Non-major funds are summarized into a single column.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Accordingly, the Town maintains the following fund types:

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major or non-major funds.

The Town reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Capital Projects Fund - is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Primary revenue sources of funds are from debt issuances and appropriations.

Community Preservation Fund - is used to account for financial resources for land acquisition and preservation purposes (current legislation provides for this fund through the 2030 fiscal year). Primary revenue sources are from real estate transfer taxes described in Note 14.

Town Outside Village Fund - is used for revenues and expenditures for certain services provided to the area of the Town located outside of the Incorporated Villages. Primary revenue sources are from real property taxes and departmental income.

Highway Fund - is used to account for revenues and expenditures for highway purposes. Primary revenue sources are from real property taxes and State aid.

Refuse and Garbage Districts Fund - is used to account for revenues and expenditures for sanitation services. Primary revenue sources are from real property taxes and departmental income.

Additionally, the Town reports the following non-major funds:

Airport Fund - is used to account for revenues and expenditures related to the operations of the East Hampton Town Airport.

Joint Fuel Facility Fund - is used to account for revenues and expenditures related to the joint Town and Village fueling facility.

Fire Protection Districts Fund - is used to account for revenues and expenditures pertaining to fire protection districts that serve the public by preventing or mitigating situations which endanger their lives, health or property.

Street Lighting Districts Fund - is used to account for revenues and expenditures pertaining to lighting districts which provide street lighting for residents within the Town.

Sewer Districts Fund - is used to account for revenues and expenditures pertaining to the sewer districts which are used to preserve and protect the public health and welfare of the citizens of the Town and to protect the waters of the Town's lakes and beaches.

Water Districts Fund - is used to account for revenues and expenditures pertaining to water districts that provide the Town with adequate and reliable high-quality water to meet present and future needs in the community.

Special Grant Fund - is used to account for the revenues and expenditures related to Federal aid for the Section 8 Housing Choice Vouchers Program.

Special Revenue Fund - is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Permanent Fund - is used to account for financial resources received from other parties including individuals, private organizations and other governments whereby the use of the resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Community Housing Opportunity Fund - is used to account for revenues and expenditures related to the maintenance and development of affordable low and moderate income housing.

Community Development Building Grant Fund - is used to account for revenues and expenditures related to providing financial assistance for affordable housing and the Community Development Block Grant Program.

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.

### 3. Fiduciary Funds

The fiduciary funds are used to account for the assets held by the Town in a trustee capacity or as agency for individuals, private organizations and other governments. These activities are not included in the government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

The Town reports the following fiduciary funds:

Agency Fund - is for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Fund - accounts for consolidated payroll, amounts due to/from other governments, and other agency liabilities.

Town Receiver of Taxes Agency Fund - accounts for amounts due to other governments for general and school taxes collected.

Justice Court Agency Fund - accounts for amounts due to other governments and bail liability.

### D. Measurement focus and basis of accounting

Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the

liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds use the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the year-end. Application of "susceptible to accrual" criterion requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

Revenues susceptible to accrual include Suffolk County local assistance at year-end on behalf of the Town, franchise fees, charges for services, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for State and Federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred, (b) principal and interest on indebtedness are recognized as expenditures when due and (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds except for the Capital Projects Fund lapse at year-end. Encumbrances are re-appropriated in the ensuing year and are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

#### E. Property taxes

The Town has its own Assessor's Office, whose responsibilities are independent and distinct from those of the Town of East Hampton Receiver of Taxes. The Town assessment rolls are used for the levy of real property taxes by the Town, school districts, and by special districts located within the Town, as well as, by the County of Suffolk, New York. The Receiver of Taxes collects all real property taxes for the Town, County, Town Highway, Town special districts and school districts.

Real property taxes are levied on December 1<sup>st</sup> and a lien is also placed on the property on that date. Payments are due in two equal installments, 50% on December 1<sup>st</sup> and 50% on May 1<sup>st</sup>, payable without penalty to January 10<sup>th</sup> and May 31<sup>st</sup>, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 10 for the first half taxes. After May 31<sup>st</sup>, any remaining unpaid taxes are payable to the County Treasurer along with all additional penalties. The Town retains the total amount of Town, Town Highway, Town special districts, and school districts levies from the amount collected, and forwards the remaining balance collected to the County, which assumes collection responsibility. The Town and Town's special districts therefore realize annually 100% collection of real property taxes.

#### F. Interfund activities

Interfund activities have been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchase of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide financial statements. In the fund financial statements, interfund transactions include:

##### 1. Interfund revenues

Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of the fund receiving the service.

2. Transfers

Transfers represent payments to other funds for their appropriate share of capital projects.

G. Estimates

The preparation of 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 amount of assets and liabilities (deferred inflows/outflows of resources) and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

H. Cash and cash equivalents/investments

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Town.

I. Restricted cash

Certain cash balances are classified as restricted because their use is restricted by contractual agreements and regulations.

J. Receivables

Receivables include amounts due from Federal, State and other governments or entities for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred.

K. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses in the Balance Sheet and Statement of Net Position usually represent amounts paid in advance for employee retirement benefits and insurance.

L. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and regulations.

M. Capital assets

Capital assets with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be report at acquisition value rather than fair value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25-50 years
Improvements other than buildings	25-50 years
Machinery and equipment	5-20 years
Infrastructure	25-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

N. Deferred outflows of resources

In addition to assets, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

O. Deferred inflows of resources/unearned revenues

In addition to liabilities, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the Town receives resources before it has legal claim to them, as when charges for services are received prior to performing or satisfying the service. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the deferred inflow is removed and revenues are recorded.

P. Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions, as well as short-term interfund loans are classified as "due to and from other funds". Long-term interfund loans (non-current portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Q. Long-term obligations

The liabilities for long-term obligations consisting of general obligation bonds payable, compensated absences, judgments and claims, other post-employment benefits and liability for landfill closure and post-closure care costs are recognized in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, and bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures when paid.

R. Compensated absences (accumulated unpaid vacation, sick pay and other employee benefits)

Town employees receive accumulated earned but unused vacation and sick pay benefits pursuant to labor contracts or Town policies. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations.

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, only the compensated absence liability payable from expendable available financial resources is incurred. The amount that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability in the fund financial statements and the respective fund that will pay it and are reported in the fund financial statements, only to the extent that they have matured.

S. Other benefits

Town employees participate in the New York State Employees' Retirement System and the New York State Police and Fire Retirement System.

In addition to providing pension benefits, the Town provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Town and the retired employee. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

T. Notes payable

Tax anticipation notes and revenue anticipation notes are generally recorded as fund liabilities in the fund receiving the proceeds. Bond anticipation notes are classified as fund liabilities in the fund receiving the proceeds unless all legal steps have been taken to refinance the notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis, at which time they are recorded as other financing sources, bond anticipation notes redeemed from appropriations, in the fund financial statements. In the government-wide Statement of Net Position, they are recorded as a liability.

U. Equity classifications

Government-wide financial statements

In the government-wide financial statements, there are three classes of net position:

1. Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted - is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund financial statements

In the fund financial statements, there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance of \$1,282,149 includes prepaid items of \$1,032,149, recorded in the Town's various funds, and a permanent endowment of \$250,000 related to approximately 500 acres of land on Northwest Harbor, more generally known as a portion of the Grace Estate. Pursuant to the agreement, income from this fund shall be used first, for the purpose of defraying the operational expenses incurred by the Town in the use, management and/or stewardship of other publicly-owned natural acres within the Town. The principal from the fund shall not be used.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town has established the following restricted fund balances:

### Debt Service

According to General Municipal Law §6-l, a Debt Service Reserve must be established for the purpose of retiring the outstanding debt service payments on the general obligation bonds used to originally purchase the property. At December 31, 2017, the Town has established seven reserves with a combined balance of \$2,566,550. The funding of the reserves is from the proceeds of the sale of property or capital improvement.

A summary of the activity in the reserve for debt service for the year ended December 31, 2017 is as follows:

Balance - beginning	\$ 2,840,142
Establishment of reserves for various closed capital projects	481,147
Increase in Part Town's Police Equitable Sharing Agreement	54,160
Establishment of Whole Town's Green River Cemetery reserve	9,270
Establishment of Whole Town's Shellfish Hatchery reserve	23,801
Establishment of Airport's Premium on Ban reserve	24,742
Increase in Whole Town's Premium on Ban reserve	29,901
Increase in Part Town's Premium on Ban reserve	61,296
Increase in Highway's Premium on Ban reserve	1,176
Use of Sewer's Premium on Ban reserve	(1,321)
Use of Refuse and Garbage's Premium on Ban reserve	(7,429)
Interest earned on reserve cash	3,002
Increase in Whole Town's West Lake Tennis reserve	1,000
Use of reserve for debt payments for boat	(1,163)
Use of reserve for debt payments for roll off truck	(9,632)
Use of reserve for debt payments for payloader	(11,537)
Use of reserve for debt payments for various capital projects	(64,672)
Use of Community Preservation reserves	(728,506)
Use of Whole Town's Deficit Funding reserve	<u>(138,827)</u>
Balance - ending	<u>\$ 2,566,550</u>

### Retirement Contribution

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

### Employee Benefit Accrued Liability

Must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service.

### Capital Improvements

Must be used for the cost of repairs and additions to capital improvements or equipment.

### Judgments and Claims

In accordance with Town Law Section 55-b, the Town has established a reserve for judgments and claims to pay all or part of the cost of judgments or settled claims against the Town, and awards payable pursuant to a determination by a court or an officer, body or agency acting in an administrative or quasi-judicial capacity. The reserve for judgments and claims balance at December 31, 2017 was \$148,456.

Community Preservation

The Town established a Community Preservation Fund (the "CPF") in accordance with Town Law Section 64-d and 64-e and Local Law Section 139 for the purpose of protecting and preserving open and undeveloped lands in the Town of East Hampton, including wetlands, woodlands, agricultural lands, shore lands, and other natural resources of the Town, for the purpose of protecting historic place and properties within the Town and for the purpose of providing the Town's visitors and residents with outdoor recreational opportunities. Funding of this reserve is primarily from revenues collected from the two percent real estate transfer tax imposed by the Town pursuant to Article 31-D of New York State Tax Law. In accordance with Local Law Section 139, financial activities for the Community Preservation Fund are maintained in a separate bank account. The Town currently accounts for the financial activity of the Community Preservation Fund as a major governmental fund. In accordance with the purpose of this fund, not more than ten percent of the fund shall be utilized for management and stewardship activities. Upon completion of the Community Preservation Project Plan, any remaining funds will be applied to reduce any bonded indebtedness or other obligations incurred.

A summary of activity for Community Preservation restricted fund balance for the year ended December 31, 2017 is as follows:

Balance - beginning	\$ 41,572,475
Two percent transfer tax revenue	27,129,207
Rental of property	2,634
Interest earned on reserve cash	105,865
Encumbrances carried forward	(909,432)
Disbursements for debt service	(2,551,106)
Disbursements for land preservation	<u>(43,818,627)</u>
Balance - ending	<u>\$ 21,531,016</u>

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by Board resolution, commit fund balance. The Town has no committed fund balances as of December 31, 2017.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Town administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds lapse at year-end. Encumbrances are re-appropriated in the ensuing year and are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the Town. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Fund balances for all the major and non-major governmental funds as of December 31, 2017, were distributed as follows:

	General Fund	Capital Projects Fund	Community Preservation Fund	Town Outside Village Fund	Highway Fund	Refuse and Garbage Districts Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>								
Permanently restricted funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Prepaid retirement items	316,172	-	9,993	586,040	63,924	41,797	14,223	1,032,149
<b>Total nonspendable</b>	<b>316,172</b>	<b>-</b>	<b>9,993</b>	<b>586,040</b>	<b>63,924</b>	<b>41,797</b>	<b>264,223</b>	<b>1,282,149</b>
<b>Restricted</b>								
Debt service	1,677,786	-	138,849	163,464	138,490	344,053	103,908	2,566,550
HUD grants	-	-	-	-	-	-	59,172	59,172
Gifts and donations	307,619	-	-	-	-	-	-	307,619
Retirement contribution	98,115	-	-	5,126	25,134	25,134	-	153,509
Employee benefit accrued liability	150,806	-	-	50,269	25,134	25,134	-	251,343
Capital improvements	2,156	-	-	25,134	25,134	25,134	-	77,558
Judgments and claims	148,456	-	-	-	-	-	-	148,456
Community preservation	-	-	21,392,167	-	-	-	-	21,392,167
Capital improvements for YMCA	91,677	-	-	-	-	-	-	91,677
<b>Total restricted</b>	<b>2,476,615</b>	<b>-</b>	<b>21,531,016</b>	<b>243,993</b>	<b>213,892</b>	<b>419,455</b>	<b>163,080</b>	<b>25,048,051</b>
<b>Assigned</b>								
<b>Encumbrances:</b>								
Uniforms/Armoury expenses	150	-	-	4,035	-	-	-	4,185
Repairs, maintenance and equipment	14,920	-	-	-	83,002	-	37,039	134,961
Office	848	-	-	-	-	-	209	1,057
Outside professional	23,995	-	1,600	36,983	-	3,865	124,856	191,299
Subcontract costs	20,855	-	981,029	-	-	888	8,652	1,011,424
Heat	3,527	-	-	-	-	-	-	3,527
Water testing	13,000	-	-	-	-	17,516	-	30,516
Other	6,078	-	-	-	-	402	16,481	22,961
<b>Designated for special purpose:</b>								
Police	-	-	-	11,017,955	-	-	-	11,017,955
Road improvements	-	-	-	-	2,594,818	-	-	2,594,818
Sanitation	-	-	-	-	-	2,394,484	-	2,394,484
Maintenance and development of Town	-	-	-	-	-	-	4,276,627	4,276,627
<b>Total assigned</b>	<b>83,373</b>	<b>-</b>	<b>982,629</b>	<b>11,058,973</b>	<b>2,677,820</b>	<b>2,417,155</b>	<b>4,463,864</b>	<b>21,683,814</b>
<b>Unassigned</b>	<b>10,981,472</b>	<b>(8,898,521)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,904)</b>	<b>2,079,047</b>
<b>Total</b>	<b>\$ 13,857,632</b>	<b>\$ (8,898,521)</b>	<b>\$ 22,523,638</b>	<b>\$ 11,889,006</b>	<b>\$ 2,955,636</b>	<b>\$ 2,878,407</b>	<b>\$ 4,887,263</b>	<b>\$ 50,093,061</b>

### Net position and fund balance flow assumptions

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

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the Town's proportion of the collective net pension liability and differences between the Town's contributions and its proportionate share of the total contributions to the pension systems.

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

A. Budgetary data

The Town follows the procedures enumerated below in establishing the budgetary data (pages 69 through 84, as well as pages 95 through 100) reflected in the financial statements.

1. On or before September 20<sup>th</sup> each department, office or district submits to the Supervisor and the Finance Department a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
2. On or before September 30<sup>th</sup>, the Supervisor files a tentative budget with the Town Clerk.
3. On or before October 5<sup>th</sup>, the Town Clerk presents to the Town Board a tentative budget for the ensuing year (Town Law Sections 106 and 108). The Town Board reviews the tentative budget and files a preliminary budget with the Town Clerk.
4. The Town Board conducts a public hearing on the preliminary budget and on or before November 20<sup>th</sup>, the Town Board meets to adopt the budget now known as the "adopted budget".

5. Formal budgetary integration is employed during the year as a management control device for the General Fund and certain major funds. The Town Board adopts the budget and establishes a legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriations require Town Board approval.
6. Budgets for the General Fund and certain major funds are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues exceed budgeted amounts, additional budgetary appropriations may be made. The Capital Projects Fund is budgeted on a project basis.

The following supplemental appropriations were approved by the Town Board during the year ended December 31, 2017:

General Fund	<u>\$ 805,043</u>	Increase in subcontracting costs
Community Preservation Fund	<u>\$ 23,309,486</u>	Increase in land acquisition costs
Town Outside Village Fund	<u>\$ 9,318</u>	Increase in worker's compensation
Highway Fund	<u>\$ 394,671</u>	Increase in other equipment and road surface materials
Refuse and Garbage Districts Fund	<u>\$ 20,725</u>	Increase in health insurance
Sewer Districts Fund	<u>\$ 8,750</u>	Increase in other expenditures

B. Fund balances

Fund deficits

Governmental funds with total fund deficits as of December 31, 2017 are as follows:

	<u>Fund Deficit Unassigned</u>	<u>Total Fund Deficit</u>
Capital Projects Fund	\$ (8,898,521)	\$ (8,898,521)
Joint Fuel Facility Fund	(3,904)	(3,904)

The Capital Projects Fund deficit is driven by the Town financing capital projects with short-term monies (BAN's). In the upcoming year, the Town will eliminate the deficit by converting the approximately \$24 million bond anticipation note to long-term debt.

The Joint Fuel Facility Fund deficit is due to the timing of the initial establishment of this fund in the prior year and payment of its expenses.

5. **CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months.

The Town's investments are governed by a formal investment policy. The Town's monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. The Town is authorized to use certificates of deposit, N.O.W., super N.O.W. accounts and money market deposit accounts.

It is the Town's policy to require collateral held in the name of the Town for demand deposits, money market deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk - deposits/investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name

At December 31, 2017, the Town's book balances were \$157,380,540. This amount is exclusive of petty cash of \$3,480. The Town's bank deposit balances were \$101,770,823, of which \$1,750,000 was covered by the Federal Deposit Insurance Corporation ("FDIC"), \$113,183,808 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name. The remaining bank balance in Customer's Bank were undercollateralized by \$2,369,149. Bank accounts operated and held by the East Hampton Housing Authority on behalf of the Town of East Hampton are held with a separate collateral agreement. The cash book balance was \$1,714,053. This amount is inclusive of \$1,049,498 of restricted cash. The available bank balance was \$1,716,286. Of the available bank balance, \$775,085 was covered by the FDIC and the remaining balance was undercollateralized by \$941,201. Bank accounts operated and held by the Trustees of the Freeholders on behalf of the Town of East Hampton maintain balances that amounted to \$723,887 as of December 31, 2017.

Credit risk - State law and Town law limit investments to those authorized by state statutes. The Town has a written investment policy.

Interest-rate risk - Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of credit risk - Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

Custodial credit risk - investments - Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

As of December 31, 2017, the Town did not have any investments subject to credit risk, interest-rate risk, concentration of credit risk or custodial credit risk.

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivable and payable balances for the primary government at December 31, 2017 generally represent the payment of operating expenditures that will be reimbursed subsequent to year-end and are stated as follows:

	Amount Receivable	Amount Payable
Major Governmental Funds:		
General Fund	\$ 1,476,861	\$ 51,130
Capital Projects Fund	383,854	669,013
Community Preservation Fund	17,313	18,361
Town Outside Village Fund	47,541	77,041
Highway Fund	1,588	25,377
Refuse and Garbage Districts Fund	-	827
Non-Major Governmental Funds	112,798	1,174,164
Agency Funds	10,183	34,225
	<u>\$ 2,050,138</u>	<u>\$ 2,050,138</u>

Interfund transfer balances for the primary government at December 31, 2017 primarily represent the payment of operating and capital expenditures in addition to general obligation bond and bond anticipation note principal and interest and are stated as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 1,161,852	\$ 346,554
Capital Projects Fund	-	490,248
Town Outside Village Fund	1,900	-
Highway Fund	114,261	305,612
Refuse and Garbage Districts Fund	12,210	280,488
Non-Major Governmental Funds	488,628	355,949
	<u>\$ 1,778,851</u>	<u>\$ 1,778,851</u>

## 7. CAPITAL ASSETS

Governmental funds capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 382,237,717	\$ 44,055,479	\$ (725,858)	\$ 425,567,338
Construction-in-progress	2,679,511	6,304,865	(1,080,942)	7,903,434
Total non-depreciable capital assets	<u>\$ 384,917,228</u>	<u>\$ 50,360,344</u>	<u>\$ (1,806,800)</u>	<u>433,470,772</u>
Depreciable capital assets:				
Buildings	\$ 46,414,602	\$ -	\$ 440,802	46,855,404
Improvements other than buildings	37,742,295	1,458,167	640,140	39,840,602
Machinery and equipment	31,092,574	3,347,869	(285,585)	34,154,858
Infrastructure	12,390,059	991,350	-	13,381,409
Total depreciable capital assets	<u>\$ 127,639,530</u>	<u>\$ 5,797,386</u>	<u>\$ 795,357</u>	<u>134,232,273</u>
Less accumulated depreciation:				
Buildings	\$ 16,837,264	\$ 945,789	\$ -	17,783,053
Improvements other than buildings	21,632,593	1,710,094	-	23,342,687
Machinery and equipment	24,286,444	2,509,726	(285,585)	26,510,585
Infrastructure	2,982,767	574,507	-	3,557,274
Total accumulated depreciation	<u>\$ 65,739,068</u>	<u>\$ 5,740,116</u>	<u>\$ (285,585)</u>	<u>71,193,599</u>
Total depreciable capital assets, net				<u>63,038,674</u>
Total capital assets, net				<u>\$ 496,509,446</u>

Depreciation expense was charged to governmental functions as follows:

General governmental support	\$ 1,189,109
Public safety	2,788,343
Transportation	491,130
Economic assistance and opportunity	159,984
Culture and recreation	325,743
Home and community services	785,807
Total governmental activities depreciation expense	<u>\$ 5,740,116</u>

Discretely presented component unit's capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,500,001	\$ 300,000	\$ -	\$ 6,800,001
Construction-in-progress	202,613	230,704	-	433,317
Total	<u>6,702,614</u>	<u>\$ 530,704</u>	<u>\$ -</u>	<u>7,233,318</u>
Depreciable capital assets:				
Buildings	\$ 4,597,885	\$ 5,626,024	\$ -	10,223,909
Building improvements	141,055	1,753,816	-	1,894,871
Automobiles	13,329	141,099	-	154,428
Total depreciable capital assets	<u>\$ 4,752,269</u>	<u>\$ 7,520,939</u>	<u>\$ -</u>	<u>12,273,208</u>
Less accumulated depreciation:				
Buildings	\$ 1,866,063	\$ 4,042,849	\$ -	5,908,912
Building improvements	59,410	1,052,336	-	1,111,746
Automobiles	13,329	132,599	-	145,928
Total accumulated depreciation	<u>\$ 1,938,802</u>	<u>\$ 5,227,784</u>	<u>\$ -</u>	<u>7,166,586</u>
Total depreciable capital assets, net				<u>5,106,622</u>
Total capital assets, net				<u>\$ 12,339,940</u>
Depreciation expense was charged as follows:				
Economic assistance and opportunity			<u>\$ 5,227,784</u>	

The Town of East Hampton evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2017, the Town has not recorded any such impairment losses.

## 8. SHORT-TERM DEBT

Bond anticipation notes ("BANs") are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the Capital Projects Fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes.

Revenue Anticipation Notes ("RANs") are issued in anticipation of collection of revenue other than real property taxes for meeting expenditures payable from the type of revenue for which the borrowing was made. Local finance laws require that RANs shall mature within one year and may be renewed from time to time, but each renewal shall be for a period not exceeding one year and in no event shall such notes, or the renewals thereof, extend beyond the close of the second fiscal year in which such notes were issued. RANs associated with governmental funds should be reported as fund liabilities in the governmental fund that initially received the proceeds.

A summary of changes in short-term debt for the primary government for the year ended December 31, 2017 is as follows:

	Beginning Balance	Issuances	Payments	Ending Balance
Bond anticipation note matured on 8/25/17 at an interest rate of .75%	\$ 11,056,899	\$ -	\$ 11,056,899	\$ -
Bond anticipation note maturing on 8/24/18 at an interest rate of .99%	-	24,650,990	-	24,650,990
	<u>\$ 11,056,899</u>	<u>\$ 24,650,990</u>	<u>\$ 11,056,899</u>	<u>\$ 24,650,990</u>

Total interest paid on short-term debt was \$221,138 during the year ended December 31, 2017.

## 9. LONG-TERM DEBT

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year	Noncurrent Liabilities
Governmental activities:						
General obligation bonds payable	\$ 77,925,941	\$ 3,190,000	\$ (10,715,941)	\$ 70,400,000	\$ 11,370,000	\$ 59,030,000
Unamortized bond discounts and premiums	2,164,123	-	(292,395)	1,871,728	292,395	1,579,333
Total general obligations bonds, net	80,090,064	3,190,000	(11,008,336)	72,271,728	11,662,395	60,609,333
Revenue bonds payable	11,890,000	-	(1,745,000)	10,145,000	1,790,000	8,355,000
Compensated absences	7,149,151	859,959	(541,868)	7,467,242	159,098	7,308,144
Judgments and claims payable	4,976,343	1,086,685	(1,148,298)	4,914,730	967,716	3,947,014
Other post-employment benefits	48,598,228	10,120,000	(2,860,000)	55,858,228	-	55,858,228
Estimated liability for landfill closure and post-closure care costs	2,665,281	-	(151,898)	2,513,383	151,898	2,361,485
Total governmental activities	<u>\$ 155,369,067</u>	<u>\$ 15,256,644</u>	<u>\$ (17,455,400)</u>	<u>\$ 153,170,311</u>	<u>\$ 14,731,107</u>	<u>\$ 138,439,204</u>
Component unit:						
Revenue bonds payable	\$ 6,680,000	\$ -	\$ (2,445,000)	\$ 4,235,000	\$ 134,178	\$ 4,100,822
Refunding bond premium	76,656	-	(3,518)	73,138	3,518	69,620
Mortgage payable	917,422	2,700,000	(53,318)	3,564,104	90,000	3,474,104
Total component unit	<u>\$ 7,674,078</u>	<u>\$ 2,700,000</u>	<u>\$ (2,501,836)</u>	<u>\$ 7,872,242</u>	<u>\$ 227,696</u>	<u>\$ 7,644,546</u>

Liabilities for termination benefits cannot be reasonably estimated and therefore, are not reported within these financial statements.

**General obligation bonds and revenue bonds** - The Town borrows money in order to acquire land or equipment, construct buildings or make improvements. This enables the costs of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are secured by the full faith and credit of the Town, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Bonds of the Town's special districts will be repaid from tax revenues of the areas benefited. General obligation serial bonds and revenue bonds bear interest at various rates from 1.20% to 5.15% and have final maturity dates ranging through 2033.

On August 16, 2017, the Town issued Various Purposes Serial Bonds in the amount of \$3,190,000 with interest rates at 2.00%. The net proceeds of the bond will be used for various capital improvements and acquisition of capital equipment. The total purchase price of the bonds was \$3,727,610, with an original issue premium of \$537,610.

The following is a summary of the maturity of long-term bond indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 12/31/17
Refuse & Garbage General (CPF)	03/01/02	04/15/21	4.134%	\$ 530,000
Refuse & Garbage General (CPF)	03/13/03	04/15/20	3.280%	950,000
Refuse & Garbage General (CPF)	03/04/04	11/15/22	3.819%	3,845,000
Refuse & Garbage Various	07/22/04	02/15/33	1.201% - 5.150%	3,015,000
Refuse & Garbage Various	07/14/05	04/01/22	2.489% - 3.899%	1,805,000
Deficit Serial Bond Various	11/01/08	11/01/22	4.250% - 5.125%	950,000
Deficit Serial Bond Various	04/15/10	04/15/18	2.000% - 4.500%	245,000
Deficit Serial Bond Various	06/29/10	06/15/18	2.500% - 3.250%	1,295,000
Deficit Serial Bond Various	08/18/10	06/01/24	2.125% - 3.250%	6,705,000
Deficit Serial Bond Various	06/02/11	12/31/21	2.000% - 3.375%	3,920,000
Deficit Serial Bond Various	12/01/11	06/01/24	2.000% - 4.000%	1,410,000
Deficit Serial Bond Various	12/01/11	02/01/20	2.500%	1,965,000
Refunding Serial Bond Various	04/26/12	06/15/20	2.000%	1,385,000
Refunding Serial Bond Various	08/15/13	08/15/22	2.000% - 2.750%	1,175,000
Refunding Serial Bond Various	03/13/14	03/13/23	3.000% - 5.000%	9,735,000
Refunding Serial Bond Various	08/15/14	08/15/27	2.000% - 2.500%	3,150,000
Refunding Serial Bond Various	05/15/15	05/15/26	2.000% - 5.000%	16,855,000
Refunding Serial Bond Various	08/15/15	08/15/25	2.000% - 2.250%	7,075,000
Refunding Serial Bond Various	08/16/16	11/01/22	2.000% - 4.000%	4,265,000
Refunding Serial Bond Various	08/16/16	08/15/27	2.000%	7,080,000
Refunding Serial Bond Various	08/16/17	08/15/25	2.000%	3,190,000
				<u>\$ 80,545,000</u>

The following is a summary of maturing debt service requirements:

Year ended December 31,	Principal	Interest	Total
2018	\$ 13,160,000	\$ 2,376,963	\$ 15,536,963
2019	11,975,000	1,975,220	13,950,220
2020	11,770,000	1,535,587	13,305,587
2021	9,600,000	1,242,004	10,842,004
2022	9,670,000	863,434	10,533,434
2023-2027	23,070,000	1,279,202	24,349,202
2028-2032	1,065,000	41,439	1,106,439
2033	235,000	-	235,000
	<u>\$ 80,545,000</u>	<u>\$ 9,313,849</u>	<u>\$ 89,858,849</u>

The interest on long-term debt for the year was composed of:

Interest paid	\$ 2,604,212
Less interest accrued in the prior year	(576,587)
Plus interest accrued in the current year	541,908
Amortization of premiums and deferred charges	<u>(107,340)</u>
Total expense	<u>\$ 2,462,193</u>

Other long-term debt - Liabilities for judgments and claims, other post-employment benefits and landfill closure and post-closure care costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences are liquidated through future budgetary appropriation in the funds that gave rise to the liabilities, with the majority being liquidated through the General Fund and Town Outside Village Fund.

Component units long-term debt

Mortgage payable - The State of New York Trust Fund Corporation advanced the Housing Authority funds for the purpose of rehabilitating a structure into 17 rental units to be occupied by low income tenants. The Housing Authority signed a promissory note supported by a mortgage for \$946,328 on December 23, 1991. The note was amended on September 30, 1993 in the amount of \$917,422. The note is non-interest bearing and a balloon payment is due on January 25, 2024. The Housing Authority can refinance the mortgage at the due date if the project continues to provide low income housing. Because the note is non-interest bearing, interest has been calculated at 6.5% and reported as both revenue and an expense in accordance with accounting principles generally accepted in the United States of America. The rental units were put into service in March of 1993. The liability under this mortgage note is recorded in the Housing Authority's Enterprise Fund where the rental activities of these apartments are accounted for.

Revenue bonds - On October 15, 2015, the Housing Authority entered into a \$4,300,000 Housing Refunding Revenue Bond with an average interest rate of 3.85% to refund the 2008 Housing Revenue Bond, prior to their call date of May 1, 2018. These bonds are general obligations of the Housing Authority. Interest earned on these bonds is fully taxable to the bondholders. The net proceeds were \$4,204,724 (the par amount of the bonds, \$4,300,000, net of the reoffering premium of \$80,906 and issuance costs of \$176,182). The Housing Authority is responsible for principal and interest payments through the bonds call date of May 1, 2018. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments subsequent to the May 1, 2018 call date. Thus, the 2008 bonds are considered defeased and the remaining liability subsequent to May 1, 2018 call date was removed from the non-current liabilities. \$3,610,000 of the \$3,875,000 Housing Revenue Bonds outstanding were defeased in 2015. The refunded bonds reduced the Housing Authority's total debt service payments over the next 23 years by \$490,542 and to obtain an economic gain of \$325,682. Payment of principal and interest on the bonds until the maturity date of November 1, 2036 are fully guaranteed by the Town via a guarantee agreement between the Town and the Housing Authority.

On December 4, 2008, the Housing Authority issued \$4,250,000 of Housing Authority Revenue Bonds. These bonds are general obligations of the Housing Authority. Interest earned on these bonds is fully taxable to the bondholders. Payment of principal and interest on the bonds are fully guaranteed by the Town via a guarantee agreement between the Town and the Housing Authority. The bonds bear interest at rates ranging from 5.125% to 6.75% payable semiannually on May 1 and November 1 each year until maturity. Bond principal payments are required annually on May 1, until May 1, 2018. On October 15, 2015, the Housing Authority entered into a \$4,300,000 refunding revenue bond with an average interest rate of 3.85% to refund the 2008 Revenue Bond prior to their call date of May 1, 2018. The net proceeds of \$4,207,724 (the par amount of the bonds, \$4,300,000, net of the reoffering premium of \$80,906 and issuance costs of \$176,182).

Future principal and interest payments on revenue bonds to maturity are as follows:

Year ended	Principal	Interest	Total
<u>December 31,</u>			
2018	\$ 224,178	\$ 268,437	\$ 492,615
2019	232,800	257,627	490,427
2020	246,562	246,865	493,427
2021	255,468	236,334	491,802
2022	264,525	226,178	490,703
2023-2027	2,406,568	965,699	3,372,267
2028-2032	1,801,693	655,711	2,457,404
2033-2037	2,072,310	269,364	2,341,674
2038	295,000	6,269	301,269
	<u>\$ 7,799,104</u>	<u>\$ 3,132,484</u>	<u>\$ 10,931,588</u>

## 10. PENSION PLANS

### Plan description

The Town of East Hampton participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### Benefits provided

The System provides retirement benefits as well as death and disability benefits.

#### *Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

#### *Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

#### *Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

#### *Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

#### *Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

#### *Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

#### *Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

#### *Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSPPFRS</u>
2017	\$ 2,215,739	\$ 1,912,861
2016	2,275,201	1,882,463
2015	2,691,190	2,031,511

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

At December 31, 2017, the Town reported a liability of \$10,401,701 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. Update procedures were used to roll forward the pension liability to March 31, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion was 0.053275% for ERS and 0.260336% for PFRS. The Town's proportion was consistent with December 31, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$5,932,754. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>	<u>Deferred Outflows of Resources - NYSPPFRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSPPFRS</u>
Differences between expected experience and actual experience	\$ 125,442	\$ 707,843	\$ 760,166	\$ 932,284
Changes of assumptions	1,710,181	2,658,309	-	-
Net difference between projected and actual earnings on pension plan investments	999,871	805,863	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	172,109	31,026	1,439	689,271
Employer contributions made subsequent to the measurement date	<u>2,215,739</u>	<u>1,912,861</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,223,342</u>	<u>\$ 6,115,902</u>	<u>\$ 761,605</u>	<u>\$ 1,621,555</u>

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>NYSERS</u>	<u>NYSPPFRS</u>
<u>For the year ended:</u>		
2018	\$ 1,001,483	\$ 907,369
2019	1,001,483	907,369
2020	894,857	847,223
2021	(651,825)	(140,062)
2022	-	59,587

Actuarial assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSPPFRS</u>
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	3.80%	4.50%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

NYSERS and NYSPFRS

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return strategies	2.00%	4.00%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Domestic equity	36.00%	4.55%
Inflation-indexed bonds	4.00%	1.50%
International equity	14.00%	6.35%
Opportunistic portfolio	3.00%	5.89%
Private equity	10.00%	7.75%
Real assets	3.00%	5.54%
Real estate	10.00%	5.80%
	100.00%	

Discount rate

The discount rate used to calculate the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the 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:

<u>NYSERS</u>	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability (asset)	\$ 15,987,689	\$ 5,005,849	\$ (4,279,277)
	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
<u>NYSPFRS</u>			
Employer's proportionate share of the net pension liability (asset)	\$ 15,296,928	\$ 5,395,852	\$ (2,908,727)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	(Dollars in Thousands)		
	NYSERS	NYSPFRS	Total
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	(168,004,363)	(29,597,830)	(197,602,193)
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,653</u>	<u>\$ 11,468,876</u>
Ratio of plan net position to the Employers' total pension liability	94.70%	93.46%	94.51%

## 11. POST-EMPLOYMENT BENEFITS

### Plan description and annual other post-employment benefit ("OPEB") cost

The Town provides post-employment (health insurance, life insurance, etc.) coverage to retired employees and their survivors in accordance with the provisions of various employment contracts. The plan is a single-employer defined health benefit healthcare plan primarily administered through the New York State Health Insurance Program - Empire Plan. The plan does not issue a stand-alone financial report. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements. New York State law does not allow for the establishment of an OPEB trust, and as such there are no assets attributable to the Plan.

The Town implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions in the year ended December 31, 2008. This required the Town to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 203 retired employees receive health benefits from the Town. Retirees contribute 0% to 65% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The Town recognizes the cost of providing health insurance annually as expenditures in the applicable funds of the fund financial statements as payments are made. For the year ended December 31, 2017, the Town recognized \$2,860,000 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarial valuation report as of January 1, 2016 which indicates that the total liability for other post-employment benefits is \$111,012,000 (\$51,623,000 related to retirees and \$59,389,000 related to employees).

The Town's annual OPEB cost (expense) for its plan is calculated based on the *annual required contribution of the employer* ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	For the Year Ended December 31, 2017
Annual required contribution	\$ 10,040,000
Interest on net OPEB obligation	1,830,000
Adjustment to ARC	<u>(1,750,000)</u>
Annual OPEB cost	10,120,000
Contributions made	<u>(2,860,000)</u>
Increase in net OPEB obligation	7,260,000
Net OPEB obligation, beginning of year	<u>48,598,228</u>
Net OPEB obligation, end of year	<u>\$ 55,858,228</u>

Funded status and funding progress

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/17	\$ 10,120,000	28.26%	\$ 55,858,228
12/31/16	9,212,000	27.93%	48,598,228
12/31/15	7,388,840	30.73%	41,959,565

The funded status of the plan as of January 1, 2016 and the two preceding years were as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL)-Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/16	\$ -	\$ 111,012,000	\$ 111,012,000	0%	\$ 22,707,875	488.9%
01/01/14	-	85,107,000	85,107,000	0%	21,385,579	398.0%
01/01/12	-	78,967,000	78,967,000	0%	21,213,643	372.2%

As of January 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$111,012,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$111,012,000. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. GASB 45 does not require the unfunded liability be amortized nor that it be funded only that the unfunded accrued liability is accounted for and in compliance in meeting it's ARC. However, if the liability is funded, assets must be transferred to a qualifying irrevocable trust or equivalent arrangement for the exclusive benefit of plan members and must be protected from creditors.

At this time, there is no New York State statute providing local governments with the requisite authority for establishing a post-employment benefits trust. Therefore, these financial statements are presented on a pay-as-you-go basis until a funding mechanism is authorized for municipalities by New York State statute.

Actuarial methods and assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11.8% initially, reduced by decrements to an ultimate rate of 4.5% after 55 years. Both rates include an inflation assumption rate ranging from 4.5% to 5.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 21 years.

## **12. COMPENSATED ABSENCES**

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2017, the value of the accumulated vacation time and sick leave for governmental activities was \$7,467,242.

## **13. COMMITMENTS AND CONTINGENCIES**

### **A. Risk management**

The Town has adopted GASB Standards for Accounting and Financial Reporting for Risk Financing and Related Insurance Issues (codified in 2012). The Standards establishes standards for risk financing and insurance-related activities. Liabilities for unpaid claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

In common with other municipalities, the Town receives numerous notices of claims. The Town carries base general liability insurance coverage of \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. The Town carries an umbrella policy which provides additional insurance coverage of \$5,000,000 per occurrence with a \$10,000,000 annual aggregate. The Town is self-insured for \$25,000 per occurrence of defense costs on any general liability claim and \$175,000 in total for indemnity payments during any one year. Although the eventual outcome of these claims cannot presently be determined, the Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town is self-insured for property protection on the first \$5,000 per loss. The policy is written on a "special property form" basis, which covers the most common occurrences and includes a \$25,000 deductible for earthquake and flood loss. The Town policy has a building and contents blanket limit of \$50,659,566. The policy is written on an "agreed value – replacement cost" basis. The Town is self-insured for workers' compensation insurance and disability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town has provided an umbrella-type policy protecting against a catastrophic loss in the workers' compensation self-insurance protection program with \$400,000 retention per occurrence with benefits of up to \$1,000,000 per occurrence. The Town is also self-insured for unemployment benefits paid. There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

The Town estimates its liability for workers' compensation and general insurance by consulting with its insurance agent and past experience with similar claims. The schedule below presents the changes in claims liabilities for workers' compensation and insurance benefits and general liability.

	Workers' Compensation		General Liability	
	2017	2016	2017	2016
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 4,742,699	\$ 5,249,858	\$ 233,644	\$ 231,507
Incurred claims and claim adjustment expenditures:				
Provision for insured events of the current year	1,028,568	67,786	84,954	51,827
Increase (decrease) in provision for insured events of the current and prior years	29,940	343,122	(56,777)	223,087
Total incurred claims and claim adjustment expenditures	1,058,508	410,908	28,177	274,914
Subtotal	5,801,207	5,660,766	261,821	506,421
Payments:				
Claims and claim adjustment expenditures attributable to insured events of the current and prior years	1,100,716	918,067	47,582	272,777
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 4,700,491	\$ 4,742,699	\$ 214,239	\$ 233,644

#### B. Litigation

The Town in the normal course of business is involved in various matters of litigation. In the opinion of the Town Attorney, there is no litigation by or pending against the Town that is not covered by insurance or budgetary appropriations of which could have a material adverse impact on the financial condition of the Town.

Beginning in 2014, there have been seven legal actions taken against the Town with respect to the operation of the Town-owned Airport (most related to new flight and operating restrictions proposed by the Town). Three of these are Part 16 complaints that cannot result in the award of damages; one is a Federal suit for which damages are not being sought; and the remaining three focus on behavior of the Town as it relates to the operation of the Airport with no damages apparently being sought. If the Town were to lose any one or more of these various legal actions, which is not anticipated, it is believed the impact would be one or a combination of the following: that proposed flight restrictions related to noise and air traffic the Town has proposed might not be permitted in the future; the structure by which landing fees are calculated might need to be revised; the timeliness of maintenance may need to be addressed. The reward of any significant monetary damages is not anticipated. The Town will of course incur legal costs defending these actions but it is anticipated that these fees will be paid for by revenue generated from the many Airport general property leases, payments from fixed based operators and aviators related to airport based operations, landing fees, and the sale of aviation fuel. The cases remain an ongoing matter but are determined to be resolved in 2018. There is a possibility that a decision could order the Town to fund the cost of ongoing monitoring and administration of the airport leases, but such costs would have an immaterial effect on the Town's operations and the financial statements.

#### C. Landfill closure and post-closure care costs

State and Federal laws and regulations require the Town to place a final cover on landfill sites and to perform certain maintenance and monitoring activities at landfill sites for at least thirty years after closure. The Springs-Fireplace Road Landfill stopped accepting waste in 1993 and was capped during 2005. The Montauk Landfill stopped accepting waste in 1989 and was capped during 2001. Accordingly, as of December 31, 2017, the Town has recorded a liability of \$2,513,383 in the government-wide financial statements which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations. These amounts are based on what it would cost to perform all closure and post-closure care as of December 31, 2017.

D. Government grants

The Town has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Town's administration believes disallowances, if any, would be immaterial.

E. Lease agreements (lessor)

The Town has various contracts with organizations and vendors for the use of Town facilities, properties and concessions for which the Town is entitled to payment of fixed amounts or percentages of revenue earned by the lessor. Future expected revenue from these contracts are as follows:

<u>Year ended December 31,</u>	
2018	\$ 1,062,137
2019	1,012,176
2020	905,247
2021	876,587
2022	728,961
2023-2027	2,266,402
2028-2032	1,391,561
2033-2036	<u>1,080,040</u>
	<u>\$ 9,323,111</u>

F. Lease commitments and leased assets (lessee)

The Town is committed under various operating leases that expire on various dates through February 28, 2020. Total rent expenditures on these leases for the year ended December 31, 2017 were approximately \$41,000.

Future minimum operating lease commitments are as follows:

<u>Year ended December 31,</u>	
2018	\$ 35,549
2019	27,941
2020	<u>4,004</u>
	<u>\$ 67,494</u>

G. Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

H. Service concession arrangements

In accordance with GASB, the Town is required to recognize a liability for certain obligations which sacrifice financial resources (i.e. capital improvements) under the terms of a service concessions arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. The Town holds various agreements with third-party vendors who provide services to users of Town owned facilities, such as the Town of East Hampton Airport and certain concession areas within Town Beaches in exchange for a monthly lease fee and a percentage of the

vendor's revenue. As of December 31, 2017, the Town has neither recognized a deferred outflow nor deferred inflow as a result of these agreements, as the Town has no contractual obligations to make any up-front payments to those vendors and has not received any payments in advance.

**14. TWO PERCENT (2%) TRANSFER TAX**

In November 1998, the voters of the Town of East Hampton approved a referendum for a 2% Transfer Tax, which became effective on April 1, 1999. The transfer tax receipts are recorded in the Community Preservation Fund, and are used for the purchase and/or preservation of agricultural land, open space, parks, or historic preservation sites. The tax applies to sales of vacant land worth \$100,000 or more or sales of improved land worth \$250,000 or more. Conveyance of real property for open space, parks or historic preservation purposes are exempt from this tax.

For the year ended December 31, 2017, the Town recorded receipts of \$27,129,207 from this tax and expended \$43,818,627 for the purchase and/or preservation of agricultural land, open space, parks, or historic preservation sites.

**15. RELATED PARTY TRANSACTION**

Land owned by the East Hampton Housing Authority was deeded to the "Seymour Schutz Limited Partnership". The deed contains restrictions that limit the use of the property to the purpose of providing affordable housing. The general partner is the East Hampton Housing Authority and it has 1% ownership. The Bank of New York Aurora Holding Corp. is the sole limited partner with 99% ownership.

**16. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS**

The following represents condensed financial statements for the discretely presented component units, as of and for the year ended December 31, 2017:

*Condensed Statement of Net Position:*

	<u>Assets and Deferred Outflows</u>			<u>Liabilities, Deferred Inflows and Net Position</u>			
	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Bonds and Other Long-Term Liabilities</u>	<u>Deferred Inflows</u>	<u>Net Position</u>
East Hampton Housing Authority	\$ 1,761,268	\$ 12,339,940	\$ 495,772	\$ 4,484,578	\$ 7,722,236	\$ 11,596	\$ 2,378,570
Trustees of the Freeholders and Commonalty of the Town of East Hampton	\$ 740,227	\$ -	\$ -	\$ 10,682	\$ -	\$ -	\$ 729,545

*Condensed Statement of Activities:*

	<u>Program</u>			<u>Other</u>	<u>Change</u>	<u>Net Position</u>
	<u>Expenses</u>	<u>Revenue</u>	<u>Net Revenues</u>			
East Hampton Housing Authority	\$ 1,633,881	\$ 1,785,365	\$ 151,484	\$ 275,280	\$ 426,764	\$ 2,378,570
Trustees of the Freeholders and Commonalty of the Town of East Hampton	\$ 603,577	\$ 373,220	\$ (230,357)	\$ 247,618	\$ 17,261	\$ 729,545

## **17. NEW ACCOUNTING STANDARDS NOT YET IMPLEMENTED**

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, which addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from actuarial standards, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which addresses the accounting and financial reporting for certain asset retirement obligations ("AROs"). The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

GASB has issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

GASB has issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements, including: blending component units, goodwill, fair value measurement, and post-employment benefits. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 86, Certain Debt Extinguishment Issues, which addresses the reporting for insubstance defeasance of debt. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2018.

GASB has issued Statement No. 87, Leases, which addresses the reporting for leases and establishing criteria for the different classifications of leases. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2020.

GASB has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which addresses enhancing the disclosures in the notes to financial statements related to debt. The Town is currently studying the Statement and plans on adoption when required, which will be for the year ending December 31, 2019.

## **18. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events occurring after the Statement of Net Position through the date of June 26, 2018, which is the date the financial statements were available to be issued, noting no matters requiring financial statement disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Schedule Of Revenues, Expenditures And Change In Fund Balance -  
Budget And Actual - General Fund

Schedule Of Revenues, Expenditures And Change In Fund Balance -  
Budget And Actual - Community Preservation Fund

Schedule Of Revenues, Expenditures And Change In Fund Balance -  
Budget And Actual - Town Outside Village Fund

Schedule Of Revenues, Expenditures And Change In Fund Balance -  
Budget And Actual - Highway Fund

Schedule Of Revenues, Expenditures And Change In Fund Balance -  
Budget And Actual - Refuse And Garbage Districts Fund

Schedule Of Funding Progress For Retiree Health Plan

Schedule Of Town's Proportionate Share Of The Net Pension Liability -  
NYSERS And NYSPFRS

Schedule Of Town Pension Contributions - NYSEERS And NYSPFRS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. Capital projects are budgeted on a project or grant basis.

The accompanying notes to financial statements should be read in conjunction with this information.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 18,888,948	\$ 18,888,948	\$ 18,888,948		\$ -
<b>Other real property tax items:</b>					
Pilot LIPA	75,000	75,000	72,304		(2,696)
Interest and penalties - real property taxes	125,000	125,000	137,292		12,292
Total other real property tax items	200,000	200,000	209,596		9,596
<b>Non-property tax items:</b>					
Utilities gross receipt tax	2,000	2,000	1,985		(15)
Franchise fees	1,055,000	1,055,000	1,137,022		82,022
Total non-property tax items	1,057,000	1,057,000	1,139,007		82,007
<b>Departmental income:</b>					
Tax Collector fees	750	750	1,018		268
Town Clerk's fees	185,000	185,000	306,318		121,318
Business licenses	110,000	110,000	125,250		15,250
Dog control fees	6,000	6,000	5,740		(260)
Home improvement review bid fee	-	-	1,000		1,000
Parking lots revenues	40,000	40,000	43,350		3,350
Park permits - beaches/launch/4W	410,000	410,000	416,075		6,075
Vending machines	-	-	17		17
Recreation fee programs	140,000	146,335	144,762		(1,573)
Boat slip rentals	230,000	230,000	227,020		(2,980)
Docks, energy fees	4,000	4,000	-		(4,000)
Natural resource fees	50,000	50,000	66,400		16,400
Sand fence permit fee	500	500	-		(500)
Total departmental income	1,176,250	1,182,585	1,336,950		154,365
<b>Intergovernmental charges:</b>					
Services from other governments	-	-	31,860		31,860
Total intergovernmental charges	-	-	31,860		31,860
<b>Use of money and property:</b>					
Interest on investments	17,000	17,000	14,459		(2,541)
Rental of property	385,000	385,000	388,339		3,339
Rental of property - Montauk Playhouse	60,000	60,000	70,130		10,130
Total use of money and property	462,000	462,000	472,928		10,928

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>Licenses and permits:</b>					
Dog licenses	\$ 10,000	\$ 10,000	\$ 10,256		\$ 256
Total licenses and permits	10,000	10,000	10,256		256
<b>Fines and forfeitures:</b>					
Urban renewal fees	-	-	-		-
Justice court fines and fees	1,325,000	1,325,000	1,164,843		(160,157)
Forfeitures of crimes proceeds	6,500	6,500	10,634		4,134
Total fines and forfeitures	1,331,500	1,331,500	1,175,477		(156,023)
<b>Sale of property and compensation for loss:</b>					
Insurance recoveries	24,703	70,272	48,999		(21,273)
Minor sales	1,000	1,000	-		(1,000)
Aquaculture sales	10,000	10,000	30,175		20,175
Oyster farming registration	-	5,000	9,275		4,275
Sales - Fort Hill cemetery	35,000	37,000	82,500		45,500
Sales of real property	-	-	725,857		725,857
Sales of equipment	65,000	65,000	83,575		18,575
Total sale of property and compensation for loss	135,703	188,272	980,381		792,109
<b>Miscellaneous local sources:</b>					
County aid - residential repair	2,000	2,000	3,091		1,091
County aid - adult day care	2,000	2,000	2,865		865
County aid - EISEP program	12,000	12,000	15,240		3,240
County aid - spanish interpreter	25,000	25,000	31,700		6,700
County aid - nutrition	9,000	9,000	9,798		798
Refunds	200	200	219		19
Donations - residential repair	210	210	870		660
Senior citizens nutrition program	30,000	35,000	33,136		(1,864)
Fee for services EISEP	6,000	6,000	8,765		2,765
Gifts and donations	15,000	15,500	4,007		(11,493)
Dental and optical premium reimbursement	20,000	20,000	25,124		5,124
Miscellaneous	20,000	20,000	183,476		163,476
Medical premium reimbursement	200,000	200,000	251,104		51,104
Donations - Shellfish hatchery	-	-	23,801		23,801
Adult day care donations	10,000	10,000	11,468		1,468
Total miscellaneous local sources	351,410	356,910	604,664		247,754
<b>State aid:</b>					
State aid - per capita	70,000	70,000	71,707		1,707
State aid - mortgage tax	4,350,000	4,350,000	5,013,045		663,045

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance
	Original Budget	Revised Budget			To Revised Budget
<b>State aid, cont'd:</b>					
State aid - electric vehicles	\$ -	\$ -	\$ 14,335		\$ 14,335
State aid - clean air/clean water	-	-	4,000		4,000
State aid - trans. assistant program	5,000	5,000	8,016		3,016
State aid - other	-	100,000	-		(100,000)
State aid - home aid program/EISEP	45,000	45,000	45,719		719
State aid - residential repair	10,000	10,000	10,963		963
<b>Total State aid</b>	<b>4,480,000</b>	<b>4,580,000</b>	<b>5,167,785</b>		<b>587,785</b>
<b>Federal aid:</b>					
Federal aid - wildlife	5,000	5,000	6,350		1,350
Federal aid - storms	-	-	84,290		84,290
Federal aid - nutrition	75,000	75,000	85,533		10,533
Federal aid - adult day care	35,000	35,000	51,992		16,992
<b>Total Federal aid</b>	<b>115,000</b>	<b>115,000</b>	<b>228,165</b>		<b>113,165</b>
<b>Total revenues</b>	<b>28,207,811</b>	<b>28,372,215</b>	<b>30,246,017</b>		<b>1,873,802</b>

**EXPENDITURES**

<b>General governmental support:</b>					
Town Board	535,251	535,504	513,893	\$ -	21,611
Justice court	1,183,315	1,216,834	1,169,092	730	47,012
Town supervisor	255,837	263,342	256,792	-	6,550
Finance/budget office	1,099,604	1,186,728	1,154,459	1,873	30,396
Independent audit	109,500	109,500	105,480	-	4,020
Tax collection	273,888	284,949	283,390	-	1,559
Purchasing	274,238	276,598	261,938	-	14,660
Assessor	914,357	946,428	911,480	-	34,948
Town clerk	795,993	716,690	686,131	4,939	25,620
Town attorney	735,983	715,159	661,340	-	53,819
Town engineer	155,380	167,013	131,126	22,495	13,392
Buildings and grounds	2,780,251	2,840,766	2,677,866	13,272	149,628
Central printing and mailing	64,000	70,600	61,697	-	8,903
Central data processing	797,527	814,808	698,612	-	116,196
Unallocated	368,225	368,225	371,591	-	(3,366)
Municipal association dues	1,950	1,950	1,950	-	-
Judgements and claims	20,000	25,335	19,358	-	5,977
Acquisition of land	56,500	387,500	171,803	-	215,697
Taxes and assessments - municipal property	5,000	5,000	-	-	5,000
Reserve for contingencies	200,000	116,670	90,940	-	25,730

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>General governmental support, cont'd.:</b>					
Educational television	\$ 677,480	\$ 677,500	\$ 677,500	\$ -	\$ -
Total general governmental support	11,304,279	11,727,099	10,906,438	43,309	777,352
<b>Public safety:</b>					
Marine patrol	836,591	893,509	843,850	-	49,659
Juvenile aid bureau	186,101	187,221	175,092	-	12,129
Control of dogs	253,613	276,935	263,154	-	13,781
License review board	20,555	25,605	25,263	-	342
Civil defense	29,700	32,130	29,724	-	2,406
Total public safety	1,326,560	1,415,400	1,337,083	-	78,317
<b>Health:</b>					
Substance abuse counseling	50,000	50,000	47,513	-	2,487
Total health	50,000	50,000	47,513	-	2,487
<b>Transportation:</b>					
Superintendent of highways	562,659	575,533	532,505	-	43,028
Street lighting	198,106	228,245	218,079	-	10,166
Off-street parking	60,000	60,000	43,061	-	16,939
Total transportation	820,765	863,778	793,645	-	70,133
<b>Economic assistance and opportunity:</b>					
Adult day care	396,271	396,563	327,293	-	69,270
Veterans services	4,000	4,000	48	-	3,952
Nutrition program for elderly	628,999	639,469	605,635	-	33,834
Human services	639,419	654,108	647,631	-	6,477
Total economic assistance and opportunity	1,668,689	1,694,140	1,580,607	-	113,533
<b>Culture and recreation:</b>					
Arts and cultural affairs	10,000	10,000	10,000	-	-
Recreation administration	705,405	711,636	693,057	-	18,579
Parks	750,760	746,589	669,474	4,133	72,982
Recreation center	590,000	590,000	590,000	-	-
Beaches	685,843	739,925	738,242	-	1,683
Youth recreation services	123,355	123,355	101,379	-	21,976
Miscellaneous	6,000	6,000	6,000	-	-
Total culture and recreation	2,871,363	2,927,505	2,808,152	4,133	115,220

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>Home and community services:</b>					
Community beautification	\$ 5,500	\$ 5,500	\$ 5,066	\$ -	\$ 434
Division of public safety - marine	8,000	8,000	5,077	-	2,923
East Hampton Housing Authority	36,500	36,500	36,500	-	-
Conservation - Town Trustees	262,744	268,777	245,789	-	22,988
Aquaculture/habitat management	444,573	451,998	404,510	-	47,488
Natural resources	664,959	696,567	463,646	33,600	199,321
Land management	75,707	396,715	370,217	-	26,498
Cemeteries	5,000	6,000	5,686	-	314
Fort Hill Cemetery	38,850	45,850	42,020	2,181	1,649
In-home services	397,686	407,777	398,003	-	9,774
Senior/handicapped transport	567,734	676,274	612,456	150	63,668
<b>Total home and community services</b>	<b>2,507,253</b>	<b>2,999,958</b>	<b>2,588,970</b>	<b>35,931</b>	<b>375,057</b>
<b>Employee benefits:</b>					
Employee benefits	1,562,299	1,532,112	1,505,194	-	26,918
<b>Total employee benefits</b>	<b>1,562,299</b>	<b>1,532,112</b>	<b>1,505,194</b>	<b>-</b>	<b>26,918</b>
<b>Debt service:</b>					
Principal	6,552,287	6,552,287	6,552,286	-	1
Interest	1,531,751	1,531,751	1,531,742	-	9
<b>Total debt service</b>	<b>8,084,038</b>	<b>8,084,038</b>	<b>8,084,028</b>	<b>-</b>	<b>10</b>
<b>Total expenditures</b>	<b>30,195,246</b>	<b>31,294,030</b>	<b>29,651,630</b>	<b>\$ 83,373</b>	<b>1,559,027</b>
Excess (deficiency) of revenues over (under) expenditures	(1,987,435)	(2,921,815)	594,387		3,432,829
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on debt issuance	-	133,000	133,276		276
Interfund transfer in	960,549	960,549	1,161,852		201,303
Interfund transfer out	(342,891)	(346,554)	(346,554)		-
Appropriated fund balance	1,369,777	2,174,820	-		(2,174,820)
<b>Total other financing sources (uses)</b>	<b>1,987,435</b>	<b>2,921,815</b>	<b>948,574</b>		<b>(1,973,241)</b>
Change in fund balance	\$ -	\$ -	1,542,961		\$ 1,459,588
Fund balance, beginning of year			12,314,671		
Fund balance, end of year			\$ 13,857,632		

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - COMMUNITY PRESERVATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Non-property tax items:</b>					
Real estate transfer tax	\$ 29,075,542	\$ 29,075,542	\$ 27,129,207		\$ (1,946,335)
Total non-property tax items	29,075,542	29,075,542	27,129,207		(1,946,335)
<b>Use of money and property:</b>					
Rental of property	-	-	4,288		4,288
Interest on investments	70,000	70,000	101,577		31,577
Total use of money and property	70,000	70,000	105,865		35,865
<b>Miscellaneous local sources:</b>					
Dental and optical premium reimbursement	-	-	368		368
Medical premium reimbursement	-	-	2,266		2,266
Total miscellaneous local sources	-	-	2,634		2,634
<b>Federal aid:</b>					
Federal aid - storms	-	-	11,000		11,000
Total Federal aid	-	-	11,000		11,000
<b>Total revenues</b>	<b>29,145,542</b>	<b>29,145,542</b>	<b>27,248,706</b>		<b>(1,896,836)</b>
<b>EXPENDITURES</b>					
<b>General governmental support:</b>					
Land acquisitions	24,989,522	46,988,022	42,642,281	\$ -	4,345,741
Land management	310,292	340,770	237,333	-	103,437
CPF - stewardship	1,340,862	1,877,322	816,420	935,165	125,737
CPF - water quality	-	744,048	122,593	47,464	573,991
Total general governmental support	26,640,676	49,950,162	43,818,627	982,629	5,148,906
<b>Debt service:</b>					
Principal	1,918,387	1,918,387	1,918,387	-	-
Interest	632,721	632,721	632,719	-	2
Total debt service	2,551,108	2,551,108	2,551,106	-	2
<b>Total expenditures</b>	<b>29,191,784</b>	<b>52,501,270</b>	<b>46,369,733</b>	<b>\$ 982,629</b>	<b>5,148,908</b>
Deficiency of revenues under expenditures	(46,242)	(23,355,728)	(19,121,027)		3,252,072

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - COMMUNITY PRESERVATION FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
<b>OTHER FINANCING SOURCES (USES)</b>					
Appropriated fund balance	\$ 46,242	\$ 23,355,728	\$ -		\$ (23,355,728)
<b>Total other financing sources (uses)</b>	<u>46,242</u>	<u>23,355,728</u>	<u>-</u>		<u>(23,355,728)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(19,121,027)		<u>\$ (20,103,656)</u>
Fund balance, beginning of year			<u>41,644,665</u>		
Fund balance, end of year			<u>\$ 22,523,638</u>		

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 22,019,448	\$ 22,019,448	\$ 22,037,482		\$ 18,034
<b>Other real property tax items:</b>					
Pilot LIPA	82,000	82,000	87,398		5,398
Total other real property tax items	82,000	82,000	87,398		5,398
<b>Non-property tax items:</b>					
911 Surcharge Redistribution County	72,000	72,000	136,867		64,867
Total non-property tax items	72,000	72,000	136,867		64,867
<b>Departmental income:</b>					
Police fees	125,000	125,000	129,460		4,460
Safety inspection fees	1,567,061	1,567,061	2,063,742		496,681
Fire inspection fees	15,000	15,000	12,750		(2,250)
Alarm fees - fire	20,000	20,000	64,920		44,920
Alarm fees - burglar	95,000	95,000	117,500		22,500
Zoning board fees	150,000	150,000	195,490		45,490
Planning board fees	140,000	140,000	205,828		65,828
Architectural review fees	20,000	20,000	54,300		34,300
Rental registry permits	50,000	50,000	67,100		17,100
Total departmental income	2,182,061	2,182,061	2,911,090		729,029
<b>Intergovernmental charges:</b>					
Services other governments - DA office	15,000	15,000	-		(15,000)
Services other governments - training	15,000	15,000	14,615		(385)
Total intergovernmental charges	30,000	30,000	14,615		(15,385)
<b>Use of money and property:</b>					
Interest on investments	15,000	15,000	16,000		1,000
Rental of property	155,000	155,000	162,577		7,577
Total use of money and property	170,000	170,000	178,577		8,577
<b>Fines and forfeitures:</b>					
Forfeitures	1,000	1,000	-		(1,000)
Total fines and forfeitures	1,000	1,000	-		(1,000)

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>Sale of property and compensation for loss:</b>					
Insurance recoveries	\$ 10,000	\$ 15,400	\$ 12,453		\$ (2,947)
Minor sales	50,000	50,000	29,030		(20,970)
Sales of equipment	1,000	1,000	45,323		44,323
Total sale of property and compensation for loss	61,000	66,400	86,806		20,406
<b>Miscellaneous local sources:</b>					
County aid - DWI program	20,000	20,000	-		(20,000)
Dental and optical premium reimbursement	4,000	4,000	7,309		3,309
Miscellaneous	15,000	15,000	97,805		82,805
Gifts and donations	100	43,251	43,151		(100)
Medical premium reimbursement	165,000	165,000	270,240		105,240
Total miscellaneous local sources	204,100	247,251	418,505		171,254
<b>State aid:</b>					
State aid - child passenger safety	2,000	2,000	-		(2,000)
State aid - D.C.J.S.	-	-	10,000		10,000
Sales tax redistribution	912,043	912,043	1,005,817		93,774
State aid - select traffic enforcement	8,000	8,000	7,426		(574)
Total State aid	922,043	922,043	1,023,243		101,200
<b>Federal aid:</b>					
Federal aid - Stop DWI Grant	10,000	10,000	-		(10,000)
Federal aid - PD equitable sharing agreement	-	-	54,160		54,160
Federal aid - vest program	-	-	5,400		5,400
Total Federal aid	10,000	10,000	59,560		49,560
<b>Total revenues</b>	<b>25,753,652</b>	<b>25,802,203</b>	<b>26,954,143</b>		<b>1,151,940</b>

**EXPENDITURES**

<b>General governmental support:</b>					
Town Board	86,786	86,825	56,873	\$ -	29,952
Town attorney	557,735	568,566	501,551	1,258	65,757

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>General governmental support, cont'd.:</b>					
Town engineer	\$ 67,115	\$ 67,596	\$ 62,195	\$ -	\$ 5,401
Buildings and grounds	118,183	118,183	107,521	-	10,662
Central data processing	229,569	230,625	188,182	-	42,443
Unallocated	272,500	276,300	264,460	-	11,840
Reserve for contingencies	175,000	11,156	-	-	11,156
<b>Total general governmental support</b>	<b>1,506,888</b>	<b>1,359,251</b>	<b>1,180,782</b>	<b>1,258</b>	<b>177,211</b>
<b>Public safety:</b>					
Police	17,131,551	17,128,286	16,417,438	1,325	709,523
Safety inspection - buildings	747,009	751,975	686,520	-	65,455
Safety inspection - Fire Marshall	489,500	499,008	477,547	1,310	20,151
Ordinance enforcement	1,064,312	1,079,866	1,031,580	1,400	46,886
Miscellaneous payments	5,000	5,000	5,000	-	-
<b>Total public safety</b>	<b>19,437,372</b>	<b>19,464,135</b>	<b>18,618,085</b>	<b>4,035</b>	<b>842,015</b>
<b>Home and community services:</b>					
Zoning board of appeals	135,962	173,572	161,422	-	12,150
Planning board	237,669	238,688	220,040	-	18,648
Planning department	1,207,887	1,209,209	1,006,691	35,725	166,793
Architectural review board	25,489	25,491	24,789	-	702
<b>Total home and community services</b>	<b>1,607,007</b>	<b>1,646,960</b>	<b>1,412,942</b>	<b>35,725</b>	<b>198,293</b>
<b>Employee benefits:</b>					
Employee benefits	1,750,641	1,889,431	1,772,591	-	116,840
<b>Total employee benefits</b>	<b>1,750,641</b>	<b>1,889,431</b>	<b>1,772,591</b>	<b>-</b>	<b>116,840</b>
<b>Debt service:</b>					
Principal	1,364,864	1,364,864	1,364,864	-	-
Interest	161,783	161,783	161,777	-	6
<b>Total debt service</b>	<b>1,526,647</b>	<b>1,526,647</b>	<b>1,526,641</b>	<b>-</b>	<b>6</b>
<b>Total expenditures</b>	<b>25,828,555</b>	<b>25,886,424</b>	<b>24,511,041</b>	<b>\$ 41,018</b>	<b>1,334,365</b>
Excess (deficiency) of revenues over (under) expenditures	(74,903)	(84,221)	2,443,102		2,486,305

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - TOWN OUTSIDE VILLAGE FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			<u>To Revised Budget</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on debt issuance	\$ 5,000	\$ 5,000	\$ 64,400		\$ 59,400
Interfund transfer in	60,000	60,000	1,900		(58,100)
Appropriated fund balance	9,903	19,221	-		(19,221)
<b>Total other financing sources (uses)</b>	<u>74,903</u>	<u>84,221</u>	<u>66,300</u>		<u>(17,921)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,509,402		<u>\$ 2,468,384</u>
Fund balance, beginning of year			<u>9,379,604</u>		
Fund balance, end of year			<u>\$ 11,889,006</u>		

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 5,997,033	\$ 5,997,033	\$ 5,997,033		\$ -
<b>Other real property tax items:</b>					
Pilot LIPA	20,000	20,000	23,432		3,432
Total other real property tax items	20,000	20,000	23,432		3,432
<b>Intergovernmental charges:</b>					
SCWA - repair and restoration roads	-	-	31,429		31,429
Services other governments	120,000	120,000	120,990		990
Total intergovernmental charges	120,000	120,000	152,419		32,419
<b>Use of money and property:</b>					
Interest on investments	1,500	1,500	3,992		2,492
Total use of money and property	1,500	1,500	3,992		2,492
<b>Licenses and permits:</b>					
Street opening permits	30,000	30,000	49,400		19,400
Total licenses and permits	30,000	30,000	49,400		19,400
<b>Sale of property and compensation for loss:</b>					
Insurance recoveries	-	8,640	21,792		13,152
Sales of equipment	25,000	25,000	64,814		39,814
Total sale of property and compensation for loss	25,000	33,640	86,606		52,966
<b>Miscellaneous local sources:</b>					
Dental and optical premium reimbursement	2,000	2,000	4,773		2,773
Miscellaneous	500	500	18,379		17,879
Medical premium reimbursement	50,000	50,000	80,314		30,314
Total miscellaneous local sources	52,500	52,500	103,466		50,966

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>State aid:</b>					
State aid - storms	\$ -	\$ -	\$ 100,942		\$ 100,942
State aid - CHIPS	528,000	528,000	544,607		16,607
State aid - snow and ice	24,930	24,930	30,832		5,902
State aid roads - PAVE NY	-	-	125,039		125,039
<b>Total State aid</b>	<b>552,930</b>	<b>552,930</b>	<b>801,420</b>		<b>248,490</b>
<b>Total revenues</b>	<b>6,798,963</b>	<b>6,807,603</b>	<b>7,217,768</b>		<b>410,165</b>
<b>EXPENDITURES</b>					
<b>General governmental support:</b>					
Reserve for contingencies	20,000	1,900	250	\$ -	1,650
<b>Total general governmental support</b>	<b>20,000</b>	<b>1,900</b>	<b>250</b>	<b>-</b>	<b>1,650</b>
<b>Transportation:</b>					
Highway general repairs	3,239,479	3,241,540	3,110,402	12,218	118,920
Highway permanent improvements	425,000	476,498	464,891	-	11,607
Highway machinery	660,790	916,580	801,930	70,784	43,866
Brush and weeds	123,230	80,330	67,095	-	13,235
Snow removal	401,195	477,195	450,741	-	26,454
Services for other governments	100,000	63,000	60,318	-	2,682
<b>Total transportation</b>	<b>4,949,694</b>	<b>5,255,143</b>	<b>4,955,377</b>	<b>83,002</b>	<b>216,764</b>
<b>Employee benefits:</b>					
Employee benefits	580,695	696,657	689,125	-	7,532
<b>Total employee benefits</b>	<b>580,695</b>	<b>696,657</b>	<b>689,125</b>	<b>-</b>	<b>7,532</b>
<b>Debt service:</b>					
Principal	897,036	897,036	897,036	-	-
Interest	220,769	220,769	220,760	-	9
<b>Total debt service</b>	<b>1,117,805</b>	<b>1,117,805</b>	<b>1,117,796</b>	<b>-</b>	<b>9</b>
<b>Total expenditures</b>	<b>6,668,194</b>	<b>7,071,505</b>	<b>6,762,548</b>	<b>\$ 83,002</b>	<b>225,955</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>130,769</b>	<b>(263,902)</b>	<b>455,220</b>		<b>636,120</b>

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - HIGHWAY FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<b>Variance Better (Worse) To Revised Budget</b>
	<u>Original Budget</u>	<u>Revised Budget</u>			
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on debt issuance	\$ -	\$ -	\$ 47,065		\$ 47,065
Interfund transfer in	-	-	114,261		114,261
Interfund transfer out	(305,612)	(305,612)	(305,612)		-
Appropriated fund balance	174,843	569,514	-		(569,514)
<b>Total other financing sources (uses)</b>	<u>(130,769)</u>	<u>263,902</u>	<u>(144,286)</u>		<u>(408,188)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	310,934		<u>\$ 227,932</u>
Fund balance, beginning of year			<u>2,644,702</u>		
Fund balance, end of year			<u>\$ 2,955,636</u>		

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - REFUSE AND GARBAGE DISTRICTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 3,613,058	\$ 3,613,058	\$ 3,613,058		\$ -
<b>Other real property tax items:</b>					
Pilot LIPA	13,000	13,000	13,930		930
Total other real property tax items	13,000	13,000	13,930		930
<b>Departmental income:</b>					
Solid waste fees (tipping)	1,375,000	1,375,000	1,271,681		(103,319)
Solid waste permits	950,000	950,000	973,286		23,286
Sales - recyclable goods	100,000	100,000	353,631		253,631
Total departmental income	2,425,000	2,425,000	2,598,598		173,598
<b>Use of money and property:</b>					
Interest on investments	2,500	2,500	2,845		345
Total use of money and property	2,500	2,500	2,845		345
<b>Sale of property and compensation for loss:</b>					
Sales of equipment	-	-	86,275		86,275
Insurance recoveries	-	-	2,792		2,792
Total sale of property and compensation for loss	-	-	89,067		89,067
<b>Miscellaneous local sources:</b>					
Dental and optical premium reimbursement	1,000	1,000	2,415		1,415
Medical premium reimbursement	35,000	35,000	37,553		2,553
Miscellaneous	2,000	2,000	12,542		10,542
Total miscellaneous local sources	38,000	38,000	52,510		14,510
<b>State aid:</b>					
State aid - hazardous materials	15,000	15,000	-		(15,000)
Total State aid	15,000	15,000	-		(15,000)
<b>Total revenues</b>	<b>6,106,558</b>	<b>6,106,558</b>	<b>6,370,008</b>		<b>263,450</b>

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - REFUSE AND GARBAGE DISTRICTS FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>EXPENDITURES</b>					
<b>Home and community services:</b>					
Refuse/recycling	\$ 3,994,712	\$ 3,970,895	\$ 3,836,939	\$ 22,671	\$ 111,285
Total home and community services	3,994,712	3,970,895	3,836,939	22,671	111,285
<b>Employee benefits:</b>					
Employee benefits	210,025	254,567	240,778	-	13,789
Total employee benefits	210,025	254,567	240,778	-	13,789
<b>Debt service:</b>					
Principal	1,453,585	1,453,585	1,453,585	-	-
Interest	211,791	211,791	211,786	-	5
Total debt service	1,665,376	1,665,376	1,665,371	-	5
<b>Total expenditures</b>	<b>5,870,113</b>	<b>5,890,838</b>	<b>5,743,088</b>	<b>\$ 22,671</b>	<b>125,079</b>
Excess of revenues over expenditures	236,445	215,720	626,920		388,529
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on debt issuance	-	-	25,463		25,463
Interfund transfer in	-	-	12,210		12,210
Interfund transfer out	(280,488)	(280,488)	(280,488)		-
Appropriated fund balance	44,043	64,768	-		(64,768)
<b>Total other financing sources (uses)</b>	<b>(236,445)</b>	<b>(215,720)</b>	<b>(242,815)</b>		<b>(27,095)</b>
Change in fund balance	\$ -	\$ -	384,105		\$ 361,434
Fund balance, beginning of year			2,494,302		
Fund balance, end of year			<u>\$ 2,878,407</u>		

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll ( c )</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/16	\$ -	\$ 111,012,000	\$ 111,012,000	0%	\$ 22,707,875	488.9%
01/01/14	-	85,107,000	85,107,000	0%	21,385,579	398.0%
01/01/12	-	78,967,000	78,967,000	0%	21,213,643	372.2%

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>
Town's proportionate share of the net pension liability	0.05328%	0.05332%	0.05330%	0.05330%	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 5,006	\$ 8,558	\$ 1,801	\$ 2,408	N/A	N/A	N/A	N/A	N/A	N/A
Town's covered payroll	\$ 15,133	\$ 14,647	\$ 13,859	\$ 13,949	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	33.08%	58.43%	12.99%	17.26%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%	97.15%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSPFRS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>
Town's proportionate share of the net pension liability	0.26034%	0.28220%	0.25110%	0.25110%	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 5,396	\$ 8,355	\$ 691	\$ 1,045	N/A	N/A	N/A	N/A	N/A	N/A
Town's covered payroll	\$ 8,384	\$ 8,061	\$ 8,017	\$ 7,545	N/A	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	64.36%	103.65%	8.62%	13.85%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	93.46%	90.24%	99.03%	98.48%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSERS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 2,215,739	\$ 2,275,201	\$ 2,691,190	\$ 3,018,701	\$ 3,016,430	\$ 2,930,405	\$ 2,322,410	\$ 1,816,794	\$ 1,194,115	\$ 1,542,991
Contributions in relation to the contractually required contribution	<u>2,215,739</u>	<u>2,275,201</u>	<u>2,691,190</u>	<u>3,018,701</u>	<u>3,016,430</u>	<u>2,930,405</u>	<u>2,322,410</u>	<u>1,816,794</u>	<u>1,194,115</u>	<u>1,542,991</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Town's covered-employee payroll	\$ 15,133,144	\$ 14,646,572	\$ 13,858,500	\$ 13,949,150	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.64%	15.53%	19.42%	21.64%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF TOWN PENSION CONTRIBUTIONS - NYSPPRS**  
**LAST TEN FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 1,912,861	\$ 1,882,463	\$ 2,031,511	\$ 1,936,964	\$ 2,232,239	\$ 1,839,235	\$ 2,015,228	\$ 1,169,794	\$ 865,526	\$ 927,053
Contributions in relation to the contractually required contribution	<u>1,912,861</u>	<u>1,882,463</u>	<u>2,031,511</u>	<u>1,936,964</u>	<u>2,232,239</u>	<u>1,839,235</u>	<u>2,015,228</u>	<u>1,169,794</u>	<u>865,526</u>	<u>927,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Town's covered-employee payroll	\$ 8,383,991	\$ 8,061,303	\$ 8,016,863	\$ 7,544,645	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	22.82%	23.35%	25.34%	25.67%	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

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***OTHER  
SUPPLEMENTARY  
INFORMATION***

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The accompanying notes to financial statements should  
be read in conjunction with this information.

TOWN OF EAST HAMPTON  
SCHEDULE OF OPEN PROJECTS - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

Project Number	Project Title	Expenditures					Methods of Financing						Fund Balance December 31, 2017		
		Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Prior Years	Current Year			Total			
									Proceeds of Obligations	Federal Aid	State Aid			Intergovernmental Charges	Local Sources
09020	Police-800 MHz Communications System	\$ 2,945,000	\$ 5,857,590	\$ 2,414,078	\$ -	\$ 2,414,078	\$ 3,443,512	\$ 5,857,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,857,500	\$ 3,443,512
09109	Amagansett Comfort Station	245,000	245,000	272,090	29,723	402,422	(157,422)	245,000	-	-	-	-	-	245,000	(157,422)
09112	Napeague Beach Construction(res 2002-395)	275,000	245,049	21,784	-	21,784	223,265	245,049	-	-	-	-	-	245,049	223,265
09151	Police Building/Motorola Equipment	4,000,000	723	3,444,235	-	3,444,235	(3,443,512)	723	-	-	-	-	-	723	(3,443,512)
12001	Air Curtain at Highway Barn	25,025	37,956	24,837	-	24,837	13,119	37,956	-	-	-	-	-	37,956	13,119
12002	West Drive North Road Improvement	843,000	843,858	843,821	-	843,821	237	843,858	-	-	-	-	-	843,858	237
12006	Buildings and Grounds Covered Tractor	75,015	75,015	76,873	-	76,873	(4,858)	75,015	-	-	-	-	-	75,015	(4,858)
12009	Sidewalk Reconstruction	75,000	75,037	74,910	-	74,910	127	75,037	-	-	-	-	-	75,037	127
12010	Portable Generator	15,000	4,675	3	-	3	4,672	4,675	-	-	-	-	-	4,675	3
12011	Repavings and Reconstruction of Various Roads	250,000	250,124	249,623	-	249,623	501	250,124	-	-	-	-	-	250,124	501
12015	Sulky Circle Sump	150,000	143,117	66,841	15,943	82,784	60,333	143,117	-	-	-	-	-	143,117	60,333
12016	Shellfish Hatchery Dock	40,000	11,264	10,989	-	10,989	275	11,264	-	-	-	-	-	11,264	275
12017	Aquaculture Hatchery Boat	32,000	15,220	14,064	-	14,064	1,156	15,220	-	-	-	-	-	15,220	1,156
12019	Bulkhead at West Lake, Montauk Phase #1	160,000	155,078	154,072	-	154,072	1,006	155,078	-	-	-	-	-	155,078	1,006
12020	Town's Sanitation Building	320,000	320,180	154,793	32,867	187,650	132,590	70,160	250,000	-	-	-	-	320,180	132,590
12023	Noyac Tower Generator	30,000	9,400	9,376	-	9,376	24	9,400	-	-	-	-	-	9,400	24
12027	Replacement of Gann Road Floating Dock	12,000	12,000	11,877	-	11,877	123	12,000	-	-	-	-	-	12,000	123
12028	Improvement of Montauk Street Lighting	60,000	60,030	56,985	-	56,985	3,045	60,030	-	-	-	-	-	60,030	3,045
12029	Sanitation Building	280,000	559,789	572,220	-	572,220	(12,451)	559,789	-	-	-	-	-	559,789	(12,451)
12031	Hurricane Sandy Various Road Reconstruction	1,500,000	614,945	149,207	38,854	187,861	427,084	407,879	207,266	-	-	-	-	614,945	427,084
12032	Hurricane Sandy Town Buildings and Facilities	750,000	318,224	276,816	15,375	292,191	24,033	318,224	-	-	-	-	-	318,224	24,033
13001	Two Utility Trucks for Building and Grounds	75,000	46,755	45,751	-	45,751	4	46,755	-	-	-	-	-	46,755	4
13002	Three Pick Up Trucks and One Snow Plow	110,000	110,000	107,849	-	107,849	2,271	110,000	-	-	-	-	-	110,000	2,271
13003	Improvements to Town Hall Generator	35,000	13,000	12,987	-	12,987	13	13,000	-	-	-	-	-	13,000	13
13004	Generator for Town Hall	300,000	157,000	17,800	135,582	153,182	3,818	157,000	-	-	-	-	-	157,000	3,818
13006	Improvements to Recreation Building	160,000	152,024	152,000	-	152,000	24	152,024	-	-	-	-	-	152,024	24
13008	Town Hall Vault	60,000	196,000	-	-	-	196,000	196,000	-	-	-	-	-	196,000	-
13009	Highway and Senior Center Floors	11,000	5,447	5,447	-	5,447	-	5,447	-	-	-	-	-	5,447	-
13015	Sign Painting Mechanical System	25,000	16,000	16,894	-	16,894	1,108	16,000	-	-	-	-	-	16,000	1,108
13017	Reconstruction of Various Roads	250,000	250,064	240,388	-	240,388	656	250,064	-	-	-	-	-	250,064	656
13018	Highway Department New Boilers	68,000	68,000	68,000	-	68,000	-	68,000	-	-	-	-	-	68,000	-
13021	Highway Snow Plow	180,000	145,639	145,164	-	145,164	475	145,639	-	-	-	-	-	145,639	475
13024	Two Lifeguard Pickup Trucks	50,000	50,009	49,058	-	49,058	951	50,009	-	-	-	-	-	50,009	951
13026	Two Marine Patrol Vehicles	80,000	62,012	60,890	-	60,890	1,122	62,012	-	-	-	-	-	62,012	1,122
13027	ATV and Jet Ski	24,000	24,004	22,852	-	22,852	1,152	24,004	-	-	-	-	-	24,004	1,152
13028	Town Docks Wastewater Treatment Pumps	28,000	43,431	24,818	-	24,818	18,613	43,431	-	-	-	-	-	43,431	18,613
13029	Wood Grinder for Sanitation Department	700,000	865,454	865,308	-	865,308	68	865,454	-	-	-	-	-	865,454	68
13031	New Gas Fueling Facility	300,000	789,138	749,967	-	749,967	38,169	789,138	-	200,000	-	94,083	-	789,138	38,169
13032	Safe Routes to School Program	570,000	569,758	80,852	906	81,758	518,000	584,086	-	15,672	-	-	-	569,758	518,000
13033	Roof on Highway Department Building	19,300	14,300	14,300	-	14,300	14,300	14,300	-	-	-	-	-	14,300	-
13034	Various Dock Pilings - Phase #2	290,000	506,054	479,440	7,060	486,500	18,554	253,665	252,359	-	-	-	-	506,054	18,554
13035	Refurbishment of Highway Dump Truck	150,000	150,051	149,999	-	149,999	52	150,051	-	-	-	-	-	150,051	52
13042	Construction to Town Buildings to meet ADA standards	115,000	196,000	189,658	-	189,658	6,342	196,000	-	-	-	-	-	196,000	6,342
13045	Window and Door Replacements	15,000	15,000	14,899	-	14,899	131	15,000	-	-	-	-	-	15,000	131
13047	E-Commerce Computer Hardware and Software	115,000	88,500	85,221	12,623	87,844	656	88,500	-	-	-	-	-	88,500	656
13049	Fingerprinting Machine for Police Department	22,000	22,004	21,875	-	21,875	129	22,004	-	-	-	-	-	22,004	129
13053	Computer System Software	85,000	48,315	32,841	-	32,841	15,474	48,315	-	-	-	-	-	48,315	15,474
13056	Boat Launching Ramp Reconstruction	150,000	-	24,000	-	24,000	(24,000)	-	-	-	-	-	-	-	(24,000)
13058	Montauk Playhouse Generator	250,000	231,569	231,569	-	231,569	-	231,569	-	-	-	-	-	231,569	-
13062	Montauk Salt Storage Barn	150,000	47,800	47,709	-	47,709	91	47,800	-	-	-	-	-	47,800	91
13064	Terry Field Ballfields	300,000	660,000	601,989	-	601,989	58,011	660,000	-	-	-	-	-	660,000	58,011
13068	King Park Beach Parking Lot Improvements	300,000	225,000	216,917	-	216,917	6,083	225,000	-	-	-	-	-	225,000	6,083
14005	Comprehensive Records Management	75,000	225,000	143,174	745,005	886,179	(663,179)	150,000	75,000	-	-	-	-	225,000	(663,179)
14006	Mobile Command Post	160,000	219,000	159,634	-	159,634	59,366	160,000	-	-	-	-	-	160,000	59,366
14008	Indian Wells Improvements	250,000	273,758	271,485	-	271,485	2,283	273,758	-	-	-	-	-	273,758	2,283
14009	Fort Pond House Improvements	75,000	330,000	329,163	-	329,163	837	330,000	-	-	-	-	-	330,000	837
14011	Amagansett and Montauk Garbage Cans	40,000	40,000	35,231	4,789	40,000	-	40,000	-	-	-	-	-	40,000	-
14013	Roof Rafter for Town Buildings	6,000	3,815	3,815	-	3,815	-	3,815	-	-	-	-	-	3,815	-
14014	Lumber Racks	10,000	302,000	9,916	-	9,916	292,084	10,000	-	-	-	-	-	302,000	292,084
14016	Five Police Vehicles	180,000	180,000	176,976	-	176,976	24	180,000	-	-	-	-	-	180,000	24
14017	Various Hazardous Materials - Police Department	55,000	55,000	54,364	-	54,364	636	55,000	-	-	-	-	-	55,000	636
14018	Equipment and Car Computers	45,000	45,000	44,716	-	44,716	284	45,000	-	-	-	-	-	45,000	284
14019	Police Garage Generator	50,000	22,700	22,635	-	22,635	65	22,700	-	-	-	-	-	22,700	65
14020	Sanitation Roll-off Containers	25,000	25,000	25,000	-	25,000	-	25,000	-	-	-	-	-	25,000	-
14021	Highway Department Radio System	61,000	47,000	3,381	43,040	46,421	576	47,000	-	-	-	-	-	47,000	576
14022	Compact Wheel Loader	62,000	89,000	76,790	-	76,790	12,210	89,000	-	-	-	-	-	89,000	12,210
14027	Police Department Video Cameras	40,000	39,865	39,865	-	39,865	135	39,865	-	-	-	-	-	39,865	135
14028	Recreation Center Improvements	135,000	123,000	89,653	52,848	122,701	299	123,000	-	-	-	-	-	123,000	299
14029	Lawnmowers	40,000	40,000	40,000	-	40,000	-	40,000	-	-	-	-	-	40,000	-
14030	Highway Department Lawn Mowers	60,000	54,295	54,295	-	54,295	-	54,295	-	-	-	-	-	54,295	-
14031	Sidewalks	75,000	75,001	74,783	-	74,783	238	75,001	-	-	-	-	-	75,001	238
14033	Reconstruction of Roads	250,000	250,000	249,626	-	249,626	174	250,000	-	-	-	-	-	250,000	174
14035	Dump Trucks	260,000	260,000	255,930	-	255,930	4,070	260,000	-	-	-	-	-	260,000	4,070
14037	Roof Reconstruction and Other Various Repairs	160,000	160,000	145,000	-	145,000	9,061	160,000	-	-	-	-	-	160,000	9,061
14038	Barber Surf Rack	75,000													

TOWN OF EAST HAMPTON  
SCHEDULE OF OPEN PROJECTS - CAPITAL PROJECTS FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

Project Number	Project Title	Expenditures					Methods of Financing						Fund Balance December 31, 2017			
		Original	Revised	Prior	Current	Total	Unexpended Balances	Prior	Current Year							
		Appropriation	Appropriation	Years	Year				Years	Proceeds of Obligations	Federal Aid	State Aid		Intergovernmental Charges	Local Sources	Total
15008	Hydraulic Lift Police Garage	\$ 55,000	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	\$ 77,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,000	\$ -
15009	Ordinance Vehicles	66,000	58,707	58,707	-	58,707	-	58,707	-	-	-	-	-	-	58,707	-
15010	Haz-mat Emergency Prep Vehicle	26,000	26,000	26,000	-	26,000	-	26,000	-	-	-	-	-	-	26,000	-
15011	Fire Marshal Vehicle Replacement	33,000	27,704	27,704	-	27,704	-	27,704	-	-	-	-	-	-	27,704	-
15012	RPZ Valves	85,000	85,000	75,747	-	75,747	9,253	85,000	-	-	-	-	-	-	85,000	9,253
15013	Amagansett and Springs School Beacon Speed Limit Sign	10,000	4,350	4,350	-	4,350	-	4,350	-	-	-	-	-	-	4,350	-
15014	Computer Equipment - Master Plan	250,000	-	204,185	59,676	263,861	(263,861)	-	-	-	-	-	-	-	-	(263,861)
15015	Recycling Sprinkler Systems	250,000	250,000	239,870	5,000	244,870	5,130	250,000	-	-	-	-	-	-	250,000	5,130
15016	Vehicles for Police	180,000	180,000	180,000	-	180,000	-	180,000	-	-	-	-	-	-	180,000	-
15017	4x4 Vehicle for Police	35,000	34,777	34,777	-	34,777	-	34,777	-	-	-	-	-	-	34,777	-
15018	Police Training Equipment - Brass Buggy	7,500	7,500	7,500	-	7,500	-	7,500	-	-	-	-	-	-	7,500	-
15020	Boat Engine Replacement	35,000	35,000	35,000	-	35,000	-	35,000	-	-	-	-	-	-	35,000	-
15021	Jet Ski - Lifeguards	9,000	9,000	9,000	-	9,000	-	9,000	-	-	-	-	-	-	9,000	-
15022	Lifeguards' Radio System	17,000	17,000	16,235	-	16,235	765	-	13,000	-	-	-	-	4,000	17,000	765
15023	Montauk and Amagansett Trash Recaptacles	40,000	31,000	10,419	20,581	31,000	-	-	31,000	-	-	-	-	-	31,000	-
15024	Assessors' Utility Vehicle	33,000	26,815	26,815	-	26,815	-	26,815	-	-	-	-	-	-	26,815	-
15025	Recreation Department Jet Ski and Trailer	13,000	5,593	5,593	-	5,593	-	5,593	-	-	-	-	-	-	5,593	-
15027	Highway Large Generator	50,000	38,000	600	-	600	37,400	-	38,000	-	-	-	-	-	38,000	37,400
15028	Highway Roll-off Container	25,000	20,993	20,993	-	20,993	-	20,993	-	-	-	-	-	-	20,993	-
15029	Police Body Armor	20,000	20,000	15,524	-	15,524	4,476	-	15,000	-	-	-	-	5,000	20,000	4,476
15030	South Lake Well	7,000	7,000	-	-	-	7,000	7,000	-	-	-	-	-	-	7,000	-
15031	Harbor Dock Water Main Head	25,000	-	17,500	-	17,500	(17,500)	-	-	-	-	-	-	-	-	(17,500)
15032	Building and Grounds Radios	17,500	17,500	450	16,617	17,067	433	17,500	-	-	-	-	-	-	17,500	433
15033	Line Painter	6,500	6,500	6,500	-	6,500	6	6,500	-	-	-	-	-	-	6,500	6
15034	Building and Grounds Storage Shed	20,000	20,000	450	-	450	19,550	20,000	-	-	-	-	-	-	20,000	19,550
15035	Bleachers	15,000	14,905	14,905	-	14,905	-	14,905	-	-	-	-	-	-	14,905	-
15036	Montauk Playhouse Parking Lot Improvements	40,000	40,000	600	-	600	39,400	40,000	-	-	-	-	-	-	40,000	39,400
15037	Harbor and Docks Portable Radios	15,000	15,000	14,768	-	14,768	232	15,000	-	-	-	-	-	-	15,000	232
15038	Ordinance Enforcement Radios	15,000	-	13,728	-	13,728	(13,728)	-	-	-	-	-	-	-	-	(13,728)
15039	Police Station Car Port	20,000	20,000	19,538	-	19,538	462	20,000	-	-	-	-	-	-	20,000	462
15040	Window Replacement at Police Headquarters	35,000	-	690	14,823	15,773	(15,773)	-	-	-	-	-	-	-	-	(15,773)
15041	Various Buildings - Roof Improvements	100,000	49,237	28,260	1,023	28,260	(28,260)	-	-	-	-	-	-	-	-	(28,260)
15042	Montauk Gazabo Roof Improvements	20,000	20,000	18,762	-	18,762	1,238	-	18,000	-	-	-	-	2,000	20,000	1,238
15043	Montauk Police Department Comfort Station	45,000	62,500	59,800	-	59,800	2,700	62,500	-	-	-	-	-	-	62,500	2,700
15044	Ditch Plains Comfort Station Repairs	55,000	377,000	337,088	-	337,088	39,912	325,000	52,000	-	-	-	-	-	377,000	39,912
15045	Justice Court Building Improvements	20,000	17,404	17,404	-	17,404	-	17,404	-	-	-	-	-	-	17,404	-
15046	Sidewalk Construction	75,000	75,000	75,000	-	75,000	-	75,000	-	-	-	-	-	-	75,000	-
15047	Basin Cleaning Truck	500,000	384,468	384,468	-	384,468	-	384,468	-	-	-	-	-	-	384,468	-
15048	Various Road Construction	350,000	350,000	348,867	-	348,867	133	350,000	-	-	-	-	-	-	350,000	133
15049	Playground Resurfacing	65,000	39,818	39,818	-	39,818	-	39,818	-	-	-	-	-	-	39,818	-
15050	Montauk Skateboard Repairs	85,000	81,000	600	46,000	46,600	34,400	-	81,000	-	-	-	-	-	81,000	34,400
15051	Terry King Baseball Fence Repair	50,000	48,000	600	-	600	47,400	-	48,000	-	-	-	-	-	48,000	47,400
15052	Amagansett Youth Track Refurbishment	45,000	-	16,760	10,820	27,600	(27,600)	-	-	-	-	-	-	-	-	(27,600)
15053	Terry King Field Scoreboard	20,000	12,088	4,183	-	4,183	7,925	12,088	-	-	-	-	-	-	12,088	7,925
15054	Planning Engineering Airport	500,000	700,000	443,743	52,146	495,889	204,111	500,000	200,000	-	-	-	-	-	700,000	204,111
15055	Building and Grounds Small Tractor	40,000	37,290	37,290	-	37,290	-	37,290	-	-	-	-	-	-	37,290	-
15056	Electric Department Bucket Truck	100,000	100,000	96,679	-	96,679	3,321	100,000	-	-	-	-	-	-	100,000	3,321
15057	Building and Grounds Cleaning Van	35,000	30,792	30,792	-	30,792	-	30,792	-	-	-	-	-	-	30,792	-
15058	Four Riding Mowers for Building and Grounds	55,000	34,750	34,750	-	34,750	-	34,750	-	-	-	-	-	-	34,750	-
15060	Floor Trailer Sanitation Department	90,000	2,000	2,000	-	2,000	-	2,000	-	-	-	-	-	-	2,000	-
15061	Amagansett Youth Park Improvement	35,000	33,000	19,820	13,180	33,000	-	33,000	33,000	-	-	-	-	-	33,000	-
15062	2015 Chevy Silverado	40,900	34,940	34,940	-	34,940	-	34,940	-	-	-	-	-	-	34,940	-
15063	84 South Euclid Avenue, Montauk	535,000	535,000	519,838	-	519,838	15,162	535,000	-	-	-	-	-	-	535,000	15,162
15064	Two Sanitation Trucks	50,000	45,000	45,000	-	45,000	-	45,000	45,000	-	-	-	-	-	45,000	-
15065	Heavy Duty Truck Reconstruction	150,000	150,000	148,262	-	148,262	1,738	150,000	-	-	-	-	-	-	150,000	1,738
15066	Marine Patrol Acquisition Boat	8,000	7,000	600	-	600	6,400	-	7,000	-	-	-	-	-	7,000	6,400
15067	Replace Windows at Town Hall	50,000	220,000	1,450	-	1,450	218,550	50,000	170,000	-	-	-	-	-	220,000	218,550
15068	Maidstone Comfort Station Improvements	25,000	-	600	-	600	(600)	-	-	-	-	-	-	-	-	(600)
15069	Town Hall Roof and Chimney Improvements	35,000	32,000	450	-	450	31,550	-	32,000	-	-	-	-	-	32,000	31,550
15070	Montauk Highway Barn Furnace	25,000	11,100	11,100	-	11,100	-	11,100	11,100	-	-	-	-	-	11,100	-
15071	Diesel Truck	50,000	50,000	450	-	450	49,550	50,000	-	-	-	-	-	-	50,000	49,550
15072	Packer Garbage Truck	115,000	115,000	108,310	-	108,310	6,690	115,000	-	-	-	-	-	-	115,000	6,690
15074	Police Department Computers and Radios	65,000	65,000	65,000	-	65,000	-	65,000	-	-	-	-	-	-	65,000	-
15075	Radio System Tower Equipment	37,000	36,857	36,506	-	36,506	351	36,857	-	-	-	-	-	-	36,857	351
15076	Time and Attendance System	90,000	118,850	119,980	-	119,980	(330)	119,650	-	-	-	-	-	-	119,650	(330)
15077	Conviction Oven	12,000	11,371	11,371	-	11,371	-	11,371	-	-	-	-	-	-	11,371	-
15078	Human Services Passenger Car	25,000	21,422	21,422	-	21,422	-	21,422	-	-	-	-	-	-	21,422	-
15079	Human Services Mini Van	60,000	26,369	26,369	-	26,369	23,631	50,000	-	-	-	-	-	-	50,000	23,631
15081	Emergency Operations Building	90,000	90,000	-	64,567	64,567	25,433	-	-	-	-	-	-	-	-	25,433
15082	Urban Renewal Road Improvements - Maps 284 and 483	915,000	915,000	783,882	75,913	859,805	45,195	915,000	-	-	-	-	-	-	915,000	45,195
15083	Montauk Parking Lot	400,000	350,000	377,099	4,836	381,935	(31,935)	350,000	-	-	-	-	-	-	350,000	(31,935)
15084	Sweeper	130,000	130,000	130,000	-	130,000	-	130,000	-	-	-	-	-	-	130,000	-
15085	Sanitation Building Fire Alarm	40,000	-	22,288	16,260	38,548	(38,548)	-	-	-	-	-	-	-	-	(38,548)
16001	Acquisition of Land - Condominium	320,000	320,000	104,745	10,641	115,386	204,614	320,000	-	-	-	-	-	-	320,000	204,614
16002	YMCA Recreation Center															

TOWN OF EAST HAMPTON  
 SCHEDULE OF OPEN PROJECTS - CAPITAL PROJECTS FUND (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Project Number	Project Title	Expenditures					Methods of Financing							Fund Balance December 31, 2017	
		Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Prior Years	Current Year				Total		
									Proceeds of Obligations	Federal Aid	State Aid	Intergovernmental Charges			Local Sources
16023	Police Department Storage Shed	7,500	7,500	8,300	-	8,300	1,200	-	7,500	-	-	-	-	7,500	1,200
16024	Computer Hardware and Software	40,000	40,000	39,247	-	39,247	753	-	40,000	-	-	-	-	40,000	753
16025	Various Generators	190,000	190,000	600	30,031	30,631	159,369	190,000	-	-	-	-	-	190,000	159,369
16028	Trailer for Bobcat	5,000	5,000	-	5,000	5,000	-	-	5,000	-	-	-	-	5,000	-
16027	Salt Spreader	5,000	5,000	-	4,852	4,852	148	-	5,000	-	-	-	-	5,000	148
16029	Sailing Program Trailer	15,000	-	225	4,798	5,023	(5,023)	-	-	-	-	-	-	-	(5,023)
16030	Safety Equipment	15,000	15,000	225	14,381	14,581	409	-	15,000	-	-	-	-	15,000	409
16031	Jel Ski	15,000	15,000	-	9,499	9,499	5,501	-	15,000	-	-	-	-	15,000	5,501
16032	Navigation Aids	8,000	-	450	-	450	(450)	-	-	-	-	-	-	-	(450)
16033	RPZ Valve Replacements - Various Locations	50,000	-	450	-	450	(450)	-	-	-	-	-	-	-	(450)
16036	Fence Improvements	30,000	-	450	8,659	9,109	(9,109)	-	-	-	-	-	-	-	(9,109)
16037	Star Island Boat Ramp Reconstruction	13,000	-	5,862	-	7,862	(7,862)	-	-	-	-	-	-	-	(7,862)
16038	Line Painting and Striping	15,000	-	970	-	9,471	(10,441)	-	-	-	-	-	-	-	(10,441)
16039	Security System	30,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16040	Bull Path Engineering and Improvements	20,000	-	8,010	-	8,010	(8,010)	-	-	-	-	-	-	-	(8,010)
16041	Beach Rake	75,000	-	600	58,926	57,528	(57,528)	-	-	-	-	-	-	-	(57,528)
16042	Garbage Packer Truck	120,000	-	600	105,960	105,960	(105,960)	-	-	-	-	-	-	-	(105,960)
16043	Carpentry Truck	60,000	60,000	450	55,545	55,995	4,005	-	60,000	-	-	-	-	60,000	4,005
16044	Two Pickup Trucks	42,000	42,000	31,898	-	31,898	10,102	-	42,000	-	-	-	-	42,000	10,102
16045	Three Dump Trucks	300,000	300,000	300,000	-	300,000	-	-	300,000	-	-	-	-	300,000	-
16046	Street Sweeper	300,000	-	600	260,000	260,600	(260,600)	-	-	-	-	-	-	-	(260,600)
16047	Snow Plows and Spreaders	75,000	-	40,875	10,158	51,033	-	-	-	-	-	-	-	-	(51,033)
16048	Refurbishing Trucks	150,000	-	21,547	28,678	48,223	-	-	-	-	-	-	-	-	(48,223)
16049	Various Roads Reconstruction	350,000	350,000	272,890	61,900	334,790	15,210	350,000	-	-	-	-	-	350,000	15,210
16050	Marine Museum Parking Lot Improvements	48,000	18,000	600	-	600	17,400	-	18,000	-	-	-	-	18,000	17,400
16051	Sidewalk Improvements	75,000	75,000	74,742	-	74,742	258	75,000	-	-	-	-	-	75,000	258
16052	Sail Barn Construction	300,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16053	Police Department Headquarters Floor Replacement	234,000	51,000	450	50,550	51,000	-	51,000	-	-	-	-	-	51,000	-
16054	Marine Patrol Building Improvements	15,000	-	600	8,830	9,430	(9,430)	-	-	-	-	-	-	-	(9,430)
16055	Aquaculture Building Improvements	100,000	-	32,458	2,480	34,938	-	-	-	-	-	-	-	-	(34,938)
16056	Town Hall Roof Replacement	200,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16057	Second House Comfort Station	100,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16058	Roof Reconstruction - Various	100,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16059	Marine Museum Fire Burglar Alarm	21,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16060	Town-wide ADA Improvements	125,000	125,000	89,015	96,011	185,026	(40,026)	125,000	-	-	-	-	-	125,000	(40,026)
16062	Atlantic Avenue Parking Lot	30,000	30,000	-	-	30,000	-	30,000	-	-	-	-	-	30,000	-
16063	Police Department Headquarters Door Replacement	83,000	-	31,824	39,019	70,843	(70,843)	-	-	-	-	-	-	-	(70,843)
16064	Police Department Headquarters Roof Replacement	100,000	-	92,000	-	92,000	-	-	-	-	-	-	-	-	(92,000)
16065	Terry King Field Reconstruction	40,000	-	300	38,175	38,475	(38,475)	-	-	-	-	-	-	-	(38,475)
16066	Handball Courts - Reconstruct Fence	10,000	-	300	7,946	7,946	-	-	-	-	-	-	-	-	(7,946)
16068	Sanitation Roll Off Truck	225,000	-	600	201,378	201,978	(201,978)	-	-	-	-	-	-	-	(201,978)
16069	Skid Street Sanitation	50,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16070	Compost Building Reconstruction	100,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16071	Second House Project Planning	125,000	-	3,150	58,088	58,238	(58,238)	-	-	-	-	-	-	-	(58,238)
16072	Crosswalk Lighting	375,000	-	600	34,545	35,145	-	-	-	-	-	-	-	-	(35,145)
16073	Beach Walkway Improvements	155,000	-	600	-	600	(600)	-	-	-	-	-	-	-	(600)
16074	Pickup Truck - Airport	42,000	42,000	-	38,284	38,284	3,739	-	42,000	-	-	-	-	42,000	3,739
16075	Property Acquisitions Amagansett	1,941,875	-	-	1,133,817	1,133,817	(1,133,817)	-	-	-	-	-	-	-	(1,133,817)
16076	Airport Perimeter Fence	1,000,000	-	54,507	-	54,507	-	-	-	-	-	-	-	-	(54,507)
16077	Park in Amagansett	220,000	-	6,938	-	6,938	-	-	-	-	-	-	-	-	(6,938)
16078	Parking Lot Amagansett	360,000	-	17,583	-	17,583	(17,583)	-	-	-	-	-	-	-	(17,583)
17002	Vehicle Marine Patrol	37,000	-	36,036	-	36,036	-	-	-	-	-	-	-	-	(36,036)
17003	Security Camera System Airport	75,000	-	65,300	-	65,300	-	-	-	-	-	-	-	-	(65,300)
17004	Fuel Farm - Airport	1,850,000	-	868,400	-	868,400	-	-	-	-	-	-	-	-	(868,400)
17006	Truck for Building Department	30,000	-	23,732	-	23,732	-	-	-	-	-	-	-	-	(23,732)
17007	SUV(Two) plus Computer Docking	79,000	-	55,463	-	55,463	-	-	-	-	-	-	-	-	(55,463)
17008	Police Cars and Related Equipment	200,000	200,000	124,908	-	124,908	75,092	-	200,000	-	-	-	-	200,000	75,092
17012	Copier Machine - Industrial LV	20,000	-	17,917	-	17,917	-	-	-	-	-	-	-	-	(17,917)
17016	Safety Equipment - Ocean Rescue	15,000	-	8,482	-	8,482	-	-	-	-	-	-	-	-	(8,482)
17017	Four Wheel Drive Vehicles	82,000	-	82,000	-	82,000	-	-	-	-	-	-	-	-	(82,000)
17018	Utility Vehicle	44,000	-	44,000	-	44,000	-	-	-	-	-	-	-	-	(44,000)
17019	Computer Equipment and Hardware Upgrade	55,000	-	54,883	-	54,883	-	-	-	-	-	-	-	-	(54,883)
17020	Carpet Replacement	30,000	-	28,985	-	28,985	-	-	-	-	-	-	-	-	(28,985)
17021	Police Equipment Field Use and Storage	48,500	38,256	48,259	-	48,259	-	-	38,256	-	-	-	-	38,256	(10,000)
17024	Core License-Server Project	104,100	-	53,285	-	53,285	-	-	-	-	-	-	-	-	(53,285)
17025	Buses for Human Services	50,000	-	50,000	-	50,000	-	-	-	-	-	-	-	-	(50,000)
17026	Vehicles for Human Services	35,000	-	24,833	-	24,833	-	-	-	-	-	-	-	-	(24,833)
17027	Removal Fuel Tanks Various Locations	135,000	-	45,980	-	45,980	-	-	-	-	-	-	-	-	(45,980)
17030	Gann Road Building Improvements	10,000	-	8,678	-	8,678	-	-	-	-	-	-	-	-	(8,678)
17033	Airport Equipment	155,000	-	86,000	-	86,000	-	-	-	-	-	-	-	-	(86,000)
17035	Remediation of Mold - PD Headquarters	40,000	-	37,130	-	37,130	-	-	-	-	-	-	-	-	(37,130)
17036	Radio Communication System - Phase I	2,500,000	-	3,151,907	-	3,151,907	-	-	-	-	-	-	-	-	(3,151,907)
17039	Road Improvements	350,000	-	319,396	-	319,396	-	-	-	-	-	-	-	-	(319,396)
17040	Sidewalk Improvements	95,000	-	20,085	-	20,085	-	-	-	-	-	-	-	-	(20,085)
17041	Highway Equipment - Street Sweeper	245,000	-	243,025	-	243,025	-	-	-	-	-	-	-	-	(243,025)
17042	Highway Equipment - Crack Sealer	50,000	-	39,893	-	39,893	-	-	-	-	-	-	-	-	(39,893)
17043	Highway Equipment - Wood Chipper	70,000	-	66,878	-	66,878	-	-	-	-	-	-	-	-	(66,878)
17048	Two Garbage Packers	240,000	-	213,720	-	213,720	-	-	-	-	-	-	-	-	(213,720)
17049	Beach Tractor	70,000	-	66,500	-	66,500	-	-	-	-	-	-	-	-	(66,500)
17052	Improvements Fowler House	50,000	-	23,720	-	23,720	-	-	-	-	-	-	-	-	(23,720)
17053	Manor House Affordable Housing	2,500,000	-	1,208,990	-	1,208,990	-	-	-	-	-	-	-	-	(1,208,990)
17054	Computer Hardware and Software	138,250	-	58,048	-	58,048	-	-	-	-	-	-	-	-	(58,048)
17055	Planning Downtown Montauk Wastewater	80,000	-	50,074	-	50,074	-	-	-	-	-	-	-	-	(50,074)
17056	Planning Road and Drainage Improvement	40,000	-	19,750	-	19,750	-	-	-	-	-				

TOWN OF EAST HAMPTON  
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	Airport Fund	Joint Fuel Facility Fund	Fire Protection Districts Fund	Street Lighting Districts Fund	Sewer Districts Fund	Water Districts Fund	Special Grant Fund	Special Revenue Fund	Permanent Fund	Community Housing Opportunity Fund	Community Development Building Grant Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>												
Cash and investments	\$ 3,727,825	\$ 24,867	\$ 54,744	\$ 71,113	\$ 474,960	\$ 116	\$ 54,353	\$ 28,024	\$ -	\$ 1,049,035	\$ 121,822	\$ 5,606,859
Restricted cash	99,849	-	-	-	4,059	-	59,172	-	250,000	-	-	413,080
Accounts receivable, net	219,976	-	-	-	82,758	-	3,165	-	-	-	-	305,899
State and Federal aid receivables	-	-	-	-	-	-	-	-	-	-	9,886	9,886
Due from other governments	-	21,823	-	-	-	-	-	-	-	-	-	21,823
Due from other funds	68,428	44,370	-	-	-	-	-	-	-	-	-	112,798
Prepaid items	5,701	-	-	-	-	-	8,522	-	-	-	-	14,223
<b>Total assets</b>	<b>\$ 4,121,779</b>	<b>\$ 91,060</b>	<b>\$ 54,744</b>	<b>\$ 71,113</b>	<b>\$ 561,777</b>	<b>\$ 116</b>	<b>\$ 125,212</b>	<b>\$ 28,024</b>	<b>\$ 250,000</b>	<b>\$ 1,049,035</b>	<b>\$ 131,708</b>	<b>\$ 6,484,568</b>
<b>LIABILITIES</b>												
Accounts payable	\$ 132,173	\$ 19,964	\$ 31,144	\$ 8,153	\$ 1,440	\$ -	\$ 2,963	\$ -	\$ -	\$ 5,485	\$ -	\$ 201,322
Accrued liabilities	16,506	-	-	-	-	-	3,054	-	-	-	-	19,560
Due to other funds	665,310	75,000	-	-	383,854	-	20,000	-	-	-	30,000	1,174,164
<b>Total liabilities</b>	<b>813,989</b>	<b>94,964</b>	<b>31,144</b>	<b>8,153</b>	<b>385,294</b>	<b>-</b>	<b>26,017</b>	<b>-</b>	<b>-</b>	<b>5,485</b>	<b>30,000</b>	<b>1,395,046</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Property taxes	201,898	-	-	-	-	-	-	-	-	-	-	201,898
Grants paid in advance	-	-	-	-	-	-	-	-	-	-	361	361
<b>Total deferred inflows of resources</b>	<b>201,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361</b>	<b>202,259</b>
<b>FUND BALANCE (DEFICIT):</b>												
Fund balance (deficit):												
Nonspendable	5,701	-	-	-	-	-	8,522	-	250,000	-	-	264,223
Restricted	99,849	-	-	-	4,059	-	59,172	-	-	-	-	163,080
Assigned	3,000,342	-	23,600	62,960	172,424	116	31,501	28,024	-	1,043,550	101,347	4,463,864
Unassigned	-	(3,904)	-	-	-	-	-	-	-	-	-	(3,904)
<b>Total fund balance (deficit)</b>	<b>3,105,892</b>	<b>(3,904)</b>	<b>23,600</b>	<b>62,960</b>	<b>176,483</b>	<b>116</b>	<b>99,195</b>	<b>28,024</b>	<b>250,000</b>	<b>1,043,550</b>	<b>101,347</b>	<b>4,887,263</b>
<b>Total liabilities, deferred inflows of resources and fund balance (deficit)</b>	<b>\$ 4,121,779</b>	<b>\$ 91,060</b>	<b>\$ 54,744</b>	<b>\$ 71,113</b>	<b>\$ 561,777</b>	<b>\$ 116</b>	<b>\$ 125,212</b>	<b>\$ 28,024</b>	<b>\$ 250,000</b>	<b>\$ 1,049,035</b>	<b>\$ 131,708</b>	<b>\$ 6,484,568</b>

**TOWN OF EAST HAMPTON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Airport Fund	Joint Fuel Facility Fund	Fire Protection Districts Fund	Street Lighting Districts Fund	Sewer Districts Fund	Water Districts Fund	Special Grant Fund	Special Revenue Fund	Permanent Fund	Community Housing Opportunity Fund	Community Development Building Grant Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>												
Real property taxes	\$ -	\$ -	\$ 3,023,954	\$ 173,893	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,224,847
Other real property tax items	-	-	7,741	1,089	-	-	-	-	-	-	-	8,830
Departmental income	3,321,138	-	-	-	-	-	-	-	-	-	-	3,321,138
Intergovernmental charges	-	73,981	-	-	-	-	-	-	-	-	-	73,981
Use of money and property	2,319	-	475	303	558	3	57	170	-	1,049	-	4,934
Sale of property and compensation for loss	2,332,480	-	-	-	-	-	-	-	-	-	-	2,332,480
Miscellaneous local sources	31,471	235,171	-	102	4,056	9,753	8,410	-	-	171	-	289,134
Federal aid	-	-	-	-	-	-	1,343,670	-	-	-	148,059	1,491,729
<b>Total revenues</b>	<b>5,687,408</b>	<b>309,152</b>	<b>3,032,170</b>	<b>175,387</b>	<b>31,614</b>	<b>9,756</b>	<b>1,352,137</b>	<b>170</b>	<b>-</b>	<b>1,220</b>	<b>148,059</b>	<b>10,747,073</b>
<b>EXPENDITURES</b>												
General governmental support	-	312,329	-	-	-	-	-	-	-	-	-	312,329
Public safety	-	-	3,031,081	-	-	-	-	-	-	-	-	3,031,081
Transportation	3,987,819	-	-	85,509	-	-	-	-	-	-	-	4,073,328
Home and community services	-	-	-	-	17,349	-	1,696,885	-	-	9,391	161,428	1,885,053
Employee benefits	134,508	-	-	-	-	-	51,910	-	-	-	-	186,418
Debt service -												
Principal	199,485	-	-	6,481	59,679	9,138	-	-	-	-	-	274,783
Interest	43,373	-	-	911	21,668	614	-	-	-	-	-	66,566
<b>Total expenditures</b>	<b>4,365,185</b>	<b>312,329</b>	<b>3,031,081</b>	<b>92,901</b>	<b>98,696</b>	<b>9,752</b>	<b>1,748,795</b>	<b>-</b>	<b>-</b>	<b>9,391</b>	<b>161,428</b>	<b>9,829,558</b>
Excess (deficiency) of revenues over (under) expenditures	1,322,223	(3,177)	1,089	82,486	(67,082)	4	(396,658)	170	-	(8,171)	(13,369)	917,515
<b>OTHER FINANCING SOURCES (USES)</b>												
Premium on debt issuance	20,888	-	-	-	5,093	-	-	-	-	-	-	25,981
Interfund transfers in	139,058	-	-	3,016	-	-	346,554	-	-	-	-	488,628
Interfund transfers out	(258,449)	-	-	(91,000)	(6,500)	-	-	-	-	-	-	(355,949)
<b>Total other financing sources (uses)</b>	<b>(98,503)</b>	<b>-</b>	<b>-</b>	<b>(87,984)</b>	<b>(1,407)</b>	<b>-</b>	<b>346,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,660</b>
Changes in fund balance	1,223,720	(3,177)	1,089	(5,498)	(68,489)	4	(50,104)	170	-	(8,171)	(13,369)	1,076,175
Fund balance (deficit), beginning of year	1,882,172	(727)	22,511	68,458	244,972	112	149,299	27,854	250,000	1,051,721	114,716	3,811,088
Fund balance (deficit), end of year	\$ 3,105,892	\$ (3,904)	\$ 23,600	\$ 62,960	\$ 176,483	\$ 116	\$ 99,195	\$ 28,024	\$ 250,000	\$ 1,043,550	\$ 101,347	\$ 4,887,263

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**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - FIRE PROTECTION DISTRICTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			<u>Actual</u>
<b>REVENUES</b>					
Real property taxes	\$ 3,023,954	\$ 3,023,954	\$ 3,023,954		\$ -
<b>Other real property tax items:</b>					
Pilot LIPA	7,860	7,860	7,741		(119)
Total other real property tax items	7,860	7,860	7,741		(119)
<b>Use of money and property:</b>					
Interest on investments	25	25	475		450
Total use of money and property	25	25	475		450
<b>Total revenues</b>	<u>3,031,839</u>	<u>3,031,839</u>	<u>3,032,170</u>		<u>331</u>
<b>EXPENDITURES</b>					
<b>Public safety:</b>					
East Hampton water supply FPD	894,720	894,720	885,902	\$ -	8,818
Promised land fire protection district	365,203	365,203	365,203	-	-
East Hampton road fire protection district	37,985	37,985	37,985	-	-
Montauk fire protection district	143,511	143,511	143,511	-	-
Northwest fire protection district	1,598,480	1,598,480	1,598,480	-	-
Total public safety	<u>3,039,899</u>	<u>3,039,899</u>	<u>3,031,081</u>	-	8,818
<b>Total expenditures</b>	<u>3,039,899</u>	<u>3,039,899</u>	<u>3,031,081</u>	<u>\$ -</u>	<u>8,818</u>
Deficiency of revenues under expenditures	<u>(8,060)</u>	<u>(8,060)</u>	<u>1,089</u>		<u>9,149</u>
<b>OTHER FINANCING SOURCES</b>					
Appropriated fund balance	<u>8,060</u>	<u>8,060</u>	<u>-</u>		<u>(8,060)</u>
<b>Total other financing sources</b>	<u>8,060</u>	<u>8,060</u>	<u>-</u>		<u>(8,060)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,089</u>		<u>\$ 1,089</u>
Fund balance, beginning of year			<u>22,511</u>		
Fund balance, end of year			<u>\$ 23,600</u>		

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**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - STREET LIGHTING DISTRICTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 173,893	\$ 173,893	\$ 173,893		\$ -
<b>Other real property tax items:</b>					
Pilot LIPA	900	900	1,089		189
<b>Total other real property tax items</b>	<b>900</b>	<b>900</b>	<b>1,089</b>		<b>189</b>
<b>Use of money and property:</b>					
Interest on investments	-	-	303		303
<b>Total use of money and property</b>	<b>-</b>	<b>-</b>	<b>303</b>		<b>303</b>
<b>Miscellaneous local sources:</b>					
Miscellaneous	-	-	102		102
<b>Total miscellaneous local sources</b>	<b>-</b>	<b>-</b>	<b>102</b>		<b>102</b>
<b>Total revenues</b>	<b>174,793</b>	<b>174,793</b>	<b>175,387</b>		<b>594</b>
<b>EXPENDITURES</b>					
<b>Transportation:</b>					
East Hampton street light district	10,000	10,000	7,235	\$ -	2,765
North end street light district	6,500	6,500	4,892	-	1,608
Pantigo street light district	8,300	8,300	6,850	-	1,450
Amagansett street light district	25,000	25,000	21,896	-	3,104
Montauk street light district	47,500	47,500	44,636	-	2,864
<b>Total transportation</b>	<b>97,300</b>	<b>97,300</b>	<b>85,509</b>	<b>-</b>	<b>11,791</b>
<b>Debt service:</b>					
Principal	6,481	6,481	6,481	-	-
Interest	912	912	911	-	1
<b>Total debt service</b>	<b>7,393</b>	<b>7,393</b>	<b>7,392</b>	<b>-</b>	<b>1</b>
<b>Total expenditures</b>	<b>104,693</b>	<b>104,693</b>	<b>92,901</b>	<b>\$ -</b>	<b>11,792</b>
<b>Excess of revenues over expenditures</b>	<b>70,100</b>	<b>70,100</b>	<b>82,486</b>		<b>12,386</b>

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**TOWN OF EAST HAMPTON  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - STREET LIGHTING DISTRICTS FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance Better (Worse) To Revised Budget</u>
	<u>Original Budget</u>	<u>Revised Budget</u>			
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfer in	\$ -	\$ -	\$ 3,016		\$ 3,016
Interfund transfer out	(91,000)	(91,000)	(91,000)		-
Appropriated fund balance	20,900	20,900	-		(20,900)
<b>Total other financing sources (uses)</b>	<u>(70,100)</u>	<u>(70,100)</u>	<u>(87,984)</u>		<u>(17,884)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(5,498)		<u>\$ (5,498)</u>
Fund balance, beginning of year			<u>68,458</u>		
Fund balance, end of year			<u>\$ 62,960</u>		

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - SEWER DISTRICTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Real property taxes</b>	\$ 27,000	\$ 27,000	\$ 27,000		\$ -
<b>Use of money and property:</b>					
Interest on investments	-	-	558		558
Total use of money and property	-	-	558		558
<b>Miscellaneous local sources:</b>					
Miscellaneous	-	-	4,056		4,056
Total miscellaneous local sources	-	-	4,056		4,056
<b>Total revenues</b>	<b>27,000</b>	<b>27,000</b>	<b>31,614</b>		<b>4,614</b>
<b>EXPENDITURES</b>					
<b>Home and community services:</b>					
Scavenger waste fund	22,000	22,000	5,750	\$ -	16,250
Camp Hero sewer district	17,000	25,750	11,599	-	14,151
Total home and community services	39,000	47,750	17,349	-	30,401
<b>Debt service:</b>					
Principal	59,679	59,679	59,679	-	-
Interest	21,671	21,671	21,668	-	3
Total debt service	81,350	81,350	81,347	-	3
<b>Total expenditures</b>	<b>120,350</b>	<b>129,100</b>	<b>98,696</b>	<b>\$ -</b>	<b>30,404</b>
Excess (deficiency) of revenues over (under) expenditures	(93,350)	(102,100)	(67,082)		35,018

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**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - SEWER DISTRICTS FUND (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>OTHER FINANCING SOURCES</b>					
Premium on debt issuance	\$ -	\$ -	\$ 5,093		\$ 5,093
Interfund transfer out	(6,500)	(6,500)	(6,500)		-
Appropriated fund balance	99,850	108,600	-		(108,600)
<b>Total other financing sources</b>	<b>93,350</b>	<b>102,100</b>	<b>(1,407)</b>		<b>(103,507)</b>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(68,489)		<u>\$ (68,489)</u>
Fund balance, beginning of year			244,972		
Fund balance, end of year			<u>\$ 176,483</u>		

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL - WATER DISTRICTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts		Actual	Year-end Encumbrances	Variance Better (Worse) To Revised Budget
	Original Budget	Revised Budget			
<b>REVENUES</b>					
<b>Use of money and property:</b>					
Interest on investments	\$ -	\$ -	\$ 3		\$ 3
Total use of money and property	-	-	3		3
<b>Miscellaneous local sources:</b>					
Special assessments	9,753	9,753	9,753		-
Total miscellaneous local sources	9,753	9,753	9,753		-
<b>Total revenues</b>	<b>9,753</b>	<b>9,753</b>	<b>9,756</b>		<b>3</b>
<b>EXPENDITURES</b>					
<b>Debt service:</b>					
Principal	9,138	9,138	9,138	\$ -	-
Interest	615	615	614	-	1
Total debt service	9,753	9,753	9,752	-	1
<b>Total expenditures</b>	<b>9,753</b>	<b>9,753</b>	<b>9,752</b>	<b>\$ -</b>	<b>1</b>
Excess of revenues over expenditures	-	-	4		4
Change in fund balance	\$ -	\$ -	4		\$ 4
Fund balance, beginning of year			112		
Fund balance, end of year			\$ 116		

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON**  
**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**AS OF DECEMBER 31, 2017**

	<u>Town Agency Fund</u>	<u>Town Receiver of Taxes Agency Fund</u>	<u>Justice Court Agency Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 733,036	\$ 78,306,203	\$ 654,436	\$ 79,693,675
Accounts receivable	311,433	-	-	311,433
Due from governmental funds	10,183	-	-	10,183
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,054,652</u>	<u>\$ 78,306,203</u>	<u>\$ 654,436</u>	<u>\$ 80,015,291</u>
<b>LIABILITIES</b>				
Due to Justices	\$ -	\$ -	\$ 170,894	\$ 170,894
Bail liability	-	-	483,542	483,542
Due to other governments	-	78,306,203	-	78,306,203
Due to governmental funds	34,225	-	-	34,225
Other agency liabilities	1,020,427	-	-	1,020,427
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 1,054,652</u>	<u>\$ 78,306,203</u>	<u>\$ 654,436</u>	<u>\$ 80,015,291</u>

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF EAST HAMPTON  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
<b>Town Agency Fund</b>				
Cash	\$ 1,386,677	\$ 733,036	\$ 1,386,677	\$ 733,036
Accounts receivable	393,754	311,433	393,754	311,433
Due from governmental funds	2,940	10,183	2,940	10,183
Total assets - Town Agency Fund	<u>1,783,371</u>	<u>1,054,652</u>	<u>1,783,371</u>	<u>1,054,652</u>
<b>Justice Court Agency Fund</b>				
Cash	662,799	3,744,449	3,752,812	654,436
Total assets - Justice Court Agency Fund	<u>662,799</u>	<u>3,744,449</u>	<u>3,752,812</u>	<u>654,436</u>
<b>Town Receiver of Taxes Agency Fund</b>				
Cash	44,188,906	78,306,203	44,188,906	78,306,203
Total assets - Town Receiver of Taxes Agency Fund	<u>44,188,906</u>	<u>78,306,203</u>	<u>44,188,906</u>	<u>78,306,203</u>
Total assets	<u>\$ 46,635,076</u>	<u>\$ 83,105,304</u>	<u>\$ 49,725,089</u>	<u>\$ 80,015,291</u>
<b>LIABILITIES</b>				
<b>Town Agency Fund</b>				
Due to governmental funds	\$ 62,990	\$ 34,225	\$ 62,990	\$ 34,225
Other agency liabilities	1,720,381	1,020,427	1,720,381	1,020,427
Total liabilities - Town Agency Fund	<u>1,783,371</u>	<u>1,054,652</u>	<u>1,783,371</u>	<u>1,054,652</u>
<b>Justice Court Agency Fund</b>				
Due to Justices	166,369	3,322,846	3,318,321	170,894
Bail liability	496,430	421,603	434,491	483,542
Total liabilities - Justice Court Agency Fund	<u>662,799</u>	<u>3,744,449</u>	<u>3,752,812</u>	<u>654,436</u>
<b>Town Receiver of Taxes Agency Fund</b>				
Due to other governments	44,188,906	78,306,203	44,188,906	78,306,203
Total liabilities - Town Receiver of Taxes Agency Fund	<u>44,188,906</u>	<u>78,306,203</u>	<u>44,188,906</u>	<u>78,306,203</u>
Total liabilities	<u>\$ 46,635,076</u>	<u>\$ 83,105,304</u>	<u>\$ 49,725,089</u>	<u>\$ 80,015,291</u>

***STATISTICAL  
SECTION***

**TOWN OF EAST HAMPTON**  
**OBJECTIVES OF STATISTICAL INFORMATION**

This comprehensive statistical data for the Town includes, in some cases, statistical information for the incorporated villages, school districts, and special districts, which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town and its financial affairs than is possible from the financial statements and supplementary information included in the Financial Section. Many tables in this section cover several years for comparison purposes, and may present data from outside of the Town's accounting records. This part of the Town of East Hampton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and other supplementary information says about the government's overall financial health.

Financial Trends

- These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

**TOWN OF EAST HAMPTON**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	(Restated) 2014	(Restated) 2013	2012	(Restated) 2011	(Restated) 2010	2009	2008
<b>GOVERNMENTAL ACTIVITIES/ PRIMARY GOVERNMENT:</b>										
Net position -										
Net investment in capital assets	\$ 390,603,661	\$ 345,127,715	\$ 309,356,091	\$ 275,744,113	\$ 229,160,089	\$ 225,173,484	\$ 207,130,059	\$ 199,869,323	\$ 184,096,275	\$ 186,986,485
Restricted	25,769,276	45,640,986	49,944,639	51,375,767	61,807,713	38,058,795	33,979,881	35,424,680	23,479,238	23,131,925
Unrestricted	(23,766,333)	(25,269,191)	(25,043,915)	(27,892,803)	(28,194,769)	(21,210,153)	(20,973,011)	(24,865,616)	(23,775,777)	(38,519,046)
Total net position	<u>\$ 392,606,604</u>	<u>\$ 365,499,510</u>	<u>\$ 334,256,815</u>	<u>\$ 299,227,077</u>	<u>\$ 262,773,033</u>	<u>\$ 242,022,126</u>	<u>\$ 220,136,929</u>	<u>\$ 210,428,387</u>	<u>\$ 183,799,736</u>	<u>\$ 171,599,364</u>

Source: Town Finance Department and the audited financial statements of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	(Restated) 2014	(Restated) 2013	2012	(Restated) 2011	(Restated) 2010	2009	2008
<b>EXPENSES:</b>										
Governmental activities:										
General governmental support	\$ 18,965,363	\$ 16,750,424	\$ 16,923,111	\$ 15,686,421	\$ 21,504,247	\$ 12,889,511	\$ 14,468,779	\$ 12,732,230	\$ 10,957,271	\$ 10,357,809
Public safety	32,445,410	30,516,893	27,107,460	27,498,174	28,770,706	24,219,149	25,311,129	23,536,948	22,204,601	19,025,256
Health	47,513	50,000	50,000	50,000	50,000	50,000	50,000	70,000	95,000	95,000
Transportation	10,945,029	11,701,080	10,041,641	11,089,192	10,004,919	10,334,855	10,068,409	8,990,311	8,413,957	10,052,272
Economic assistance and opportunity	1,744,364	2,091,338	1,835,670	1,741,776	1,925,608	1,617,319	1,831,014	2,329,635	2,343,756	2,561,398
Culture and recreation	3,868,180	3,759,495	3,279,000	3,182,637	3,257,982	3,720,455	4,382,190	4,922,594	7,159,591	8,326,147
Home and community services	12,166,444	11,177,489	10,479,303	10,636,065	12,003,377	13,071,384	13,229,002	13,350,872	13,225,219	14,410,383
Interest on debt	2,683,331	2,523,513	3,101,331	3,605,267	3,810,276	4,402,767	4,782,436	4,327,508	4,862,322	4,963,620
<b>Total expenses</b>	<b>82,865,634</b>	<b>78,570,232</b>	<b>72,817,516</b>	<b>73,489,532</b>	<b>81,327,115</b>	<b>70,305,440</b>	<b>74,122,959</b>	<b>70,260,098</b>	<b>69,261,717</b>	<b>69,791,885</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services -										
General governmental support	2,677,924	2,942,291	2,600,302	2,185,395	2,500,980	2,239,399	2,093,893	2,019,249	2,502,712	2,396,317
Public safety	3,019,788	3,243,515	2,265,471	2,069,844	1,723,881	1,518,152	1,303,607	1,180,353	1,089,146	1,123,113
Transportation	3,473,557	3,567,065	2,850,136	2,634,262	2,088,979	1,524,371	1,367,754	1,251,843	1,199,025	1,452,868
Home and community services	2,598,598	2,394,372	2,394,495	2,702,210	2,269,125	2,375,293	2,618,551	2,642,284	2,538,640	2,693,107
Operating grants and contributions	30,100,506	29,737,610	32,611,880	34,304,423	31,166,727	24,992,096	16,487,500	2,396,236	2,209,609	1,888,064
Capital grants and contributions	1,477,089	2,063,080	940,483	734,502	670,053	641,972	544,902	497,467	722,365	1,546,503
<b>Total program revenues</b>	<b>43,347,462</b>	<b>43,947,933</b>	<b>43,662,767</b>	<b>44,630,636</b>	<b>40,419,745</b>	<b>33,291,283</b>	<b>24,416,207</b>	<b>9,987,432</b>	<b>10,261,497</b>	<b>11,099,972</b>
<b>Net (expense)/revenue</b>	<b>\$ (39,518,172)</b>	<b>\$ (34,622,299)</b>	<b>\$ (29,154,749)</b>	<b>\$ (28,858,896)</b>	<b>\$ (40,907,370)</b>	<b>\$ (37,014,157)</b>	<b>\$ (49,706,752)</b>	<b>\$ (60,272,666)</b>	<b>\$ (59,000,220)</b>	<b>\$ (58,691,913)</b>

Source: Town Finance Department and the audited financial statements of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**CHANGE IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	(Restated) 2014	(Restated) 2013	2012	(Restated) 2011	(Restated) 2010	2009	2008
<b>NET (EXPENSE)/REVENUE:</b>										
Governmental activities	\$ (39,518,172)	\$ (34,622,299)	\$ (29,154,749)	\$ (28,858,896)	\$ (40,907,370)	\$ (37,014,157)	\$ (49,706,752)	\$ (60,272,666)	\$ (59,000,220)	\$ (58,691,913)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>										
Governmental activities:										
Real property taxes	\$ 53,761,368	\$ 53,073,290	\$ 52,083,153	\$ 50,703,908	\$ 49,872,984	\$ 48,235,032	\$ 49,404,432	\$ 59,107,274	\$ 53,889,882	\$ 41,682,691
Other real property tax items	343,186	326,583	342,385	486,305	364,333	309,777	317,450	303,351	265,575	270,329
Non-property tax items	1,275,874	2,008,930	1,826,356	1,684,641	1,634,269	1,591,811	1,546,563	19,229,605	11,022,669	16,029,890
Use of money and property	769,141	736,632	676,627	746,860	778,188	751,452	696,697	641,762	544,662	1,070,292
Sale of property and compensation for loss	3,575,340	3,254,951	3,496,478	3,962,846	3,574,296	3,205,946	3,319,757	2,561,386	2,041,917	8,140,655
State aid - mortgage tax	5,013,045	5,209,818	4,776,872	4,581,650	4,709,162	3,798,320	2,701,722	3,437,264	2,680,783	4,292,906
Other state aid	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	116,392	54,343	-	-
Miscellaneous	2,133,101	1,495,425	1,218,214	3,391,464	965,164	1,007,016	1,390,271	1,566,332	755,104	979,453
Total general revenues and other changes in net position	\$ 66,871,055	\$ 66,105,629	\$ 64,420,085	\$ 65,557,674	\$ 61,898,396	\$ 58,899,354	\$ 59,493,284	\$ 86,901,317	\$ 71,200,592	\$ 72,466,216
<b>INTERGOVERNMENTAL TRANSFERS:</b>										
Transfer to the Trustees of the Freeholders and Commonalty of the Town of East Hampton	\$ (245,789)	\$ (240,635)	\$ (235,598)	\$ (244,734)	\$ (240,119)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CHANGE IN NET POSITION:</b>										
Governmental activities	\$ 27,107,094	\$ 31,242,695	\$ 35,029,738	\$ 36,454,044	\$ 20,750,907	\$ 21,885,197	\$ 9,786,532	\$ 26,628,651	\$ 12,200,372	\$ 13,774,303

Source: Town Finance Department and the audited financial statements of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	2014	(Restated) 2013	(Restated) 2012	2011	(Restated) 2010	2009	2008
<b>GENERAL FUND:</b>										
Reserved								\$ 655,527	\$ 550,962	\$ 478,420
Unreserved								(3,492,709)	(16,233,651)	(21,893,550)
Total General Fund								<u>\$ (2,837,182)</u>	<u>\$ (15,682,689)</u>	<u>\$ (21,415,130)</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Reserved								\$ 36,037,943	\$ 25,968,947	\$ 28,608,605
Unreserved								4,649,118	(17,603,501)	(15,540,988)
Total all other governmental funds								<u>\$ 40,687,061</u>	<u>\$ 8,365,446</u>	<u>\$ 13,067,617</u>
<b>GENERAL FUND:</b>										
Nonspendable	\$ 316,172	\$ 507,969	\$ 526,226	\$ 626,058	\$ -	\$ -	\$ 334,435			
Restricted	2,476,615	2,659,510	2,745,927	3,033,224	5,065,360	1,409,588	1,539,921			
Assigned	83,373	52,559	48,000	49,839	97,328	183,106	207,119			
Unassigned	10,981,472	9,094,633	6,492,463	3,351,280	2,854,362	4,469,708	4,677,213			
Total General Fund	<u>\$ 13,857,632</u>	<u>\$ 12,314,671</u>	<u>\$ 9,812,616</u>	<u>\$ 7,060,401</u>	<u>\$ 8,017,050</u>	<u>\$ 6,062,402</u>	<u>\$ 6,758,688</u>			
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Nonspendable	\$ 965,977	\$ 935,339	\$ 1,068,445	\$ 684,917	\$ 250,000	\$ 250,000	\$ 474,199			
Restricted	22,571,436	42,731,476	46,948,712	48,092,543	56,492,353	36,399,207	32,189,960			
Assigned	21,600,441	16,838,670	12,550,765	10,864,644	10,490,838	7,390,815	11,687,656			
Unassigned	(8,902,425)	(727)	(1,062,334)	(2,946,055)	(3,198,190)	2,149,947	(135,507)			
Total all other governmental funds	<u>\$ 36,235,429</u>	<u>\$ 60,504,758</u>	<u>\$ 59,505,588</u>	<u>\$ 56,696,049</u>	<u>\$ 64,035,001</u>	<u>\$ 46,189,969</u>	<u>\$ 44,216,308</u>			

Source: Town Finance Department and the audited financial statements of the Town of East Hampton.

Note 1: Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" changed the categories of fund balance effective for the year ended December 31, 2011.

**TOWN OF EAST HAMPTON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	(Restated) 2010	2009	2008
<b>Revenues</b>										
Real property taxes	\$ 53,761,368	\$ 53,073,290	\$ 52,083,153	\$ 50,703,908	\$ 49,872,984	\$ 48,235,032	\$ 49,404,432	\$ 59,107,274	\$ 53,889,882	\$ 42,692,257
Other real property tax items	343,186	326,583	342,385	486,305	486,305	364,333	309,777	317,450	303,351	270,329
Non-property tax items	28,405,081	29,672,703	32,186,278	33,524,897	29,999,720	23,643,078	15,724,874	19,716,605	11,784,164	16,115,149
Departmental income	10,167,776	10,010,087	8,300,988	8,200,182	7,054,905	6,393,222	6,244,560	6,027,667	6,024,802	6,193,957
Intergovernmental charges	366,958	661,610	479,962	359,552	157,222	180,830	182,830	195,454	228,678	247,256
Use of money and property	769,141	736,632	676,627	746,860	778,188	751,452	696,697	641,762	544,662	1,070,292
License and permits	59,656	75,482	49,289	47,165	44,009	31,115	27,198	38,377	9,775	2,886
Fines and forfeitures	1,175,477	1,400,064	1,280,165	984,812	1,326,829	1,052,048	871,817	798,431	997,438	980,602
Sale of property and compensation for loss	3,575,340	3,254,951	3,496,478	3,962,846	5,774,296	3,205,946	3,319,757	2,561,386	2,041,917	8,140,655
Miscellaneous local sources	1,595,491	1,181,194	1,128,692	1,372,497	888,719	1,007,016	1,390,271	1,566,332	678,588	838,833
Interfund revenues	-	-	-	-	-	-	57,400	33,800	68,830	172,450
State aid	7,229,670	7,354,953	6,025,835	5,826,104	5,539,580	4,504,184	3,466,386	4,231,674	3,718,309	6,080,668
Federal aid	2,231,763	1,991,782	1,943,478	1,954,215	2,640,911	2,876,937	2,089,427	2,099,293	1,894,448	1,646,805
<b>Total revenues</b>	<b>109,680,907</b>	<b>109,739,331</b>	<b>107,993,330</b>	<b>108,169,343</b>	<b>104,441,696</b>	<b>92,190,637</b>	<b>83,793,099</b>	<b>97,321,406</b>	<b>82,147,068</b>	<b>84,452,139</b>
<b>Expenditures</b>										
Current:										
General governmental support	14,945,370	12,893,367	14,393,584	13,000,385	13,188,115	10,576,713	11,001,565	8,602,565	7,785,410	8,854,307
Public safety	23,018,922	22,185,260	21,600,620	21,955,575	20,982,398	19,600,118	18,640,811	14,440,520	14,032,319	13,679,235
Health	47,513	50,000	50,000	50,000	50,000	50,000	50,000	70,000	95,000	95,000
Transportation	9,284,677	9,338,521	9,003,047	9,928,577	8,414,531	9,392,301	8,891,312	6,969,814	6,529,197	7,735,608
Economic assistance and opportunity	1,203,509	1,533,230	1,486,924	1,386,834	1,430,583	1,324,818	1,341,125	1,444,235	1,439,111	1,478,446
Culture and recreation	2,766,950	2,655,792	2,563,904	2,512,618	2,320,745	3,003,331	3,110,933	3,192,044	4,447,180	4,813,462
Home and community services	9,755,675	9,460,562	8,896,954	8,994,942	9,685,592	11,416,781	10,765,648	9,381,123	9,354,353	10,096,162
Employee benefits	4,394,106	4,419,247	4,408,028	3,965,638	4,429,724	3,549,930	3,264,440	12,201,001	12,277,557	14,282,803
Capital outlay	55,431,872	36,804,004	33,840,218	41,682,478	10,829,207	15,008,050	12,113,792	4,019,921	11,068,420	23,735,936
Debt service:										
Principal	12,460,941	12,022,348	12,333,736	11,616,706	11,540,000	12,646,201	10,749,784	9,110,000	9,830,484	9,253,843
Interest	2,825,350	3,021,480	2,886,922	3,573,525	3,884,271	4,345,019	4,904,525	4,317,188	5,190,767	5,154,279
<b>Total expenditures</b>	<b>136,134,885</b>	<b>114,383,811</b>	<b>111,463,937</b>	<b>118,667,278</b>	<b>86,755,166</b>	<b>90,913,262</b>	<b>84,833,935</b>	<b>73,748,411</b>	<b>82,049,798</b>	<b>99,179,081</b>
Excess (deficiency) of revenues over (under) expenditures	(26,453,978)	(4,644,480)	(3,470,607)	(10,497,935)	17,686,530	1,277,375	(1,040,836)	23,572,995	97,270	(14,726,942)
<b>Other financing sources (uses)</b>										
Interfund transfers in	1,778,851	1,408,669	1,818,104	1,421,247	1,502,896	1,420,728	2,422,820	3,615,996	9,991,492	22,991,549
Interfund transfers out	(1,778,851)	(1,408,669)	(1,818,104)	(1,421,247)	(1,502,896)	(1,420,728)	(6,069,180)	(4,043,729)	(9,991,492)	(21,778,183)
Premium on debt issuance	537,610	314,231	89,522	20,148	25,590	3,565,000	-	9,430,000	-	-
Serial bond, issuance	3,190,000	7,745,941	8,722,348	4,003,736	2,036,705	-	14,238,128	21,415,569	42,725,159	-
Refunding bond, issuance	-	4,300,000	18,560,000	12,450,000	-	-	-	-	-	-
Premium on debt issuance (including refunding bonds)	-	612,625	2,048,770	1,998,819	-	(43,042)	-	-	-	-
Bond anticipation notes redeemed from appropriations	-	-	-	-	-	-	143,925	70,000	-	-
Premium on bond anticipation note	-	-	-	-	50,855	-	-	-	-	-
Payment to refunded bond escrow agent	-	(4,827,092)	(20,388,279)	(16,270,369)	-	(3,521,958)	-	(10,500,569)	-	-
<b>Total other financing sources (uses)</b>	<b>3,727,610</b>	<b>8,145,705</b>	<b>9,032,361</b>	<b>2,202,334</b>	<b>2,113,150</b>	<b>-</b>	<b>10,735,693</b>	<b>19,987,267</b>	<b>42,725,159</b>	<b>1,213,366</b>
<b>Change in fund balance</b>	<b>\$ (22,726,368)</b>	<b>\$ 3,501,225</b>	<b>\$ 5,561,754</b>	<b>\$ (8,295,601)</b>	<b>\$ 19,799,680</b>	<b>\$ 1,277,375</b>	<b>\$ 9,694,857</b>	<b>\$ 43,560,262</b>	<b>\$ 42,822,429</b>	<b>\$ (13,513,576)</b>
Debt service as a percentage of noncapital expenditures	18.94%	19.39%	19.61%	19.73%	20.31%	22.38%	21.53%	19.26%	21.16%	19.10%

Source: Town Finance Department and the audited financial statements of the Town of East Hampton

Note 1: Beginning in the 2011 fiscal year, the Town of East Hampton budgeted and reported employee benefits at the department level, rather than on a fund wide basis, and those related expenditures are reflected in the appropriate governmental function.

**TOWN OF EAST HAMPTON**  
**ASSESSED VALUE, EQUALIZATION RATE AND ESTIMATED FULL VALUE OF REAL PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commerical Property</b>	<b>Vacant Property</b>	<b>Other</b>	<b>Less: Property Exempt from Taxation</b>	<b>Assessed Valuation</b>	<b>State Equalization Rate</b>	<b>Total Direct Tax Rate</b>	<b>Full Valuation *</b>	<b>Assessed Value as a Percentage of Full Value</b>
2017	\$ 184,235,241	\$ 11,379,261	\$ 8,150,331	\$ 13,864,450	\$ 17,970,355	\$ 199,658,928	0.57%	27.56%	\$ 33,840,496,271	0.59%
2016	182,712,996	11,509,646	8,432,441	13,881,163	17,915,885	198,620,361	0.64%	27.06%	31,034,431,406	0.64%
2015	181,453,286	11,410,975	8,623,098	14,620,740	17,953,880	198,154,219	0.73%	26.28%	27,144,413,561	0.73%
2014	180,836,036	11,529,647	8,825,878	13,751,609	17,397,250	197,545,920	0.73%	25.67%	27,061,084,932	0.73%
2013	179,968,978	11,861,545	9,114,418	14,296,937	17,419,978	197,821,900	0.73%	25.21%	27,098,890,410	0.73%
2012	179,682,444	11,943,185	9,145,745	13,883,934	17,166,665	197,488,643	0.80%	24.42%	24,666,080,375	0.80%
2011	180,827,976	12,298,062	9,106,245	14,346,356	17,066,356	199,512,283	0.77%	24.76%	25,910,686,104	0.77%
2010	181,534,923	12,416,287	9,050,120	14,492,110	17,010,390	200,483,050	0.72%	29.48%	27,844,868,056	0.72%
2009	182,354,462	12,351,120	9,222,980	13,379,876	16,849,833	200,458,605	0.61%	26.88%	32,862,066,393	0.61%
2008	182,240,707	12,130,588	9,339,595	10,228,832	16,694,106	197,245,616	0.67%	21.64%	29,439,644,179	0.67%

Source: Official Statements of the Town of East Hampton.

\* Note: Full valuation expressed as per \$1,000 of Assessed Valuation.

**TOWN OF EAST HAMPTON**  
**PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Town Direct Rates					Overlapping Rates				Total Direct and Overlapping Rates
	Full Valuation	State Equalization Rate	Taxable Assessed Valuation	Tax Levy for Town*	Total Direct Tax Rate**	County Tax Levy For Town	Total County Direct Tax Rate **	School Levy	Total School Direct Rate**	
2017	\$ 33,840,496,271	0.57%	\$ 199,658,928	\$ 55,034,595	27.56%	\$ 7,889,554	3.95%	\$ 110,406,680	55.30%	86.81%
2016	31,034,431,406	0.64%	198,620,361	53,753,087	27.06%	7,074,116	3.56%	108,598,381	54.68%	85.30%
2015	27,144,413,561	0.73%	198,154,219	52,083,154	26.28%	6,004,521	3.02%	107,482,134	54.24%	83.54%
2014	27,061,084,932	0.73%	197,545,920	50,703,908	25.67%	5,933,608	2.99%	105,325,347	53.32%	81.98%
2013	27,098,890,410	0.73%	197,821,900	49,872,984	25.21%	5,073,417	2.57%	98,084,450	49.58%	77.36%
2012	24,686,080,375	0.80%	197,488,643	48,235,032	24.42%	5,054,144	2.56%	98,859,494	50.06%	77.04%
2011	25,910,686,104	0.77%	199,512,283	49,404,432	24.76%	4,570,380	2.29%	90,419,747	45.32%	72.37%
2010	27,844,868,056	0.72%	200,483,050	59,107,274	29.48%	5,443,457	2.72%	90,559,279	45.17%	77.37%
2009	32,862,066,393	0.61%	200,458,605	53,889,882	26.88%	7,501,046	3.74%	85,710,428	42.76%	73.38%
2008	29,439,644,179	0.67%	197,245,616	42,692,257	21.64%	7,133,177	3.62%	79,545,262	40.33%	65.59%

Source: Official Statements of the Town of East Hampton and Town Budget Documents.

\* Note: Includes Special Districts.

\*\* Note: Expressed as per \$100 of Net Taxable Assessed Valuation.

**TOWN OF EAST HAMPTON  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO**

2017

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Keyspan Energy Development Corp.	Utility	\$ 500,791	0.25%
LIPA	Utility	322,598	0.16%
Bruce Wasserstein	Private	326,375	0.17%
Gurney's Inn Resort & Spa LTD.	Hotel & Restaurant	303,650	0.15%
Lewis Sanders	Private	301,300	0.15%
Stewart Rahr	Private	275,000	0.14%
Trust U/A/D 11/17/86	Private	264,000	0.13%
252 Further Lane, LLC	Real Estate	262,750	0.13%
Calvin Klein	Private	262,480	0.13%
Hamptons Residence, LLC	Private	227,500	0.12%

2008

Name	Type	Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Keyspan	Public Utility	\$ 728,091	0.38%
LILCO (Now LIPA)	Public Utility	341,206	0.18%
Bruce Wasserstein	Private	326,375	0.17%
Cranberry Dune, LLC	Property Mgmt.	326,375	0.17%
Gurney's Inn Resort & Spa LTD.	Resort	303,650	0.16%
Alice Sanders	Private	301,300	0.16%
Lewis Sanders	Private	301,300	0.16%
Stewart Rahr	Private	285,450	0.15%
Sarah Gardiner	Private	264,000	0.14%
Calvin Klein	Private	261,700	0.14%

Source: Town Assessor's Office.

**TOWN OF EAST HAMPTON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Levy For Town</b>	<b>Total Tax Levy</b>	<b>Amount Collected*</b>	<b>Percentage Collected **</b>
2017	\$ 55,034,595	\$ 173,330,829	\$ 55,034,595	100%
2016	53,753,087	169,425,584	53,753,087	100%
2015	52,083,154	165,569,809	52,083,154	100%
2014	50,703,908	161,962,863	50,703,908	100%
2013	49,872,984	153,030,851	49,872,984	100%
2012	48,235,032	152,148,670	48,235,032	100%
2011	49,404,432	144,394,559	49,404,432	100%
2010	59,107,274	155,110,010	59,107,274	100%
2009	53,889,882	147,101,356	53,889,882	100%
2008	42,692,257	129,370,696	42,692,257	100%

Source: Town Finance Department.

\* Note: Amount is collected by June 1st of the year of levy.

\*\* Note: Uncollected taxes are returned to the County for collection. The Town retains 100% of its levy.

**TOWN OF EAST HAMPTON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Percentage of Personal Income *</b>	<b>Per Capita *</b>
	<b>General Obligation Bonds</b>	<b>EFC Debt</b>	<b>Gross Bonded Debt</b>		
2017	\$ 72,271,728	\$ 10,145,000	\$ 82,416,728	3.69%	\$ 3,841
2016	80,090,064	11,890,000	91,980,064	4.12%	4,287
2015	80,547,348	13,605,000	94,152,348	4.44%	4,388
2014	83,118,736	15,290,000	98,408,736	5.77%	4,586
2013	92,291,705	16,940,000	109,231,705	6.99%	5,091
2012	100,170,000	18,565,000	118,735,000	10.78%	5,534
2011	109,871,200	21,385,000	131,256,200	12.69%	6,116
2010	103,589,784	24,270,000	127,859,784	11.27%	5,845
2009	88,384,997	27,045,000	115,429,997	10.43%	5,290
2008	65,069,000	59,329,997	124,398,997	10.55%	5,711

Source: The audited financial statements of the the Town of East Hampton.

\* Note: See the schedule of Demographic and Economic Statistics for personal income and population.

**TOWN OF EAST HAMPTON**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>		<b>Taxable Assessed Valuation</b>	<b>Gross Bonded Debt</b>	<b>Net Bonded Debt</b>	<b>Percentage of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2017	21,457	* \$	199,658,928	\$ 82,416,728	\$ 79,850,178	39.99%	\$ 3,721
2016	21,457	*	198,620,361	91,980,064	89,025,480	44.82%	4,149
2015	21,457	*	198,154,219	95,996,241	93,011,399	46.94%	4,335
2014	21,457	*	197,545,920	98,408,736	98,408,736	49.82%	4,586
2013	21,457		197,821,900	109,231,705	109,231,705	55.22%	5,091
2012	21,457		197,488,643	118,735,000	118,735,000	60.12%	5,534
2011	21,460		199,512,283	131,256,200	131,256,200	65.79%	6,116
2010	21,875		200,483,050	127,859,784	127,859,784	63.78%	5,845
2009	21,822		200,458,605	115,429,997	115,429,997	57.58%	5,290
2008	21,784		197,245,616	124,398,997	124,398,997	63.07%	5,711

Source: Town Finance Department and Official Statements of the Town of East Hampton.

Note: Details regarding outstanding debt can be found in the Notes to Financial Statements.

\* Population data not available for 2017, 2016, 2015 and 2014.

**TOWN OF EAST HAMPTON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

<b>Governmental Unit</b>	<b>Gross Long-Term Debt</b>	<b>Percentage Applicable to the Town of East Hampton</b>	<b>Town of East Hampton Share of Debt</b>
Town of East Hampton	\$ 82,416,728	100.00%	\$ 82,416,728
<b>Total Direct Debt</b>			<b>82,416,728</b>
County of Suffolk	1,311,100,875	6.30%	82,599,355
<b>Villages:</b>			
East Hampton Village	6,635,000	100.00%	6,635,000
Sag Harbor Village	2,615,537	33.00%	863,127
<b>School Districts:</b>			
Amagansett	-	100.00%	-
East Hampton	55,120,000	100.00%	55,120,000
Montauk	-	100.00%	-
Sag Harbor	16,410,000	11.80%	1,936,381
Springs	613,793	100.00%	613,793
Wainscott	655,000	95.00%	622,250
<b>Fire Districts:</b>			
Amagansett	2,175,000	100.00%	2,175,000
Bridgehampton	3,876,972	75.00%	2,907,729
Springs	-	100.00%	-
<b>Total Overlapping Debt</b>			<b>153,472,635</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 235,889,363</b>

Note: The taxpayer's share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values.

Source: The Official Statements of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**DEBT LIMIT MARGIN INFORMATION**  
**DECEMBER 31, 2017**

	<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>	
	2017	\$ 199,658,928	0.57%	\$ 35,027,882,105	
	2016	198,620,361	0.64%	31,034,431,406	
	2015	198,154,219	0.73%	27,144,413,561	
	2014	197,545,920	0.73%	27,061,084,932	
	2013	197,821,900	0.73%	27,098,890,410	
Total Five Year Full Valuation				<u>147,366,702,414</u>	
Average Five Year Full Valuation				<u>29,473,340,483</u>	
Debt Limit - 7% of Average Full Valuation				<u>\$ 2,063,133,834</u>	(a)
Inclusions:					
Outstanding Bonds				\$ 82,416,728	
Bond Anticipation Notes				<u>24,650,990</u>	
Total Inclusions				<u>107,067,718</u>	
Exclusions:					
Appropriations for Non-Exempt Indebtedness During Fiscal Year 2017				<u>-</u>	
Total Exclusions				<u>-</u>	
Total Net Indebtedness Subject to the Debt Limit				<u>\$ 107,067,718</u>	(b)
Net Debt Contracting Margin				<u>\$ 1,956,066,116</u>	(a) - (b)
Percent of Debt Limit Exhausted				<u>5.19%</u>	(b)/(a)

**Last Ten Years**

<u>Fiscal Year</u>	<u>Constitutional Debt Limit</u>	<u>Outstanding Indebtedness December 31</u>	<u>Less: Exclusions</u>	<u>Indebtedness Subject to Debt Limit</u>	<u>Net Contracting Margin</u>	<u>Percent of Net Debt Contracting Margin Available</u>
2017	\$ 2,063,133,834	\$ 107,067,718	\$ -	\$ 107,067,718	\$ 1,956,066,116	94.81%
2016	1,918,348,610	103,036,963	-	103,036,963	1,815,311,647	94.63%
2015	1,846,616,175	104,047,971	1,285,000	102,762,971	1,743,853,204	94.44%
2014	1,856,422,538	110,443,594	6,270,000	104,173,594	1,752,248,944	94.39%
2013	1,937,636,279	119,779,570	-	119,779,570	1,817,856,709	93.82%
2012	1,970,406,814	124,070,000	725,000	123,345,000	1,847,061,814	93.74%
2011	1,981,761,460	131,256,200	3,459,784	127,796,416	1,853,965,044	93.55%
2010	1,899,698,827	141,327,084	680,000	140,647,084	1,759,051,743	92.60%
2009	1,763,574,848	146,116,997	-	146,116,997	1,617,457,851	91.71%
2008	1,534,150,835	149,781,997	70,000	149,711,997	1,384,438,838	90.24%

Source: Office of the Comptroller and the Official Statements of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**DEMOGRAPHICS AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>		<b>Income (millions of dollars)</b>		<b>Per Capita Income **</b>	<b>Unemployment Rate ***</b>	<b>Year-Round Households Estimate</b>	<b>Household Size Estimates</b>	<b>Population Density Per Square Mile</b>
2017	21,457	*	\$ 2,234	\$	104,115	4.30%	8,410	2.54	306.53
2016	21,457	*	2,234		104,115	4.30%	8,410	2.54	299.00
2015	21,457	*	2,119		98,756	4.50%	8,410	2.54	299.00
2014	21,457	*	1,707		79,554	5.30%	8,410	2.03	220.92
2013	21,457		1,562		72,797	6.50%	8,410	2.03	220.92
2012	21,457		1,101		51,312	7.60%	8,410	2.54	306.53
2011	21,460		1,034		48,183	7.50%	8,410	2.41	306.57
2010	21,875		1,135		51,886	7.70%	8,840	2.46	312.50
2009	21,822		1,107		50,729	7.40%	8,819	2.46	311.74
2008	21,784		1,179		54,122	5.00%	8,801	2.45	311.20

Source: LIPA Population Survey.

\* Note: Population data not available for 2017, 2016, 2015 and 2014.

\*\* Note: 2014 USA.com City Data / 2007 through 2012 US Census Bureau's American Community Survey / 2004 through 2006 Town Data not available, Suffolk County Data presented.

\*\*\* Note: The Department of Labor does not include towns with full-time populations less than 25,000 individually on their website, thus Suffolk County numbers were used in their place.

**TOWN OF EAST HAMPTON**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR**

<b>Rank</b>	<b>Name</b>	<b>Headquarters</b>	<b>Type of Business</b>	<b>Number of Employees*</b>	<b>Percentage of Total Town's Employment</b>
1	Town of East Hampton	East Hampton, NY	Municipality	665	5.98%
2	Public Schools (4 Districts)	East Hampton, NY	Education	533	4.79%
3	Gurney's Inn Resort	Montauk, NY	Restaurant and Hotel	250	2.25%
4	Dune Management	East Hampton, NY	Hotel	230	2.07%
5	Village of East Hampton	East Hampton, NY	Municipality	165	1.48%
6	Riverhead Building Supply	Riverhead, NY	Construction Supply	59	0.53%
7	United States Post Office	East Hampton, NY	Post Office	38	0.34%
8	East Hampton STAR Newspaper	East Hampton, NY	Media	35	0.31%
				1,975	17.75%

Source: Official Statements of the Town of East Hampton and U.S. Census Bureau Civilian Work Force statistics.

\* May include seasonal and part-time employees

**TOWN OF EAST HAMPTON**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function:										
General government	96	96	96	94	94	88	90	90	68	73
Public safety	126	124	117	115	112	105	111	108	119	127
Transportation	43	42	41	41	40	36	35	36	42	45
Economic assistance and opportunity	17	17	16	16	17	13	18	18	25	27
Culture and recreation	23	22	21	21	24	22	21	26	57	64
Home and community service	76	75	76	77	76	62	64	67	90	91
Total	381	376	367	364	363	326	339	345	401	427

Source: Town Finance Department.

**TOWN OF EAST HAMPTON**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Function:</b>										
<b>Recreation - Beaches</b>										
Beach Permits Issued - Non-Resident	2,189	2,238	2,191	2,197	2,184	2,349	2,206	N/A	N/A	N/A
Beach Permits Issued - Resident	6,781	7,173	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4X4 Permits Issued - Resident	2,246	2,296	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4X4 Permits Issued - Non-Resident	123	130	128	123	119	99	116	N/A	N/A	N/A
Summer Recreation Programs	16	17	14	14	12	14	11	11	N/A	N/A
<b>Police Department -</b>										
Complaints	20,005	19,889	19,683	18,832	17,964	17,844	18,148	16,332	15,332	16,508
DWIs	214	186	187	186	247	257	156	231	211	216
Vehicle and Traffic Law	7,218	5,827	4,817	5,084	5,225	5,197	4,753	5,749	5,565	6,050
Parking Summons	6,801	7,588	8,631	5,665	6,339	6,516	6,180	4,327	6,178	5,059
Alarms	1,894	1,942	2,147	1,951	1,647	1,091	1,737	1,771	1,749	2,298
<b>Public Safety -</b>										
<b>Building</b>										
Building Permit Issuances	1,684	1,908	1,560	1,382	1,286	961	978	884	N/A	N/A
New Housing Permits	123	130	130	111	115	85	74	60	N/A	N/A
Sign Permits	22	16	7	2	6	7	2	4	N/A	N/A
Certificate of Occupancy Issuances	1,202	1,197	974	974	914	775	746	724	N/A	N/A
Building Inspections	3,561	3,776	1,792	1,490	2,989	2,950	2,800	N/A	N/A	N/A
<b>Fire Prevention - Code Enforcement</b>										
Commercial Fire Inspections	1,085	1,518	874	1,091	1,391	1,191	1,261	1,645	1,973	1,601
False Alarm Reviews	21	103	74	121	58	66	84	N/A	N/A	N/A
Fire Investigations	44	28	51	50	34	32	38	33	38	37
Firework Permits Issued	4	3	5	4	5	5	6	5	3	4
Hazardous Material Calls	2	5	1	6	5	7	6	N/A	N/A	8
Investigation of Complaints	41	79	50	24	11	45	41	6	32	10
Liquor License Review	17	24	19	14	26	37	58	N/A	N/A	N/A
Mass Gathering Permits	-	-	-	433	398	424	371	381	233	N/A
Multiple-Dwelling Inspections	282	151	7	496	255	215	182	331	358	431
Site Plan Reviews for Fire Safety	192	145	137	272	119	130	63	39	48	155
Tent Permits Issued	136	149	146	111	138	134	249	125	145	110
Total Fire Inspections	1,824	2,205	1,364	2,021	2,237	1,846	2,022	2,598	2,804	2,479
<b>Home and Community Service - Human Services</b>										
Congregate Senior Meals Served	18,695	17,553	17,055	16,763	18,892	16,804	14,734	14,610	17,956	17,109
Participants Served - Senior Nutrition	315	331	331	329	340	304	294	268	262	255
Number of Rides Provided - Senior Transportation	20,384	17,276	17,452	18,247	19,400	14,200	13,291	12,701	N/A	N/A
<b>Home and Community Service - Aquaculture</b>										
Hard Clams Seeded	36,253,811	36,253,811	13,436,621	24,275,087	29,066,194	22,956,737	6,212,461	6,426,240	2,590,000	2,290,000
Hard Clams Culled	19,950,796	-	-	-	-	-	-	-	-	-
Oysters Seeded	5,762,145	5,762,145	5,349,496	12,159,717	9,496,002	3,217,207	2,322,922	6,321,267	240,000	1,140,000
Oysters Culled	9,195,466	-	-	-	-	-	-	-	-	-
Bay Scallops Seeded	182,840	182,840	517,304	136,707	147,294	292,800	411,820	476,114	12,900,000	372,824

Source: Various departments of the Town of East Hampton.

**TOWN OF EAST HAMPTON**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government -</b>										
Municipal buildings - Administration	2	2	2	2	2	2	2	2	1	1
Municipal buildings - Other	4	4	4	4	4	4	4	4	4	4
Number of vehicles	37	38	34	20	16	12	13	13	15	18
Preserved acreage	5,075	4,971	4,861	4,813	4,734	4,600	4,533	4,438	4,435	4,404
<b>Public Safety -</b>										
Municipal buildings - Administration	1	1	1	1	1	1	1	1	1	1
Municipal buildings - Other	4	4	4	4	4	4	4	4	4	4
Number of vehicles	94	92	94	95	83	72	74	82	77	83
Number of Ambulance Districts	6	6	6	6	6	6	6	6	6	6
<b>Transportation -</b>										
Municipal buildings - Administration	1	1	1	1	1	1	1	1	1	1
Municipal buildings - Highway Barn	1	1	1	1	1	1	1	1	1	1
Municipal buildings - Highway Other	4	4	4	4	4	4	4	4	4	4
Municipal buildings - Airport	1	1	1	1	1	1	1	1	1	1
Number of Street Lighting Districts	5	5	5	5	5	5	5	5	5	5
Streets (miles)	288	288	291	290	290	290	290	289	291	293
Traffic Signals	4	4	4	4	4	4	4	4	4	4
<b>Economic Assistance and Opportunity -</b>										
Municipal buildings - Administration	1	1	1	1	1	1	1	1	1	1
Municipal buildings - Other	2	2	2	2	2	2	2	2	2	2
<b>Culture and Recreation -</b>										
Municipal buildings - Historic Houses	8	8	7	7	7	7	7	7	7	7
Municipal buildings - Comfort Stations	29	29	29	20	20	20	20	20	19	19
Municipal buildings - Other	11	11	11	11	11	11	11	11	11	11
Number of vehicles	32	31	32	42	39	35	36	36	40	40
Number of parks	21	21	21	21	21	21	21	21	21	21
Piers	6	6	6	6	6	6	6	6	6	6
Pump-outs	2	2	2	2	2	2	2	2	2	2
Boat Launching Ramps	5	5	5	5	5	5	5	5	5	5
Beaches	26	26	26	26	26	26	26	26	26	26
Marinas	4	4	4	4	4	4	4	4	4	4
Boat Basin Slips	119	119	119	119	119	119	119	119	119	119
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Golf courses	-	-	-	-	-	1	1	1	1	1
Skateboard parks	2	2	2	2	2	2	2	2	2	2
<b>Home and Community Services -</b>										
Municipal buildings - Administration	3	3	3	3	2	2	2	2	2	2
Municipal buildings - Other	5	5	5	5	5	5	5	5	5	5
Hatchery	1	1	1	1	1	1	1	1	1	1
Landfill	2	2	2	2	2	2	2	2	2	2
Sewage Treatment Facility	1	1	1	1	1	1	1	1	1	1
Compost Facility	1	1	1	1	1	1	1	1	1	1
Weigh Station	1	1	1	1	1	1	1	1	1	1
Number of vehicles	24	23	24	28	27	23	25	25	28	28

Source: Various sources and Highway Department (road mileage does not include private roads or urban renewals).

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***FEDERAL  
SINGLE AUDIT***

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**TOWN OF EAST HAMPTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Cluster Title Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal CFDA Number	Total Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
<u>Aging Cluster:</u>			
<u>Passed-through Programs From:</u>			
Suffolk County Administration on Aging:			
Part B - Adult Day Care	93.044	SCS10000005180	\$ 51,992
Part C - Nutrition Program	93.045	SCS10000001865	<u>85,533</u>
Total U.S. Department of Health and Human Services			<u>137,525</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<u>Direct Programs:</u>			
Section 8 Housing Choice Vouchers	14.871		1,346,531
<u>Passed-through Programs From:</u>			
Suffolk County Department of Economic Development and Planning - Office of Community Development: Community Development Block Grants/Entitlement Grants	14.218	B12-UC-36-0102	<u>148,059</u>
Total U.S. Department of Housing and Urban Development			<u>1,494,590</u>
<b><u>U.S. Department of the Interior</u></b>			
<u>Direct Programs:</u>			
Wildlife Refuge Revenue Sharing Act	15.226		<u>6,350</u>
Total U.S. Department of the Interior			<u>6,350</u>
<b><u>U.S. Department of Transportation</u></b>			
<u>Direct Programs:</u>			
Safe Routes to School	20.205		<u>15,672</u>
Total U.S. Department of Transportation			<u>15,672</u>

**TOWN OF EAST HAMPTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Cluster Title Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Total Federal Expenditures
<b><u>U.S. Department of Justice</u></b>			
<u>Direct Programs:</u>			
Bulletproof Vest Partnership Program	16.607		\$ 5,400
<u>Passed-through Programs From:</u>			
Suffolk County Sheriff's Office: Federal Equitable Sharing Funds	16.922	Unknown	<u>54,160</u>
Total U.S. Department of Justice			<u>59,560</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<u>Direct Programs:</u>			
Port Security for Marine Vesel	97.056		422,775
<u>Passed-through Programs From:</u>			
New York State Division of Homeland Security and Emergency Services: Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR NY 4111/ 4085 DRNY	<u>84,291</u>
Total U.S. Department of Homeland Security			<u>507,066</u>
<b><u>U.S. Department of Agriculture (Natural Resources Conservation Services)</u></b>			
<u>Direct Programs:</u>			
Emergency Watershed Protection Program - Disaster Relief	10.928	Unknown	<u>11,000</u>
Total U.S. Department of Agriculture (Natural Resources Conservation Services)			<u>11,000</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b><u>\$ 2,231,763</u></b>

**TOWN OF EAST HAMPTON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Town of East Hampton (the "Town"), under programs of the Federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, change in net assets or cash flows of the Town.

**(2) Summary of Accounting Policies:**

**Basis of Accounting**

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the general purpose financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Disallowances/adjustments**

Negative amounts shown on the Schedule of Expenditures of Federal Awards (when applicable) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Indirect Costs**

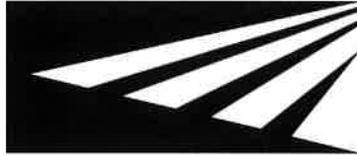
Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source of the data presented. Under the Uniform Guidance, absent to an agreed upon indirect cost rate, the Town must elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

**Matching Costs**

Matching costs (i.e. the Town's share of certain program costs) are not included in the reported expenditures.

**(3) Major Program Determination**

The Town has determined that all federal programs with expenditures of \$750,000 or more are Type A Programs and deemed Major Programs for purposes of the Schedule of Expenditures of Federal Awards.



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE**  
**AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Supervisor and Town Board of  
The Town of East Hampton:

We have audited in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of East Hampton (the "Town"), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2018. Our report includes a reference to other auditors who audited the financial statements of the East Hampton Housing Authority, as described in our report on the Town of East Hampton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# NawrockiSmith

## ***Compliance And Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated June 26, 2018.

## ***Purpose Of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York  
June 26, 2018





**NawrockiSmith**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR ITS MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Supervisor and Town Board of  
The Town of East Hampton:

***Report On Compliance For Its Major Federal Programs***

We have audited the Town of East Hampton's (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal programs. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion On Its Major Federal Programs***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2017.

# NawrockiSmith

## ***Report On Internal Control Over Compliance***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town of East Hampton's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of East Hampton's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Melville, New York  
June 26, 2018



**TOWN OF EAST HAMPTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for its major federal award programs for the Town expresses an unmodified opinion.
6. No audit findings relative to the major federal award program for the Town, that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program include:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.056	<u>U.S. Department of Homeland Security - Port Security for Marine Vessel</u>
16.922	<u>U.S. Department of Justice - Suffolk County Sheriff's Office - Federal Equitable Sharing Funds</u>

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None reported.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported.

**TOWN OF EAST HAMPTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE: There were no audit findings in the prior year's audit Schedule of Findings and Questioned Costs relative to federal awards.