

TOWN OF OLD SAYBROOK, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Old Saybrook, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Saybrook, Connecticut (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Saybrook, Connecticut, as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparison schedules for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, and the schedules on the Town's pension plans and other post-retirement benefit plan on pages 57 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules on pages 63 through 81 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The trend information on pages 82 and 83 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 December 28, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
December 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017

As management of the Town of Old Saybrook (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$68,671,040 (net position). Of this amount, \$6,570,755 represents a deficit in the Town's unrestricted net position.
- The Town's total net position increased by \$629,093 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,997,809, an increase of \$11,858 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,394,535 or 12.65% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.52 months of General Fund budgetary expenditures.
- The Town's total long-term debt, excluding capital leases, decreased by \$2,345,522 or 6.7% during the current fiscal year due to scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for government-wide financial statements. The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 57 - 81 of this report and trend information on pages 82 - 83.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

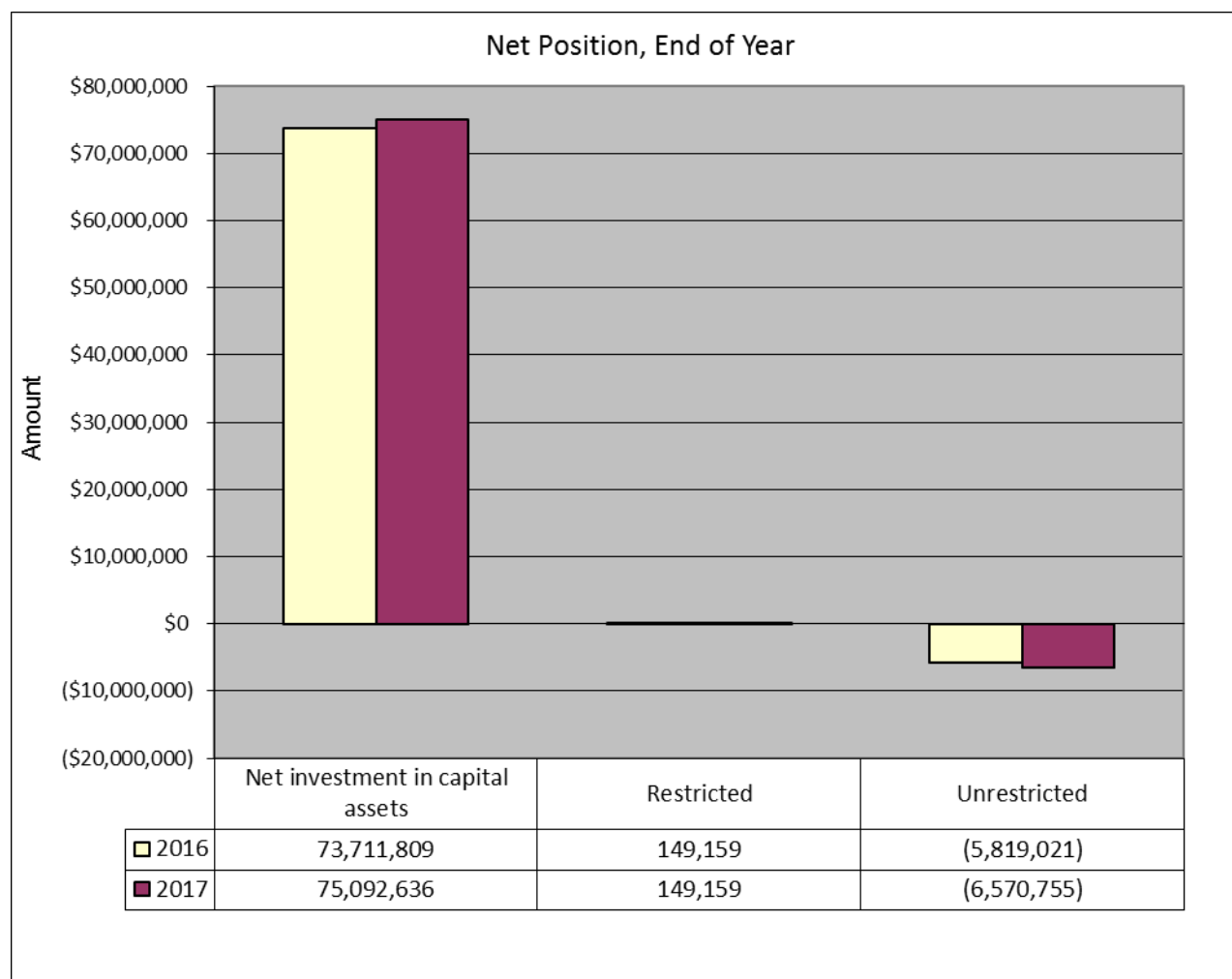
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$68,671,040 and \$68,041,947 as of June 30, 2017 and 2016, respectively and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 23,278,809	\$ 18,798,430
Capital assets, net	<u>108,001,209</u>	<u>109,174,416</u>
Total assets	<u>131,280,018</u>	<u>127,972,846</u>
Deferred outflows of resources	<u>1,144,925</u>	<u>7,689,260</u>
Current liabilities	7,873,511	9,036,876
Long-term liabilities	<u>48,961,243</u>	<u>58,583,283</u>
Total liabilities	<u>56,834,754</u>	<u>67,620,159</u>
Deferred inflows of resources	<u>6,919,149</u>	<u>-</u>
Net position:		
Net investment in capital assets	75,092,636	73,711,809
Restricted	149,159	149,159
Unrestricted	<u>(6,570,755)</u>	<u>(5,819,021)</u>
Total net position	<u>\$ 68,671,040</u>	<u>\$ 68,041,947</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 109.4% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$629,093.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

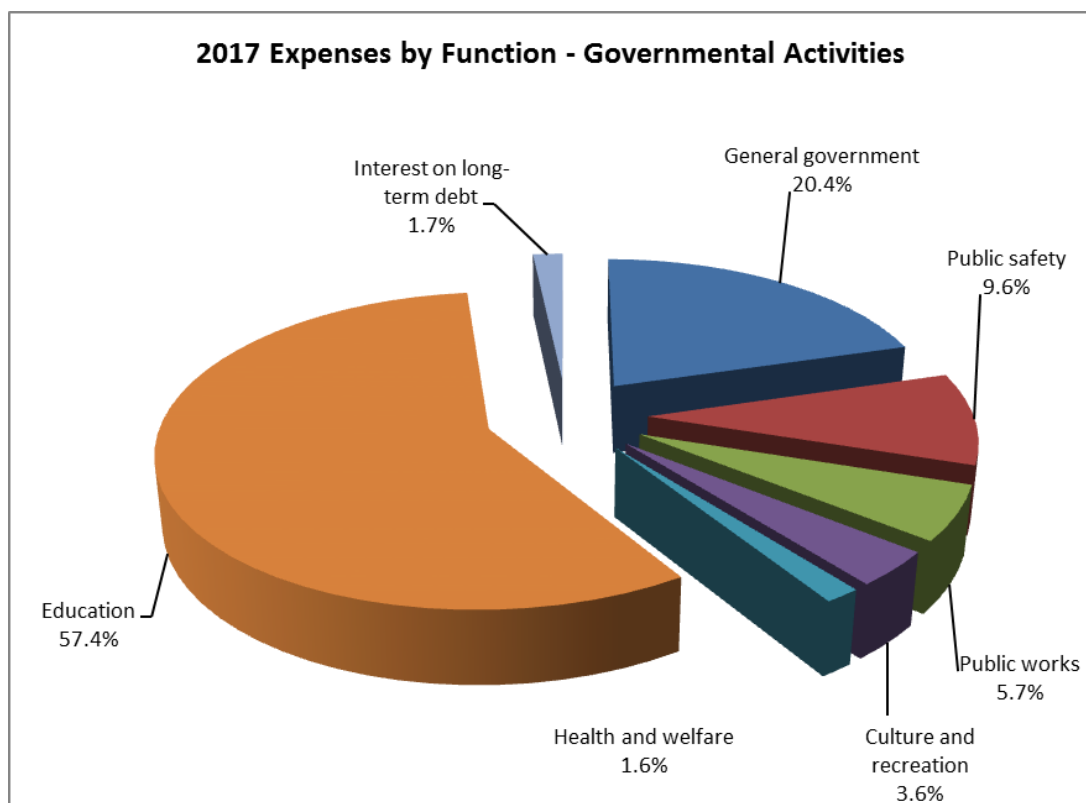
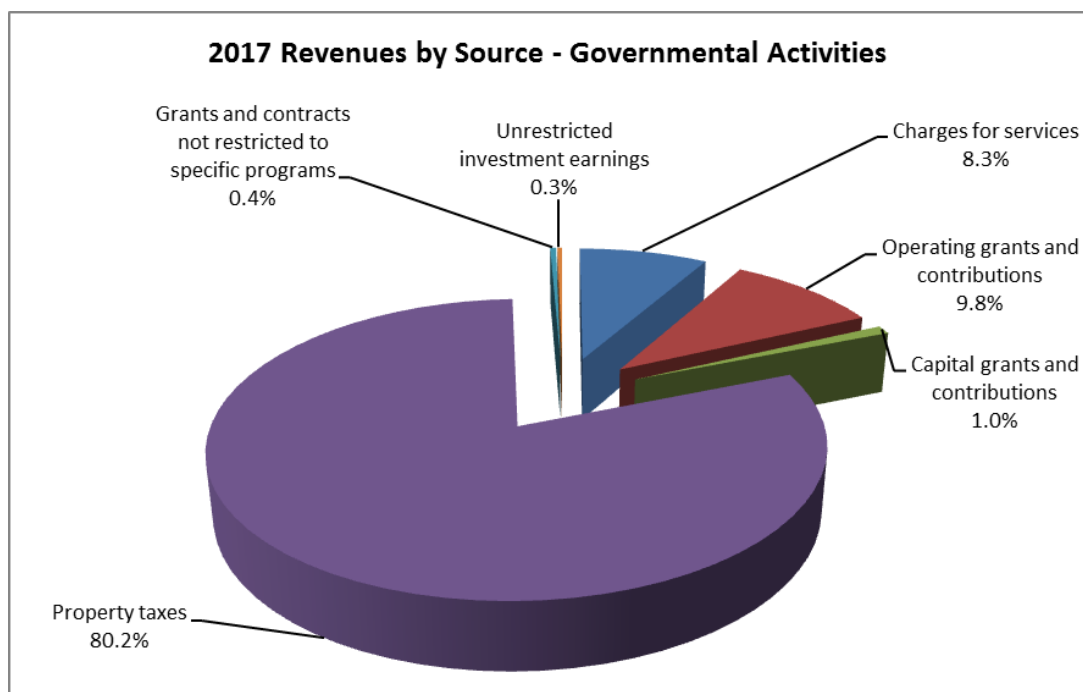
Changes in net position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 4,378,543	\$ 4,696,170
Operating grants and contributions	5,182,493	6,089,136
Capital grants and contributions	505,372	855,812
General revenues:		
Property taxes	42,629,956	41,739,765
Grants and contracts not restricted to specific programs	202,217	121,042
Unrestricted investment earnings	154,186	85,991
Total revenues	<u>53,052,767</u>	<u>53,587,916</u>
Program expenses:		
General government	10,710,622	10,060,199
Public safety	5,007,490	5,615,864
Public works	2,976,575	2,358,917
Culture and recreation	1,910,454	1,067,501
Health and welfare	815,303	1,578,866
Education	30,104,039	29,960,998
Interest on long-term debt	899,191	1,078,829
Total expenses	<u>52,423,674</u>	<u>51,721,174</u>
Change in net position	<u>\$ 629,093</u>	<u>\$ 1,866,742</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the Town's net position by \$629,093. Revenues generated by the Town decreased by \$535,149 and expenses increased in the amount of \$702,500, when compared to the prior year.

Key elements of the current year change in net position were an increase in taxes levied primarily attributed to an increase in the Town's mill rate. The change in revenues from the prior year is primarily attributable to the decrease in funding provided by the School Construction grant in the amount of \$567,087 due to the completion of various school construction projects during the year. The change in expenses from the prior year is related to an increase in the Town's pension expense.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,997,809, an increase of \$11,858 in comparison with the prior year. Approximately 97.5%, or \$7,795,262, of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,394,535, while total fund balance was \$5,588,488. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total budgetary expenditures. Unassigned fund balance represents 12.65% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.52 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$1,165,967 during the current fiscal year.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Capital Projects Fund

The Capital Projects Fund has a fund balance of \$1,334,785 as of June 30, 2017, a decrease in the fund balance of \$210,757 from the prior year. This decrease is attributable to expenditures incurred for the school renovation projects and the police building project.

Capital Nonrecurring Fund

The Capital Nonrecurring Fund has a fund deficit of \$1,488,203 as of June 30, 2017, a decrease in the fund balance of \$1,169,546 from the prior year. This decrease is attributable to expenditures incurred for the sewer avoidance project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$1,181,743. Expenditures were \$1,302,934 lower than budgeted and revenues were \$190,240 higher than budgeted.

The favorable revenue variance was derived primarily from better than budgeted collections on current year taxes levied and on prior year delinquent taxes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2017 totaled \$108,001,209 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, building improvements, machinery & equipment, vehicles and infrastructure. The Town's investment in capital assets decreased \$1,173,207 or 1.1% over the prior year.

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

- An increase of \$392,492 in construction in progress due to the ongoing study related to the potential sewer treatment plant.
- An increase of \$237,600 in machinery & equipment resulting from the purchase of a generator by the Board of Education.
- An increase of \$214,761 in land improvements resulting from the purchase of streetlights.
- An increase of \$1,721,799 in building improvements from construction in progress for the completed Goodwin School window project.
- An increase of \$10,011,642 in buildings resulting from construction in progress for the completed police building project.
- A decrease due to depreciation expense of \$3,092,400.

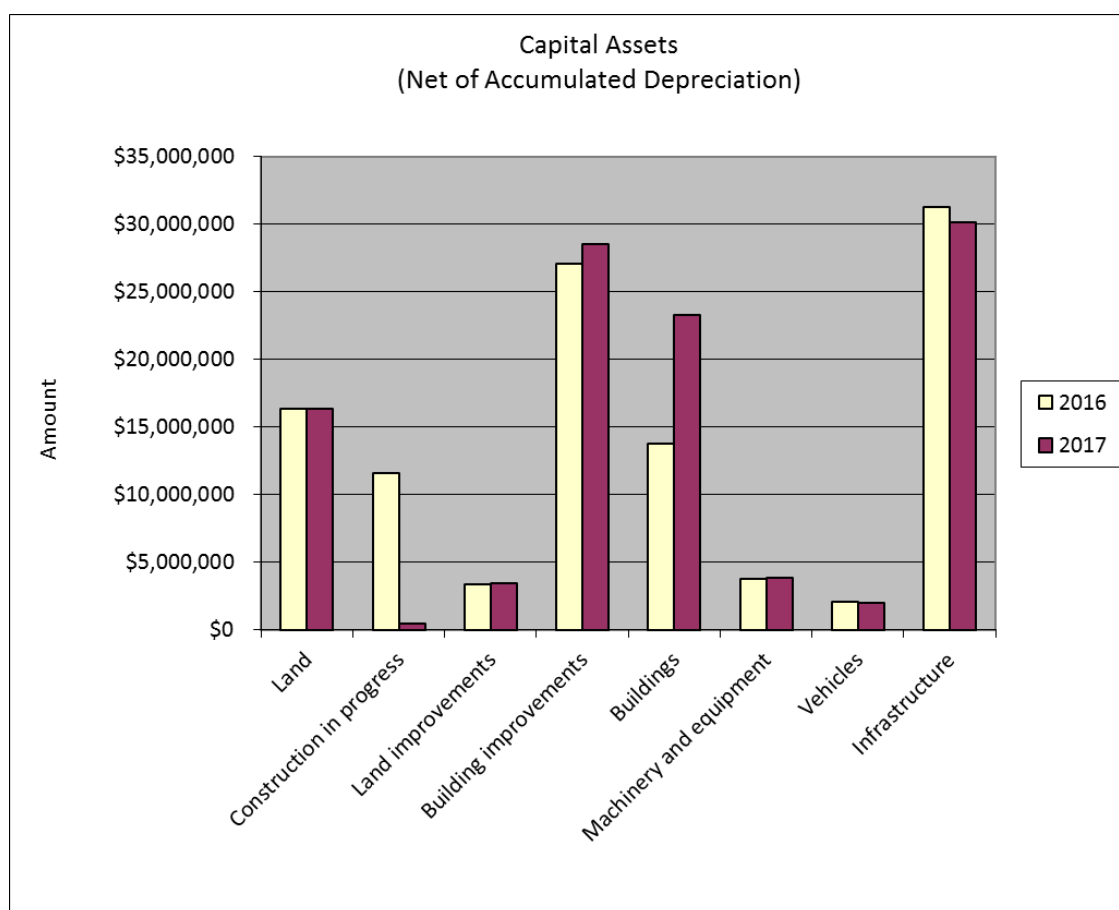
TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	2017	2016
Land	\$ 16,323,231	\$ 16,323,231
Construction in progress	466,609	11,621,443
Land improvements	3,490,720	3,338,863
Building improvements	28,504,503	27,063,883
Buildings	23,297,564	13,755,159
Machinery and equipment	3,844,590	3,746,173
Vehicles	1,964,696	2,081,832
Infrastructure	30,109,296	31,243,832
Totals	<u>\$ 108,001,209</u>	<u>\$ 109,174,416</u>



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

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

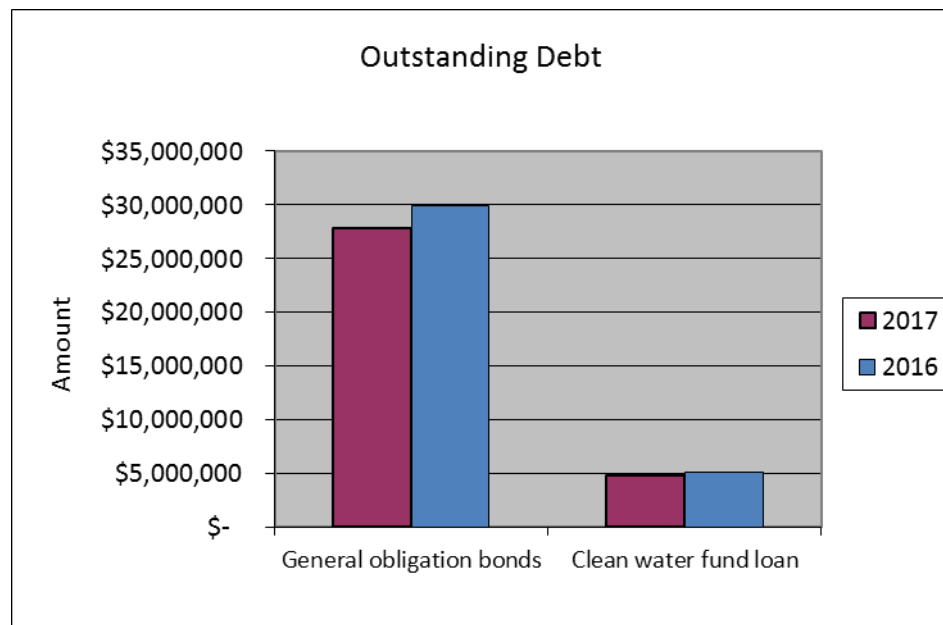
At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$32,644,598, all of which is backed by the full faith and credit of the government. The Town's total principal debt decreased by \$2,345,522 or 6.7% during the current fiscal year due to scheduled debt service payments.

The Town's capital plan is established to control the level of capital expenditures and debt service expenditures in order to maintain a level amount of debt service expenditures and to avoid any sharp increase in property tax rates. Debt levels are managed to ensure that debt service requirements of new debt reasonable coincide with the normal amortization of existing debt service expenditures.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$299,426,827 which is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two year comparison of long-term debt:

	2017	2016
General obligation bonds	\$ 27,855,000	\$ 29,955,000
Clean water fund loan	4,789,598	5,035,120
Totals	<u>\$ 32,644,598</u>	<u>\$ 34,990,120</u>



Additional information on the Town's debt can be found in Note I of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (*Concluded*)
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 4.7%. This compares favorably to the state's average unemployment rate of 5.0% and unfavorably to the national unemployment rate of 4.4%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2018, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2018. The Town's fiscal year 2018 General Fund budget was approved on May 9, 2017. The fiscal year 2018 budget contemplated expenditures of \$45,377,322, an increase of \$828,448, or 1.86%, over the original fiscal year 2017 budgeted expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Old Saybrook, 302 Main Street, Old Saybrook, Connecticut 06475.

BASIC FINANCIAL STATEMENTS

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,680,718
Investments	1,162,706
Receivables:	
Property taxes and interest, net	603,224
Assessments	2,468,259
Grants and contracts	46,314
Other	98,294
Restricted cash and cash equivalents	1,017,284
Restricted investments	202,010
Noncurrent assets:	
Capital assets:	
Non-depreciable	16,789,840
Depreciable, net	91,211,369
Total assets	<u>131,280,018</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	924,733
Deferred pension expense	220,192
Total deferred outflows of resources	<u>1,144,925</u>
LIABILITIES	
Accounts payable	1,464,951
Accrued liabilities:	
Salaries and benefits payable	35,273
Accrued interest	270,405
Other accrued liabilities	26,552
Interim financing obligation	3,628,091
Unearned revenue	1,378,104
Performance bonds	1,070,135
Noncurrent liabilities:	
Due within one year	3,119,140
Due in more than one year	45,842,103
Total liabilities	<u>56,834,754</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on pension	2,223,497
Advance tax collections	4,695,652
Total deferred inflows of resources	<u>6,919,149</u>
NET POSITION	
Net investment in capital assets	75,092,636
Restricted for:	
Endowments:	
Nonexpendable	5,000
Expendable	1,059
Marina partnership bonds	143,100
Unrestricted	(6,570,755)
Total net position	<u>\$ 68,671,040</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 10,710,622	\$ 1,155,939	\$ 98,945	\$ -	\$ (9,455,738)
Public safety	5,007,490	334,296	73,454	-	(4,599,740)
Public works	2,976,575	1,622,482	423,459	505,372	(425,262)
Culture and recreation	1,910,454	622,960	171,120	-	(1,116,374)
Health and welfare	815,303	61,872	188,569	-	(564,862)
Education	30,104,039	580,994	4,226,946	-	(25,296,099)
Interest on long-term debt	899,191	-	-	-	(899,191)
Total governmental activities	<u>\$ 52,423,674</u>	<u>\$ 4,378,543</u>	<u>\$ 5,182,493</u>	<u>\$ 505,372</u>	<u>(42,357,266)</u>
General revenues:					
Property taxes, levied for general purposes					42,629,956
Grants and contributions not restricted to specific programs					202,217
Unrestricted investment earnings					154,186
Total general revenues					<u>42,986,359</u>
		Change in net position			629,093
		Net position - beginning			<u>68,041,947</u>
		Net position - ending			<u>\$ 68,671,040</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,860,302	\$ 2,960,267	\$ 2,354,082	\$ 1,506,067	\$ 17,680,718
Restricted cash and cash equivalents	1,011,225	-	-	6,059	1,017,284
Investments	-	-	-	1,162,706	1,162,706
Restricted investments	202,010	-	-	-	202,010
Receivables:					
Property taxes, net	461,122	-	-	-	461,122
Interest on property taxes, net	142,102	-	-	-	142,102
Assessments	-	2,468,259	-	-	2,468,259
Grants and contracts	-	22,746	-	23,568	46,314
Other	92,991	-	-	5,303	98,294
Due from other funds	330,142	-	-	-	330,142
Total assets	<u>\$ 13,099,894</u>	<u>\$ 5,451,272</u>	<u>\$ 2,354,082</u>	<u>\$ 2,703,703</u>	<u>\$ 23,608,951</u>
LIABILITIES					
Accounts payable	\$ 1,169,811	\$ 1,353	\$ 202,752	\$ 91,035	\$ 1,464,951
Accrued liabilities:					
Salaries and benefits payable	35,273	-	-	-	35,273
Other accrued liabilities	26,552	-	-	-	26,552
Interim financing obligation	-	-	3,628,091	-	3,628,091
Performance bonds	1,070,135	-	-	-	1,070,135
Due to other funds	-	298,929	11,442	19,771	330,142
Unearned revenue	-	1,347,946	-	30,158	1,378,104
Total liabilities	<u>2,301,771</u>	<u>1,648,228</u>	<u>3,842,285</u>	<u>140,964</u>	<u>7,933,248</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes and interest	513,983	-	-	-	513,983
Unavailable revenue - assessments	-	2,468,259	-	-	2,468,259
Advance tax collections	4,695,652	-	-	-	4,695,652
Total deferred inflows of resources	<u>5,209,635</u>	<u>2,468,259</u>	<u>-</u>	<u>-</u>	<u>7,677,894</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	143,100	53,388	-	1,059	197,547
Committed	50,853	1,281,397	1,369,269	2,556,680	5,258,199
Unassigned	5,394,535	-	(2,857,472)	-	2,537,063
Total fund balances	<u>5,588,488</u>	<u>1,334,785</u>	<u>(1,488,203)</u>	<u>2,562,739</u>	<u>7,997,809</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,099,894</u>	<u>\$ 5,451,272</u>	<u>\$ 2,354,082</u>	<u>\$ 2,703,703</u>	<u>\$ 23,608,951</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance for governmental funds	\$	7,997,809
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	16,323,231	
Construction in progress		466,609	
Land improvements		4,995,309	
Buildings		43,360,555	
Building improvements		33,802,045	
Machinery and equipment		6,599,944	
Vehicles		7,343,908	
Infrastructure		44,027,492	
Less accumulated depreciation and amortization		(48,917,884)	
Total capital assets, net			108,001,209

Some of the Town's taxes and assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and, therefore, are reported as deferred inflows of resources in the governmental funds.		2,982,242
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Deferred outflows (inflows) of resources resulting from changes in the components of the net pension liability are reported in the statement of net position.		(2,003,305)
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Accrued interest payable		(270,405)	
Long-term debt:			
Bonds payable, net		(28,778,729)	
Deferred charges on refunding		924,733	
Other long-term liabilities:			
Notes payable		(4,789,598)	
Capital lease obligations		(318,367)	
Compensated absences		(923,635)	
Net pension liabilities		(10,380,137)	
Net OPEB obligation		(3,770,777)	
Total long-term liabilities			(48,306,915)

Net position of governmental activities	\$	68,671,040
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TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 42,671,780	\$ -	\$ -	\$ -	\$ 42,671,780
Intergovernmental	3,962,324	235,475	499,539	865,171	5,562,509
Charges for services	1,109,726	541,296	13,887	1,827,535	3,492,444
Contributions	-	-	-	233,855	233,855
Investment earnings	63,805	-	9,333	81,048	154,186
Total revenues	<u>47,807,635</u>	<u>776,771</u>	<u>522,759</u>	<u>3,007,609</u>	<u>52,114,774</u>
EXPENDITURES					
Current:					
General government	5,748,161	-	-	409,331	6,157,492
Public safety	3,869,604	-	-	470,184	4,339,788
Public works	2,548,803	-	-	-	2,548,803
Culture and recreation	1,271,390	-	-	446,530	1,717,920
Health and welfare	509,835	-	-	303,257	813,092
Education	27,197,904	-	-	1,277,588	28,475,492
Capital outlays	1,293,031	929,529	2,231,591	-	4,454,151
Debt service:					
Principal payments	2,793,135	159,456	-	-	2,952,591
Interest and fiscal charges	839,692	63,543	-	-	903,235
Total expenditures	<u>46,071,555</u>	<u>1,152,528</u>	<u>2,231,591</u>	<u>2,906,890</u>	<u>52,362,564</u>
Excess (deficiency) of revenues over expenditures	1,736,080	(375,757)	(1,708,832)	100,719	(247,790)
OTHER FINANCING SOURCES (USES)					
Capital lease financing	-	-	214,761	-	214,761
Proceeds from refunding bonds	9,975,000	-	-	-	9,975,000
Premium on refunding bonds	432,245	-	-	-	432,245
Payment to refunded escrow agent	(10,362,358)	-	-	-	(10,362,358)
Transfers in	-	165,000	605,000	125,475	895,475
Transfers out	(615,000)	-	(280,475)	-	(895,475)
Total other financing sources (uses)	<u>(570,113)</u>	<u>165,000</u>	<u>539,286</u>	<u>125,475</u>	<u>259,648</u>
Net change in fund balances	1,165,967	(210,757)	(1,169,546)	226,194	11,858
Fund balances - beginning	<u>4,422,521</u>	<u>1,545,542</u>	<u>(318,657)</u>	<u>2,336,545</u>	<u>7,985,951</u>
Fund balances - ending	<u>\$ 5,588,488</u>	<u>\$ 1,334,785</u>	<u>\$ (1,488,203)</u>	<u>\$ 2,562,739</u>	<u>\$ 7,997,809</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	11,858
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Total change in net position reported for governmental activities in the statement of activities is different because:

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 depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 1,919,193	
Depreciation and amortization expense	(3,092,400)	
Net adjustment		(1,173,207)

Deferred outflows (inflows) of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.	(9,319,171)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(214,761)	
Refunding bonds issued	(9,975,000)	
Premium on refunded bonds	(432,245)	
Principal repayments:		
Bonds and notes payable	2,770,522	
Payment to refunded bonds escrow agent	10,362,358	
Capital lease obligations	181,065	
Net adjustment		2,691,939

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	(1,759)	
Amortization of deferred charges on refunding	(261,019)	
Amortization of bond premium	267,826	
Compensated absences	(114,626)	
Net pension liabilities	8,048,291	
Net OPEB obligation	(459,032)	
		7,479,681

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources.

	937,993	
Change in net position of governmental activities	\$	<u>629,093</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 42,339,090	\$ 42,339,090	\$ 42,671,780	\$ 332,690
Intergovernmental	695,256	695,256	592,375	(102,881)
Charges for services	1,143,100	1,143,100	1,109,726	(33,374)
Investment income	70,000	70,000	63,805	(6,195)
Total revenues	<u>44,247,446</u>	<u>44,247,446</u>	<u>44,437,686</u>	<u>190,240</u>
EXPENDITURES				
Current:				
General government	5,992,559	5,992,559	5,748,161	(244,398)
Public safety	4,051,412	4,067,843	3,888,158	(179,685)
Public works	2,607,480	2,607,480	2,533,027	(74,453)
Culture and recreation	1,304,304	1,304,304	1,271,390	(32,914)
Health and welfare	527,863	527,863	509,835	(18,028)
Education	25,304,761	25,304,761	24,783,140	(521,621)
Capital outlays	539,000	539,000	501,514	(37,486)
Debt service	3,600,067	3,600,067	3,405,718	(194,349)
Total expenditures	<u>43,927,446</u>	<u>43,943,877</u>	<u>42,640,943</u>	<u>(1,302,934)</u>
Excess of revenues over expenditures	320,000	303,569	1,796,743	1,493,174
OTHER FINANCING SOURCES (USES)				
Transfers out	(605,000)	(615,000)	(615,000)	-
Appropriation of fund balance	285,000	311,431	-	(311,431)
Total other financing sources (uses)	<u>(320,000)</u>	<u>(303,569)</u>	<u>(615,000)</u>	<u>(311,431)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,181,743	<u>\$ 1,181,743</u>
Fund balance - beginning			4,588,745	
Fund balance - ending			<u>\$ 5,770,488</u>	

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,073,972	\$ 56,780	\$ 247,559
Investments:			
Certificates of deposit	-	67,926	-
Mutual funds	-	366,787	82,686
Corporate bonds	2,819,531	-	-
U.S. Treasury securities	1,790,970	-	-
U.S. Agency securities	1,108,583	-	-
Equity securities	15,155,781	-	-
Total assets	<u>21,948,837</u>	<u>491,493</u>	<u>\$ 330,245</u>
LIABILITIES			
Accounts payable	-	-	\$ 6,400
Due to student groups	-	-	271,914
Due to others	-	-	51,931
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 330,245</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 21,948,837</u>	<u>\$ 491,493</u>	

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 661,931	\$ -
Plan members	365,250	-
Private donations	-	5,485
Total contributions	<u>1,027,181</u>	<u>5,485</u>
Investment earnings:		
Net change in the fair value of investments	2,029,096	16,294
Interest and dividends	468,919	14,529
Total investment earnings	<u>2,498,015</u>	<u>30,823</u>
Less: investment fee expense	153,594	2,741
Net change in investments	<u>2,344,421</u>	<u>28,082</u>
Total additions	<u>3,371,602</u>	<u>33,567</u>
DEDUCTIONS		
Benefit payments	1,404,137	-
Awards expense	-	25,687
Administrative expenses	46,260	527
Total deductions	<u>1,450,397</u>	<u>26,214</u>
Change in net position	1,921,205	7,353
Net position - beginning	<u>20,027,632</u>	<u>484,140</u>
Net position - ending	<u><u>\$ 21,948,837</u></u>	<u><u>\$ 491,493</u></u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Old Saybrook, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town was incorporated in 1854. The Town covers 18.3 square miles and is located in Middlesex County. The Town operates under a Town Meeting/Board of Selectman/Board of Finance form of government and provides a full range of services including public safety (police and fire), public works, sanitation, parks and recreation, health and social services, planning and zoning, and education.

The legislative power of the Town is with the Board of Selectman and Town Meeting. The Board of Selectman may enact, amend or repeal ordinance and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations which by nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

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

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Projects Fund - This capital projects fund is used to account for the revenues and expenditures associated with the Town's various multi-year capital projects funded primarily by debt issuances.

Capital Nonrecurring Fund - This fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and General Fund appropriations.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town Pension Trust Fund and the Fire Company #1 Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. As the designated trustee or agent, the Town utilizes the assets of the private purpose trust funds in capacity stipulated in the related trust agreement.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of various student activity groups, land use performance bonds and other purposes. The student activities fund accounts for monies generated by student activities in the Town's school system. The land use performance bond fund accounts for monies received to ensure that driveways and lawns are installed to correct specifications for new construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds and private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts as described below.

Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized costs.

Restricted Cash & Cash Equivalents and Investments

The restricted cash, cash equivalents and investments are for performance bonds and endowment purposes. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. The endowment amounts are reflected in net position as restricted for other purposes. Endowment investment income is approved for expenditure by the individual Boards responsible for each fund.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle and personal property taxes are billed in July and are due in one installment, July 1. Supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. The Town establishes an allowance for doubtful accounts based on historical collection experience and other factors. The Town has established an allowance for uncollectible taxes and interest of \$9,000 and \$3,000, respectively, as of June 30, 2017.

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for vehicles, machinery and equipment, \$20,000 for improvements and \$75,000 for infrastructure and an estimated useful life greater than one year. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50-100
Building improvements	20-100
Land improvements	20-100
Machinery and equipment	5-20
Vehicles	5-8
Infrastructure	30
Intangible assets	30-50

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred inflows/outflows of resources represent an acquisition or composition of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings and deferred pension expenses. Deferred charges on refunding are reported in the government-wide statement of net position. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are also reported in the government-wide statement of net position. This amount is amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes deferred inflows of resources in the governmental funds balance sheet for unavailable revenue. Unavailable revenues from property taxes and interest thereon are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Compensated Absences and Employee Retirement Obligations

Employees accumulate by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for sick pay in some instances does vest. The General Fund is the primary source to liquidate compensated absences. Expenses to be paid in the future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

Long-term Obligations

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

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

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Net position reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows of resources which do not meet the definition of the preceding two categories.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Net Position and Fund Balances (Continued)

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

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

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities (Continued)

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

Use of 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 amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures funding the fiscal year. Accordingly, actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- Each board, commission, department, agency or officer of the Town shall, on or before January 15th of each year, submit to the First Selectman a detailed estimate of the expenditures to be made by said board, commission, department, agency or officer for the Town's fiscal year beginning July 1st of the year, together with a statement of revenues (other than tax revenues) which are estimated to be collected by such board, commission, department, agency or officer for said ensuing fiscal year; provided; however, that said submission by the Board of Education shall be on or before March 1st of each year, rather than January 15th thereof. For those boards, commissions, departments, agencies and officials which provide programs and services, budgets shall be accompanied by a statement or statements, in narrative form, describing such programs or services, which have been accomplished or expected to be accomplished during its present fiscal year, and those such programs and services which are expected to be accomplished in the ensuing fiscal year.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Budgetary Information (Continued)

- The First Selectman shall compile all general governmental budgets, excluding the Board of Education, no later than February 15th of each year, and present to the Board of Selectmen a consolidated proposed budget.
- On or before March 1st of each year, the Board of Selectman and Board of Education shall present its completed budget to the Board of Finance. Following the receipt of said budget from the Board of Selectmen, the Board of Finance will present the proposed General Government Budget. Also, prior to April 1st, the Board of Finance will hold a public hearing at which time the Board of Education will present the proposed Board of Education Budget. Following such public hearings and at least two (2) weeks before the Annual Town Budget Meeting, the Board of Finance shall hold a public hearing, at which time it will present a proposed Town Budget, together with the statement of anticipated revenues and estimated mill rate based upon such proposed Town Budget. The Board of Finance may hold additional public hearings, if it deems necessary. At any of the public hearings referred to in this section, any elector or taxpayer may be heard regarding the proposed budget for the next ensuing fiscal year.
- The Annual Budget Meeting shall be held not less than one month prior to the beginning of the next ensuing fiscal year for the purpose of action upon the budget, in accordance with the provisions of Section 7-388 of the General Statutes of the State of Connecticut, as amended.
- The Town Clerk shall prepare and have available in her office a mandatory petition at least 14 days prior to the first Annual Budget Meeting, if, at least 24 hours prior to such meeting, at least 100 persons entitled to vote at such meeting have signed such petition (or petition confirming to the requirements of Section 7-7 of the General Statutes of Connecticut on the same question), then the question of the adoption of said proposed Annual Budget shall be decided by a “yes” or “no” vote on the voting machines in accordance with the same provisions of Section 7-7 of the General Statutes of Connecticut. In the event that a proposed budget shall be rejected, then the same procedure shall be established with regard to any subsequent budget meeting for that fiscal year; provided, however, that such mandatory petition shall be available 5 days prior to any subsequent meeting.
- The Board of Finance shall lay a tax on the grand list in accordance with General Statutes 7-344 only after both the General Government and Board of Education budgets have been approved, provided that, if any fiscal year shall begin without a budget having been approved, the Board of Finance shall be authorized to lay such tax on the grand list as the Board deems advisable in accordance with General Statutes 7-344.
- Budgetary control is maintained at the department level. However, the Board of Finance may transfer between budget items and between departments, thus amending the budget, as long as total expenditures are not exceeded. Any transfers to one line item totaling \$25,000 or more for the year must be approved by Town Meeting. There were additional appropriations of \$26,431 approved during the year.
- The Board of Education is authorized under state law to transfer unexpended balances from one account to another within its total line appropriation.
- Classification of certain revenues and expenditures under accounting principles generally accepted in the United States of America (“GAAP”) differ from classifications used for budgetary purposes.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Budgetary Information (Continued)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 44,437,686	\$ 42,640,943	\$ (615,000)	\$ 1,181,743
"On-behalf" payments - State Teachers' Retirement Fund (see Note K)	2,884,413	2,884,413	-	-
Adjustment for encumbrances	-	15,776	-	(15,776)
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	485,536	485,536	-	-
Noncash financing sources not recognized for budgetary purposes relating to the current year bond refunding	-	44,887	44,887	-
GAAP basis	<u>\$ 47,807,635</u>	<u>\$ 46,071,555</u>	<u>\$ (570,113)</u>	<u>\$ 1,165,967</u>

Deficit Fund Balance

The Town reported the following fund balance deficits as of June 30, 2017:

<u>Governmental Fund</u>	<u>Amount</u>
Capital Nonrecurring Fund	\$ (1,488,203)

This deficit does not constitute a violation of statutory provisions and is expected to be eliminated through future revenue sources or transfers in from the General Fund.

Donor-restricted endowments

The Town has received certain endowments for the perpetual care of the Upper Cemetery. The amounts are reflected in net position as restricted for perpetual care. Investment income is approved for expenditure by the board of the benefiting activity. There was \$1,059 of appreciation available for appropriation at June 30, 2017.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Capital Projects Authorizations

The following is a summary of certain capital projects as of June 30, 2017:

Capital Project	Authorization	Cumulative Expenditures	Project Balances
Wastewater Management System	\$ 42,171,200	\$ 11,834,623	\$ 30,336,577
Emergency Communications	2,816,000	2,816,000	-
Police Building Project	11,195,000	11,195,000	-
School Renovations Projects	3,281,000	3,281,000	-
Turf Field	1,200,000	1,146,612	53,388
Preservation Acquisition	3,000,000	3,000,000	-
Total	\$ 63,663,200	\$ 33,273,235	\$ 30,389,965

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2017, \$19,421,017 of the Town's bank balance of \$20,041,291 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,478,915
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,942,102
	<u>\$ 19,421,017</u>

Cash Deposits – Custodial Credit Risk

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits – Custodial Credit Risk (Continued)

A reconciliation of the Town's cash and cash equivalents as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents (includes restricted)	\$ 18,698,002
Statement of fiduciary net position:	
Cash and cash equivalents	1,378,311
	<u>20,076,313</u>
Add: certificates of deposit considered cash deposits for disclosure purposes	
	292,105
Less: cash equivalents considered investments for disclosure purposes	
	<u>(838,293)</u>
	<u><u>\$ 19,530,125</u></u>

Investments

As of June 30, 2017, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Money market mutual funds	Net asset value	\$ 48,386	\$ 48,386	\$ -	\$ -	\$ -
U.S. Treasury securities	Fair value	181,645	2,994	119,304	59,347	-
U.S. Agency securities	Fair value	375,690	-	19,250	-	356,440
Fiduciary Funds:						
Money market mutual funds	Net asset value	789,907	789,907	-	-	-
U.S. Treasury securities	Fair value	1,790,970	-	813,259	977,711	-
U.S. Agency securities	Fair value	1,108,583	-	-	-	1,108,583
Corporate bonds	Fair value	2,819,531	410,414	2,358,669	50,448	-
		7,114,712	\$ 1,251,701	\$ 3,310,482	\$ 1,087,506	\$ 1,465,023
Other investments:						
Governmental Activities:						
Equity securities	Fair value	583,202				
Fiduciary Funds:						
Mutual funds	Fair value	449,473				
Equity securities	Fair value	15,155,781				
		\$ 23,303,168				

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Investments (includes restricted)	\$ 1,364,716
Statement of fiduciary net position:	
Investments	21,392,264
	<u>22,756,980</u>
Add: cash equivalents considered investments for disclosure purposes	838,293
Less: certificates of deposit considered as cash deposits for disclosure purposes	<u>(292,105)</u>
	<u><u>\$ 23,303,168</u></u>

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments in mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit no Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating services; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money markets and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions if the statues cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investments of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

The Town's investments in debt securities were rated as follows at June 30, 2017:

Investment type	AAA	AA	A	BBB	Unrated
Debt Securities:					
<i>Governmental Activities</i>					
Money market mutual funds	\$ -	\$ -	\$ -	\$ -	\$ 48,386
U.S. Agency securities	-	375,690	-	-	-
<i>Fiduciary Funds:</i>					
Money market mutual funds	-	-	-	-	789,907
U.S. Agency securities	-	1,108,583	-	-	-
Corporate bonds	95,232	357,302	1,933,850	433,147	-

Concentrations of Credit Risk

The Town's investment policy generally restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2017, none of the Town's governmental activities or fiduciary investments in any one issuer exceeded 10.0%.

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Governmental Activities</i>			
U.S. Treasury securities	\$ 181,645	\$ -	\$ -
U.S. Agency securities	-	375,690	-
Equity securities	583,202	-	-
<i>Fiduciary Funds:</i>			
U.S. Treasury securities	1,790,970	-	-
U.S. Agency securities	-	1,108,583	-
Corporate bonds	-	2,819,531	-
Mutual funds	449,473	-	-
Equity securities	15,155,781	-	-

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 16,323,231	\$ -	\$ -	\$ -	\$ 16,323,231
Construction in progress	11,621,443	578,607	-	(11,733,441)	466,609
Total capital assets, not being depreciated	<u>27,944,674</u>	<u>578,607</u>	<u>-</u>	<u>(11,733,441)</u>	<u>16,789,840</u>
Capital assets, being depreciated:					
Land improvements	4,622,938	372,371	-	-	4,995,309
Buildings	33,348,913	-	-	10,011,642	43,360,555
Building improvements	31,751,034	329,212	-	1,721,799	33,802,045
Machinery and equipment	6,199,097	400,848	-	-	6,599,945
Vehicles	7,287,093	56,816	-	-	7,343,909
Infrastructure	43,846,153	181,339	-	-	44,027,492
Total capital assets, being depreciated	<u>127,055,228</u>	<u>1,340,586</u>	<u>-</u>	<u>11,733,441</u>	<u>140,129,255</u>
Less accumulated depreciation and amortization for:					
Land improvements	1,284,075	220,514	-	-	1,504,589
Buildings	19,593,754	469,237	-	-	20,062,991
Building improvements	4,687,151	610,391	-	-	5,297,542
Machinery and equipment	2,452,924	302,431	-	-	2,755,355
Vehicles	5,205,261	173,952	-	-	5,379,213
Infrastructure	12,602,321	1,315,875	-	-	13,918,196
Total accumulated depreciation and amortization	<u>45,825,486</u>	<u>3,092,400</u>	<u>-</u>	<u>-</u>	<u>48,917,886</u>
Total capital assets, being depreciated, net	<u>81,229,742</u>	<u>(1,751,814)</u>	<u>-</u>	<u>11,733,441</u>	<u>91,211,369</u>
Governmental activities capital assets, net	<u>\$ 109,174,416</u>	<u>\$ (1,173,207)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,001,209</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 1,542,172
Public safety	337,342
Public works	149,548
Culture and recreation	169,398
Health and Welfare	2,211
Education	891,729
Total depreciation and amortization expense - governmental activities	<u>\$ 3,092,400</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Capital Projects Fund	\$ 298,929
	Capital Nonrecurring Fund	11,442
	Other Governmental Funds	19,771
		<u>\$ 330,142</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE G - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital Projects Fund	General Fund	\$ 10,000
	Capital Nonrecurring Fund	155,000
		<u>165,000</u>
Capital Nonrecurring Fund	General Fund	<u>605,000</u>
Other Governmental Funds	Capital Nonrecurring Fund	125,475
Total transfers		<u>\$ 895,475</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE H - SHORT-TERM LIABILITIES

During November 2014, the State of Connecticut approved funding (the "Project Loan") for costs associated with the sewer avoidance project under the State of Connecticut's Clean Water Fund. Maximum borrowings available under the Project Loan are \$11,698,278. Loan advances are received in the form of interim funding obligations. Each interim funding obligation bears an interest rate of 2.06%, with principal and accrued interest due no later than six months following the scheduled completion date of the project. The Town intends to retire all principal and accrued interest outstanding on the interim funding obligation through the issuance of the project loan. Short term debt activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Interim Funding Obligation:				
Clean Water Fund Project #673C	\$ 2,114,507	\$ 1,513,584	\$ -	\$ 3,628,091

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 29,955,000	\$ 9,975,000	\$ (12,075,000)	\$ 27,855,000	\$ 2,540,000
Unamortized premium	759,310	432,245	(267,826)	923,729	-
Total bonds payable	30,714,310	10,407,245	(12,342,826)	28,778,729	2,540,000
Other liabilities:					
Clean water fund loan	5,035,120	-	(245,522)	4,789,598	250,478
Capital lease obligations	284,671	214,761	(181,065)	318,367	143,935
Compensated absences	809,009	273,140	(158,514)	923,635	184,727
Net pension liability - Town	17,276,570	-	(8,011,429)	9,265,141	-
Net pension liability - Fire	1,151,858	-	(36,862)	1,114,996	-
Net OPEB obligation	3,311,745	459,032	-	3,770,777	-
	<u>\$ 58,583,283</u>	<u>\$ 11,354,178</u>	<u>\$ (20,976,218)</u>	<u>\$ 48,961,243</u>	<u>\$ 3,119,140</u>

The above liabilities have typically been liquidated by the General Fund and collections from taxpayers for the sewer project.

General Obligation Bonds and Notes Payable

A summary of general obligation bonds and notes payable outstanding at June 30, 2017 are as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
General Purpose					
General Obligation Refunding Bonds	07/2016	\$ 7,540,000	2.0% - 4.0%	07/2033	\$ 7,540,000
General Obligation Bonds	12/2014	3,000,000	1.25% - 4.0%	12/2034	2,700,000
General Obligation Refunding Bonds	12/2013	2,340,000	2.0% - 4.0%	07/2023	1,785,000
General Obligation Bonds	11/2013	11,195,000	2.0% - 4.0%	11/2033	3,920,000
General Obligation Refunding Bonds	10/2010	1,412,000	1.5% - 4.0%	08/2026	725,000
General Obligation Refunding Bonds	03/2009	5,650,000	2.0% - 4.25%	07/2023	1,130,000
General Obligation Refunding Bonds	05/2008	2,723,000	3.0% - 4.5%	02/2021	696,000
					<u>18,496,000</u>
School Bonds					
General Obligation Refunding Bonds	07/2016	2,435,000	2.0% - 4.0%	07/2033	2,435,000
General Obligation Bonds	11/2013	4,481,000	2.0% - 4.0%	11/2033	1,570,000
General Obligation Refunding Bonds	10/2010	7,943,000	1.5% - 4.0%	08/2026	4,910,000
General Obligation Refunding Bonds	05/2008	1,737,000	3.0% - 4.5%	02/2021	444,000
					<u>9,359,000</u>
					<u>\$ 27,855,000</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable (Continued)

<u>Purpose of Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 116-CGO	11/2014	\$ 1,926,891	2.0%	10/2033	\$ 1,698,519
Clean Water Loan - 116-CSA	11/2014	3,506,685	2.0%	10/2033	3,091,079
					<u>\$ 4,789,598</u>

Annual debt service requirements to maturity on general obligation bonds and notes payable are as follows as of June 30, 2017:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>				
	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,540,000	\$ 778,173	\$ 250,478	\$ 93,504	\$ 3,662,155
2019	2,535,000	699,593	255,533	88,448	3,578,574
2020	2,530,000	619,261	260,691	83,291	3,493,243
2021	2,555,000	529,411	265,953	78,029	3,428,393
2022	2,270,000	442,730	271,321	72,660	3,056,711
2023-2027	8,475,000	1,323,407	1,440,996	278,913	11,518,316
2028-2032	4,865,000	533,341	1,592,414	127,494	7,118,249
2033-2035	2,085,000	59,780	452,212	6,432	2,603,424
	<u>\$ 27,855,000</u>	<u>\$ 4,985,696</u>	<u>\$ 4,789,598</u>	<u>\$ 828,771</u>	<u>\$ 38,459,065</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$299,426,827 as of June 30, 2017. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

Authorized, Unissued Bonds

As of June 30, 2017, the Town had authorized but unissued bonds totaling \$22,615,759 for various ongoing construction projects.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES (Continued)

Advance Refunding

During July 2016, the Town issued \$9,975,000 in general obligation refunding bonds with interest rates ranging from 2.00% to 4.00%. The Town issued the bonds to advance refund \$9,550,000 in general obligation bonds outstanding with interest rates ranging from 2.00% and 4.25%. The Town used the net proceeds to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded bonds are considered defeased and the Town has removed the liability from its financial statements. The Town advance refunded the bonds to reduce its total debt service payments over the next 16 years by \$1,086,075 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$914,479.

The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in a deferred charge on refunding in the amount of \$658,272. This amount has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activities
Cost Basis	\$ 1,480,221
Less: accumulated amortization	191,868
	<u>\$ 1,288,353</u>

Amortization expense relative to leased property under capital leases totaled \$75,255 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note E.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30:	Governmental Activities
2018	\$ 144,431
2019	70,413
2020	55,619
2021	55,624
Total minimum lease payments	326,087
Less: amount representing interest	7,720
Present value of minimum lease payments	<u>\$ 318,367</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE J - FUND BALANCE

The various components of fund balance at June 30, 2017 are as follows:

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent fund principal	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:					
Donor restrictions	-	-	-	1,059	1,059
Performance bonds	143,100	-	-	-	143,100
Capital purposes	-	53,388	-	-	53,388
Committed to:					
Dog fund	48,407	-	-	-	48,407
Animal control fund	2,446	-	-	-	2,446
Capital purposes	-	1,281,397	1,369,269	-	2,650,666
General government	-	-	-	1,438,427	1,438,427
Public safety	-	-	-	208,437	208,437
Culture and recreation	-	-	-	301,308	301,308
Health and welfare	-	-	-	110,454	110,454
Education	-	-	-	498,054	498,054
Unassigned	5,394,535	-	(2,857,472)	-	2,537,063
	<u>\$ 5,588,488</u>	<u>\$ 1,334,785</u>	<u>\$ (1,488,203)</u>	<u>\$ 2,562,739</u>	<u>\$ 7,997,809</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PLANS

Plan Description

The Town administers two single employer, defined benefit pension plans (Town of Old Saybrook Retirement Plan and Town of Old Saybrook Fire Company #1 Retirement Plan). The Fire Company Plan covers the Town's volunteer firefighters. The Town Plan, adopted on July 1, 1967 by actions of the Board of Selectman, covers all other eligible employees. The Pension and Benefits Board makes recommendations for plan provisions which are approved by the Board of Selectman. The pension plans are included in the financial statements pension trust funds since the assets may be used to pay benefits or refunds of any plan member or beneficiary. Separate, stand-alone reports are not issued.

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy – The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension and Benefits Board. It is the policy of the Town's Pension and Benefits Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations – The Plans' investments were not subject to concentration risk as of June 30, 2017 as none of the amounts invested with any one issuer represented more than 5.0% of the total assets for each pension plan. The Plan's investments that are explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments, are excluded from the concentration of credit risk disclosure requirements.

Rate of return – For the year ended June 30, 2017, the annual money-weighted rate of return on the Town Plan's and the Fire Plan's pension plan investments, net of pension plan investment expense, was 11.06% for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Administrative costs – Administrative costs of the Plans are funded through investment earnings of the Plans.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Membership

Membership of the Plans consisted of the following as of at the date of the latest actuarial valuations:

	Town Plan	Fire Company Plan
Active participants	123	78
Terminated vested and other inactive participants	13	15
Retirees and beneficiaries receiving benefits	76	20
	<u>212</u>	<u>113</u>

Benefit Provisions

Town Plan

The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. Administrative costs are financed from investment earnings.

The plan's normal retirement date of any police participant is the first day of the month coinciding with or next following the earlier of the member's 60th birthday or the attainment of 25 years of credited service. For any non-police participant, the normal retirement date shall be the first day of the month coinciding with or next following the earlier of the member's 62nd birthday and the completion of 5 years of credited service. The plan's early retirement date of any participant who is 55 years of age and has completed at least 15 years of credited service is the first day of any month on or after such date in which the participant elects to terminate employment and retire prior to his or her normal retirement date.

The retirement benefits at normal retirement:

Police participants with 25 or more years of credited service – 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Police participants retiring prior to age 62 and have not completed 25 years of credited service:

- *Benefit payable prior to attainment of age 62* – 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.
- *Benefit payable after attainment of age 62* – 1.5% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Non-Police participants – 1.5% of participant's final average earnings multiplied by such participant's years of credited service prior to July 1, 1988 plus 2% of participant's final average earnings multiplied by such participant's years of credited service after June 30, 1988. The maximum multiple for credited service is 35 years.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Benefit Provisions (Continued)

Town Plan (Continued)

The retirement benefits at early retirement:

Early retirement benefits are computed in accordance with the benefits under normal retirement date but shall be reduced by one-half percent (1/2%) for each month by which such participant's early retirement date precedes his or her normal retirement date.

Fire Company Plan

The plan covers substantially all active volunteers of the Old Saybrook Fire Company #1. In order to be eligible for the plan, the employee must complete one year of service. Administrative costs are financed from investment earnings.

The retirement benefits at normal retirement:

The plan's normal retirement date of members in the plan is the first day of the month coinciding with or next following the member's 65th birthday. The normal retirement benefit received annually is as follows:

- Effective July 1, 2014 - \$270 multiplied by years of credited service up to a maximum of 30 years.
- For members who retire after July 1, 2003 but prior to July 1, 2014 - \$215 multiplied by years of credited service up to a maximum of 25 years.
- For members who retire prior to July 1, 2003 - \$174 multiplied by years of credited service up to a maximum of 25 years.

The retirement benefits at early retirement:

The plan's early retirement date of any member who is 55 years of age and has completed at least 15 years of credited service is the first day of any subsequent month after election to retire by not later than his normal retirement date. Such benefit will be reduced by 6% per year for each year that early retirement date precedes normal retirement date.

Contributions

Employer – Recommended contributions to each of the plans are determined each year as part of the actuarial valuation using the entry age normal cost method. For the year ended June 30, 2017, employer contributions to the Town Plan represented approximately 9.80% of covered payroll.

Employee – Members enrolled in the Town Plan are required to contribute 5% of earnings to the plan. Members enrolled in the Fire Plan are not required to contribute to the plan.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liabilities

The components of the Town's net pension liability for each of its Plans as of June 30, 2017, were as follows:

	Town Plan	Fire Company Plan
Total pension liability	\$ 30,169,397	\$ 2,159,576
Plan fiduciary net position	20,904,256	1,044,580
Town's net pension liability	<u>\$ 9,265,141</u>	<u>\$ 1,114,996</u>
Plan fiduciary net position as a percentage of the total pension liability	69.29%	48.37%

The components of the change in the net pension liability for both of the Town's Plans for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2016	\$ 36,414,570	\$ 19,138,000	\$ 17,276,570
Changes for the year:			
Service cost	1,618,345	-	1,618,345
Interest	1,579,806	-	1,579,806
Effect of economic/demographic gains or losses	26,054	-	26,054
Effect of assumptions changes or inputs	(8,263,420)	-	(8,263,420)
Contributions - employer	-	500,830	(500,830)
Contributions - employee	-	365,321	(365,321)
Net investment income	-	2,112,454	(2,112,454)
Benefit payments, including refunds	(1,205,958)	(1,205,958)	-
Administrative expense	-	(6,391)	6,391
Net changes	<u>(6,245,173)</u>	<u>1,766,256</u>	<u>(8,011,429)</u>
Balance as of June 30, 2017	<u>\$ 30,169,397</u>	<u>\$ 20,904,256</u>	<u>\$ 9,265,141</u>
Fire Company Plan			
Balance as of June 30, 2016	\$ 2,041,491	\$ 889,633	\$ 1,151,858
Changes for the year:			
Service cost	60,032	-	60,032
Interest	159,028	-	159,028
Contributions - employer	-	161,102	(161,102)
Net investment income	-	95,036	(95,036)
Benefit payments, including refunds	(100,975)	(100,975)	-
Administrative expense	-	(216)	216
Net changes	<u>118,085</u>	<u>154,947</u>	<u>(36,862)</u>
Balance as of June 30, 2017	<u>\$ 2,159,576</u>	<u>\$ 1,044,580</u>	<u>\$ 1,114,996</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liabilities (Continued)

Actuarial assumptions - The total pension liabilities for the Town Plan and Fire Company Plan were determined by actuarial valuations as of July 1, 2016 and July 1, 2015, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Town Plan

Inflation	3.00%
Salary increases	Graded salary growth with an ultimate rate of 3.00%
Investment rate of return	7.50%
Discount rate	5.79%

Fire Company Plan

Inflation	3.00%
Investment rate of return	7.75%
Discount rate	7.75%

Mortality rates for the Town Plan were based on RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA. Mortality Rates for the Fire Plan were based on RP-2000 Combined Mortality Table with Blue Collar adjustment, with static projection of future mortality improvements to 2019 per Scale AA.

The long-term expected rate of returns on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each of the plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	Town Plan	Fire Company Plan	Town Plan	Fire Company Plan
US Core Fixed Income	40%	40%	2.52%	2.52%
US Large Caps	30%	30%	3.61%	3.61%
US Large Value	30%	30%	3.47%	3.47%

Discount rate - The discount rates used to measure the total pension liability for the Town Plan and the Fire Plan was 5.79% and 7.75%, respectively. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liabilities (Continued)

Town Plan - Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The municipal bond rate of 3.58% used in the discount rate was determined from Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate was increased to 5.79% from the 4.22% used in the prior year.

Fire Company Plan - Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on each Plan's investments were applied to all periods of projected benefit payments to determine the plan's total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability for each Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability would be for each of the Plans if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Town Plan - Net pension liability	\$ 12,946,501	\$ 9,265,141	\$ 6,195,489
Fire Company Plan - Net pension liability	1,354,687	1,114,996	910,067

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense of \$1,747,146 for the Town Plan and \$185,666 for the Fire Company Plan. At June 30, 2017, the Town reported deferred outflows (inflows) of resources related to each of the Plans from the following sources:

	Town Plan	Fire Company Plan
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (326,631)	\$ 145,112
Change of assumptions	(6,838,692)	4,069,143
Net difference between projected and actual earnings on pension plan investments	-	727,571
Total	<u>\$ (7,165,323)</u>	<u>\$ 4,941,826</u>
		<u>\$ 220,192</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources (Continued)

Amounts reported as deferred outflows (inflows) of resources related to the Town's plans will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	<u>Town Plan</u>	<u>Fire Company Plan</u>
2018	\$ 377,955	\$ 37,615
2019	377,954	37,617
2020	(294,500)	29,273
2021	(1,548,720)	15,653
2022	(1,136,186)	20,416
Thereafter	-	79,618
	<u>\$ (2,223,497)</u>	<u>\$ 220,192</u>

State Teachers' Retirement System

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The Town has recognized on-behalf payments of \$2,884,413 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

State Teachers' Retirement System (Continued)

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$42.12 million or approximately 0.296% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The portion of the pension expense attributed to the Town totaled approximately \$4.593 million for the year ended June 30, 2017.

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

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

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	8.55%
Developed Non-U.S. Equities	18.0%	9.35%
Private Equity	11.0%	10.35%
Emerging Markets (Non U.S.)	9.0%	11.05%
Core Fixed Income	7.0%	4.05%
Real Estate	7.0%	7.85%
Alternative investments	8.0%	6.85%
Liquidity Fund	6.0%	3.15%
Emerging Market Bonds	5.0%	6.45%
High Yield Bonds	5.0%	6.65%
Inflation Linked Bonds	3.0%	3.75%
	<u>100%</u>	

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

State Teachers' Retirement System (Continued)

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability	\$52.0 million	\$42.1 million	\$33.8 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town, Police and Board of Education retired employees. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	59
Current active participants	285
	<u>344</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy

The Town funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for post-employment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town of Old Saybrook

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of the following:
 - Age 50 with 25 years of service
 - Age 60 with 20 years of service
 - Age 65

Board of Education

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not no exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributable to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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.

Annual required contribution	\$ 935,341
Interest on net OPEB obligation	198,705
Adjustment to annual required contribution	<u>(193,480)</u>
Annual OPEB cost (expense)	940,566
Contributions made	<u>481,534</u>
Increase in net OPEB obligation	459,032
Net OPEB obligation, beginning of year	<u>3,311,745</u>
Net OPEB obligation, end of year	<u><u>\$ 3,770,777</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2017, 2016 and 2015 are as follows:

Year Ended	Annual	Percentage of	Net OPEB
June 30	OPEB Cost	Annual OPEB	Obligation
		Cost Contributed	
2015	\$ 1,010,894	58.17%	\$ 2,871,004
2016	879,233	49.87%	3,311,745
2017	940,566	51.20%	3,770,777

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a
Value of	Accrued	AAL	Ratio	Payroll	Percentage of
Assets	Liability (AAL) -	(UAAL)			Covered
(A)	Projected Unit Credit	(B-A)	(A/B)	(C)	Payroll
	Cost Method (B)				((B-A)/C)
\$ -	\$ 9,698,883	\$ (9,698,883)	0.0%	\$17,993,012	53.90%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future, including 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 Town 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 (RSI) following the notes to the 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 liability for benefits.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent
Remaining amortization period:	30 years, decreasing
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	2.70%
Discount rate	6.00%
Healthcare cost trend rate	5.60% initial
	4.40% final

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims, which exceed the Town's insurance coverage form amounts in the prior year.

Retrospectively Rated Policy

The commercial insurance carried for workers' compensation is a retrospectively rated policy for which the Town's contribution is based on the Town's loss experience. It is not possible to estimate the possible loss.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction of insurance coverage from amounts held in prior years.

Self-Insurance Cooperative

The Town of Old Saybrook Board of Education ("BOE") participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage for BOE employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10-174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. The Cooperative reinsures for medical, dental and prescription drug claims in excess of \$1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. The BOE's estimated portion of claims incurred but not recorded as of June 30, 2017 was \$119,643.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE N - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE O - RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town has not yet determined the impact that this statement will have on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE O - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)
TOWN PENSION PLAN
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,618,345	\$ 1,372,450	\$ 1,012,863	\$ 763,535
Interest	1,579,806	1,499,834	1,638,943	1,613,662
Effect of economic/demographic gains or losses	26,054	(551,895)	-	-
Differences between expected and actual experience	-	-	300,049	-
Changes of assumptions	(8,263,420)	5,491,460	1,989,230	720,919
Benefit payments, including refunds	(1,205,958)	(1,239,891)	(1,284,175)	(1,104,947)
Net change in total pension liability	(6,245,173)	6,571,958	3,656,910	1,993,169
Total pension liability - beginning	36,414,570	29,842,612	26,185,702	24,192,533
Total pension liability - ending	30,169,397	36,414,570	29,842,612	26,185,702
Plan fiduciary net position				
Contributions - employer	500,830	475,113	437,437	411,211
Contributions - members	365,321	343,843	351,423	335,120
Net investment income	2,112,454	(6,912)	700,595	3,113,027
Benefit payments, including refunds	(1,205,958)	(1,239,891)	(1,284,175)	(1,117,286)
Administrative expense	(6,391)	(77,632)	-	(3,840)
Net change in plan fiduciary net position	1,766,256	(505,479)	205,280	2,738,232
Plan fiduciary net position - beginning	19,138,000	19,643,479	19,438,199	16,699,967
Plan fiduciary net position - ending	20,904,256	19,138,000	19,643,479	19,438,199
Town's net pension liability	<u>\$ 9,265,141</u>	<u>\$ 17,276,570</u>	<u>\$ 10,199,133</u>	<u>\$ 6,747,503</u>
Plan fiduciary net position as a percentage of total pension liability	69.29%	52.56%	65.82%	74.23%
Covered employee payroll	\$ 5,112,538	\$ 5,040,802	\$ 4,627,012	\$ 4,542,061
Town's net pension liability as a percentage of covered employee payroll	181.22%	342.73%	220.43%	148.56%

NOTES TO SCHEDULE:

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Benefit Changes: None noted

Assumption Changes: In 2016, the assumed investment rate of return was lowered from 8.00% to 7.75%. In addition, the discount rate was decreased from 5.68% to 4.22%.

In 2017, the assumed investment rate of return was lowered from 7.75% to 7.50%. In addition, the discount rate was increased from 4.22% to 5.79%.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)
TOWN PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 828,573	\$ 802,803	\$ 758,105	\$ 712,919
Contributions in relation to the actuarially determined contribution	<u>500,829</u>	<u>475,113</u>	<u>437,437</u>	<u>411,211</u>
Contribution deficiency (excess)	<u>\$ 327,744</u>	<u>\$ 327,690</u>	<u>\$ 320,668</u>	<u>\$ 301,708</u>
Covered employee payroll	\$ 5,112,538	\$ 5,040,802	\$ 4,627,012	\$ 4,542,061
Contributions as a percentage of covered employee payroll	9.80%	9.43%	9.45%	9.05%
Annual money-weighted rate of return, net of investment expense	11.06%	-0.11%	3.95%	16.86%

NOTES TO SCHEDULE:

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	20 years remaining as of valuation date
Asset valuation method	80% to 120% of Market Value
Inflation	3.00%
Investment rate of return	7.50%
Salary increases	Graded salary growth with an ultimate rate of 3.00%
Retirement age	Police - Earlier of age 60 or 25 years of service All Others - Age 62 with 5 years participation
Mortality	RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)
FIRE COMPANY PENSION PLAN
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 60,032	\$ 55,714	\$ 38,203	\$ 35,373
Interest	159,028	150,274	122,335	114,655
Effect of plan changes	-	48,629	42,912	-
Effect of economic/demographic gains or losses	-	172,274	-	-
Effect of assumptions changes or inputs	-	50,256	-	-
Benefit payments, including refunds	(100,975)	(93,840)	(71,128)	(43,132)
Net change in total pension liability	118,085	383,307	132,322	106,896
Total pension liability - beginning	2,041,491	1,658,184	1,525,862	1,418,966
Total pension liability - ending	2,159,576	2,041,491	1,658,184	1,525,862
Plan fiduciary net position				
Contributions - employer	161,102	127,411	117,695	74,213
Contributions - members	-	-	-	-
Net investment income	95,036	(311)	23,314	103,528
Benefit payments, including refunds	(100,975)	(93,840)	(71,128)	(43,132)
Administrative expense	(216)	(3,502)	-	-
Net change in plan fiduciary net position	154,947	29,758	69,881	134,609
Plan fiduciary net position - beginning	889,633	859,875	789,994	655,385
Plan fiduciary net position - ending	1,044,580	889,633	859,875	789,994
Town's net pension liability	<u>\$ 1,114,996</u>	<u>\$ 1,151,858</u>	<u>\$ 798,309</u>	<u>\$ 735,868</u>
Plan fiduciary net position as a percentage of total pension liability	48.37%	43.58%	51.86%	51.77%
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable

NOTE TO SCHEDULE:

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Benefit Changes: None noted

Assumption Changes: In 2016, the assumed investment rate of return and discount rate were lowered from 8.00% to 7.75%.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)
FIRE COMPANY PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 161,102	\$ 127,111	\$ 117,695	\$ 74,213
Contributions in relation to the actuarially determined contribution	<u>161,102</u>	<u>127,411</u>	<u>117,695</u>	<u>74,213</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	11.06%	-0.11%	3.95%	16.86%

NOTES TO SCHEDULE:

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Biennial valuations are performed to calculate the actuarially determined contributions for the two fiscal years that start 12 months and 24 months after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, Open
Remaining amortization period	20 years remaining as of valuation date
Asset valuation method	80% to 120% of Market Value, 4 year smoothing period, Asymptotic
Inflation	3.00%
Investment rate of return	7.75%
Retirement age	65
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, with static projections of future mortality improvements to 2019 per Scale AA

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributable to the Town	0.296%	0.296%	0.296%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	42,117	32,426	29,971
Total	<u>\$ 42,117</u>	<u>\$ 32,426</u>	<u>\$ 29,971</u>
Town's covered payroll	\$ 12,138	\$ 11,784	\$ 11,301
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

NOTES TO SCHEDULE:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit Changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Assumptions changes: Since the prior valuation in 2015, new assumptions were adopted, specifically:

- Inflation assumption was reduced from 3.00% to 2.75%.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
LAST FOUR ACTUARIAL VALUATIONS

Other Post-Employment Benefits Program						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 10,041,000	\$ (10,041,000)	0.0%	Not available	Not available
July 1, 2010	-	9,668,000	(9,668,000)	0.0%	Not available	Not available
July 1, 2012	-	10,117,000	(10,117,000)	0.0%	16,534,000	61.2%
July 1, 2014	-	9,698,883	(9,698,883)	0.0%	17,993,012	53.9%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
General property taxes	\$ 42,179,090	\$ 42,179,090	\$ 42,404,812	\$ 225,722
Interest and lien and fees	100,000	100,000	210,374	110,374
Telecommunications tax	60,000	60,000	56,594	(3,406)
Total property taxes	<u>42,339,090</u>	<u>42,339,090</u>	<u>42,671,780</u>	<u>332,690</u>
INTERGOVERNMENTAL REVENUES				
Education equalization grant	225,880	225,880	91,359	(134,521)
Municipal revenue sharing	46,717	46,717	148,244	101,527
Town aid road fund	247,044	247,044	246,823	(221)
Local capital improvement program	67,014	67,014	-	(67,014)
Elderly tax relief	90,000	90,000	78,579	(11,421)
Mashantucket Pequot funds	14,601	14,601	14,601	-
Miscellaneous state revenues	4,000	4,000	12,769	8,769
Total intergovernmental revenues	<u>695,256</u>	<u>695,256</u>	<u>592,375</u>	<u>(102,881)</u>
CHARGES FOR SERVICES				
Board of Selectman	1,000	1,000	3,150	2,150
Town clerk fees	400,000	400,000	401,752	1,752
Assessor	100	100	267	167
Building department	250,000	250,000	207,438	(42,562)
Land use	10,000	10,000	8,466	(1,534)
Zoning board of appeals	8,000	8,000	8,450	450
Planning commission	1,000	1,000	750	(250)
Inland wetlands	1,000	1,000	1,055	55
Police department	7,000	7,000	6,364	(636)
Transfer station	80,000	80,000	87,982	7,982
Library fees and fines	5,000	5,000	6,179	1,179
Parks and recreation	300,000	300,000	246,164	(53,836)
Miscellaneous	80,000	80,000	131,709	51,709
Total charges for services	<u>1,143,100</u>	<u>1,143,100</u>	<u>1,109,726</u>	<u>(33,374)</u>
INVESTMENT EARNINGS	<u>70,000</u>	<u>70,000</u>	<u>63,805</u>	<u>(6,195)</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	285,000	311,431	-	(311,431)
Total other financing sources	<u>285,000</u>	<u>311,431</u>	<u>-</u>	<u>(311,431)</u>
Total revenues and other financing sources	<u>\$ 44,532,446</u>	<u>\$ 44,558,877</u>	<u>\$ 44,437,686</u>	<u>\$ (121,191)</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Selectman	\$ 292,881	\$ 292,881	\$ 294,402	\$ 1,521
Accounting	178,557	178,557	177,901	(656)
Tax collector	148,230	148,230	146,660	(1,570)
Computer network	76,523	76,523	76,062	(461)
Treasurer	57,626	57,626	57,818	192
Town clerk	196,373	196,373	185,227	(11,146)
Vital statistics	1,350	1,350	961	(389)
Architecture review board	3,194	3,194	3,440	246
Assessor	177,637	177,637	173,537	(4,100)
Tree warden	24,000	24,000	21,615	(2,385)
Town hall	426,882	426,882	439,722	12,840
Registrars	67,450	67,450	48,025	(19,425)
Building department	168,137	168,137	160,989	(7,148)
Land use department	296,593	296,593	288,470	(8,123)
Zoning commission	33,677	33,677	10,310	(23,367)
Zoning board of appeals	11,889	11,889	12,407	518
Board of finance	58,400	58,400	53,750	(4,650)
Assessment appeals	7,300	7,300	2,500	(4,800)
Planning commission	16,494	16,494	9,055	(7,439)
Pension benefits retirees	62,770	62,770	46,260	(16,510)
Conservation commission	2,340	2,340	1,658	(682)
Economic development commission	37,241	37,241	35,679	(1,562)
Ethics commission	950	950	391	(559)
Inland wetlands	8,339	8,339	1,597	(6,742)
Contingency	30,000	30,000	19,616	(10,384)
Labor and personnel	70,000	70,000	72,731	2,731
Insurance	681,000	681,000	623,133	(57,867)
Legal	40,000	40,000	30,317	(9,683)
Payments to political subdivisions	167,325	167,325	165,446	(1,879)
Retiree health insurance	263,877	263,877	236,438	(27,439)
Employee benefits	2,385,524	2,385,524	2,352,044	(33,480)
Total general government	<u>5,992,559</u>	<u>5,992,559</u>	<u>5,748,161</u>	<u>(244,398)</u>
PUBLIC SAFETY				
Fire department	283,057	283,057	282,478	(579)
Fire marshal	115,585	115,585	123,590	8,005
Police department	3,359,982	3,376,413	3,200,874	(175,539)
Emergency management	201,897	201,897	186,984	(14,913)
Marine patrol	47,787	47,787	43,363	(4,424)
Harbor management	18,104	18,104	18,731	627
Animal control	25,000	25,000	32,138	7,138
Total public safety	<u>4,051,412</u>	<u>4,067,843</u>	<u>3,888,158</u>	<u>(179,685)</u>
				<i>(Continued)</i>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC WORKS				
Water pollution control	\$ 269,418	\$ 269,418	\$ 246,309	\$ (23,109)
Transfer station	584,861	584,861	543,438	(41,423)
Public works	971,411	971,411	946,696	(24,715)
Engineering	80,000	80,000	91,891	11,891
Rubbish	20,790	20,790	17,258	(3,532)
Traffic and street lights	154,000	154,000	154,066	66
Water system	527,000	527,000	533,369	6,369
Total public works	<u>2,607,480</u>	<u>2,607,480</u>	<u>2,533,027</u>	<u>(74,453)</u>
CULTURE AND RECREATION				
Acton public library	754,667	754,667	728,913	(25,754)
Parks and recreation department	400,182	400,182	391,836	(8,346)
Saybrook Point - golf	60,025	60,025	60,657	632
Saybrook Point - pavilion	8,700	8,700	9,112	412
Fort Saybrook/Exchange club parks	5,790	5,790	6,641	851
Open space maintenance	11,000	11,000	10,936	(64)
Hepburn cultural arts center	59,000	59,000	61,854	2,854
North cove historic district	4,940	4,940	1,441	(3,499)
Total culture and recreation	<u>1,304,304</u>	<u>1,304,304</u>	<u>1,271,390</u>	<u>(32,914)</u>
HEALTH AND WELFARE				
Youth and family services	238,849	238,849	238,632	(217)
Health district	160,000	160,000	142,198	(17,802)
Social services	86,361	86,361	85,827	(534)
Public health nursing	42,653	42,653	43,178	525
Total health and welfare	<u>527,863</u>	<u>527,863</u>	<u>509,835</u>	<u>(18,028)</u>
BOARD OF EDUCATION	<u>25,304,761</u>	<u>25,304,761</u>	<u>24,783,140</u>	<u>(521,621)</u>
CAPITAL OUTLAYS	<u>539,000</u>	<u>539,000</u>	<u>501,514</u>	<u>(37,486)</u>
DEBT SERVICE	<u>3,600,067</u>	<u>3,600,067</u>	<u>3,405,718</u>	<u>(194,349)</u>
OTHER FINANCING USES				
Transfers out	605,000	615,000	615,000	-
Total other financing uses	<u>605,000</u>	<u>615,000</u>	<u>615,000</u>	<u>-</u>
Total expenditures	<u>\$ 44,532,446</u>	<u>\$ 44,558,877</u>	<u>\$ 43,255,943</u>	<u>\$ (1,302,934)</u>
				<i>(Concluded)</i>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2015	\$ -	\$ 42,498,136	\$ 90,843	\$ 130,402	\$ -	\$ 42,458,577	\$ 42,115,229	\$ 91,785	\$ 42,207,014	\$ 343,348
2014	360,655	-	146	32,873	-	327,928	282,737	61,966	344,703	45,191
2013	98,552	-	-	1,261	-	97,291	75,120	25,778	100,898	22,171
2012	32,929	-	-	461	-	32,468	9,459	4,896	14,355	23,009
2011	27,352	-	-	-	20,820	6,532	1,858	1,469	3,327	4,674
2010	5,243	-	-	-	-	5,243	1,071	1,060	2,131	4,172
2009	5,211	-	-	-	-	5,211	1,060	1,217	2,277	4,151
2008	5,006	-	-	-	-	5,006	1,019	1,346	2,365	3,987
2007	4,348	-	-	-	-	4,348	1,265	1,903	3,168	3,083
2006	4,126	-	-	-	-	4,126	1,201	2,023	3,224	2,925
2005	3,999	-	-	-	-	3,999	1,164	2,171	3,335	2,835
2004	3,803	-	-	-	-	3,803	1,107	2,265	3,372	2,696
2003	3,595	-	-	-	-	3,595	1,046	2,331	3,377	2,549
2002	3,184	-	-	-	-	3,184	455	1,110	1,565	2,729
2001	3,036	-	-	-	-	3,036	434	1,137	1,571	2,602
2000	2,918	-	-	2,918	-	-	-	-	-	-
	<u>\$ 563,957</u>	<u>\$ 42,498,136</u>	<u>\$ 90,989</u>	<u>\$ 167,915</u>	<u>\$ 20,820</u>	<u>\$ 42,964,347</u>	<u>\$ 42,494,225</u>	<u>\$ 202,457</u>	<u>\$ 42,696,682</u>	<u>\$ 470,122</u>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2017

Total cash collections for the year ended

June 30, 2017:

Taxes	\$ 42,494,225
Interest and lien fees	202,457
Total	<u>42,696,682</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	78,579
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Base	<u>\$ 42,775,261</u>
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	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 96,244,337	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	192,488,675	-	-	-
3-3/4 times base	-	-	160,407,229	-	-
3-1/4 times base	-	-	-	139,019,598	-
3 times base	-	-	-	-	128,325,783
Total debt limitation	<u>96,244,337</u>	<u>192,488,675</u>	<u>160,407,229</u>	<u>139,019,598</u>	<u>128,325,783</u>
Indebtedness:					
Bonds payable	18,496,000	9,359,000	-	-	-
State of Connecticut Clean Water Fund					
Project loan obligations	-	-	4,789,598	-	-
Interim Funding Obligation	-	-	3,628,091	-	-
Authorized but unissued CWF Notes	-	-	3,280,589	-	-
Authorized but unissued bonds	-	30,944	22,584,815	-	-
Total indebtedness	<u>18,496,000</u>	<u>9,389,944</u>	<u>34,283,093</u>	<u>-</u>	<u>-</u>
Less: Assessment and grants receivable (1)	-	-	(28,851,463)	-	-
Less: School construction grants receivable (2)	-	(30,944)	-	-	-
Net indebtedness	<u>18,496,000</u>	<u>9,359,000</u>	<u>5,431,630</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 77,748,337</u>	<u>\$ 183,129,675</u>	<u>\$ 154,975,599</u>	<u>\$ 139,019,598</u>	<u>\$ 128,325,783</u>
Total capacity of borrowing (7 times base)	\$ 299,426,827				
Total present indebtedness	<u>33,286,630</u>				
Margin for additional borrowing	<u>\$ 266,140,197</u>				

(1) Anticipated grants and special assessments to be paid by the benefitting users' within the decentralized wastewater management district.

(2) The Town anticipates receiving State of Connecticut grant progress payments in the amount of \$30,944 during the construction of the projects.

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Federal and State School Grant Fund	School Cafeteria Fund	Connecticard Fund	Law Enforcement Forfeiture Fund	Insurance Fund	Youth and Family Grants Fund	Parks and Recreation Development Fund	Fire Marshall Fund
ASSETS								
Cash and cash equivalents	\$ 30,665	\$ 45,615	\$ 39,457	\$ 27,579	\$ 46,759	\$ 13,664	\$ 46,535	\$ 1,556
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	23,568	-	-	-	-	-	-
Other	-	5,303	-	-	-	-	-	-
Total assets	<u>\$ 30,665</u>	<u>\$ 74,486</u>	<u>\$ 39,457</u>	<u>\$ 27,579</u>	<u>\$ 46,759</u>	<u>\$ 13,664</u>	<u>\$ 46,535</u>	<u>\$ 1,556</u>
LIABILITIES								
Accounts payable	\$ 507	\$ 3,698	\$ -	\$ -	\$ -	\$ 10,005	\$ 3,000	\$ -
Due to other funds	-	-	-	-	-	-	1,200	-
Unearned revenue	30,158	-	-	-	-	-	-	-
Total liabilities	<u>30,665</u>	<u>3,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,005</u>	<u>4,200</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	70,788	39,457	27,579	46,759	3,659	42,335	1,556
Total fund balances	<u>-</u>	<u>70,788</u>	<u>39,457</u>	<u>27,579</u>	<u>46,759</u>	<u>3,659</u>	<u>42,335</u>	<u>1,556</u>
Total liabilities and fund balances	<u>\$ 30,665</u>	<u>\$ 74,486</u>	<u>\$ 39,457</u>	<u>\$ 27,579</u>	<u>\$ 46,759</u>	<u>\$ 13,664</u>	<u>\$ 46,535</u>	<u>\$ 1,556</u>
								(Continued)

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Shellfish Commission Fund	D.A.R.E. Program Fund	Parks and Recreation Program Fund	Emergency Management Fund	Police Outside Services Fund	Police Explorer Program Fund	Parks and Recreation Community Program Fund	Action Public Library Fund
ASSETS								
Cash and cash equivalents	\$ 644	\$ 10,531	\$ 140,182	\$ 17,856	\$ 42,557	\$ 2,898	\$ 23,345	\$ 55,611
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	22,169
Receivables:								
Grants and contracts	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total assets	<u>\$ 644</u>	<u>\$ 10,531</u>	<u>\$ 140,182</u>	<u>\$ 17,856</u>	<u>\$ 42,557</u>	<u>\$ 2,898</u>	<u>\$ 23,345</u>	<u>\$ 77,780</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 22,200	\$ -	\$ 7,958	\$ -	\$ -	\$ 235
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>22,200</u>	<u>-</u>	<u>7,958</u>	<u>-</u>	<u>-</u>	<u>235</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	644	10,531	117,982	17,856	34,599	2,898	23,345	77,545
Total fund balances	<u>644</u>	<u>10,531</u>	<u>117,982</u>	<u>17,856</u>	<u>34,599</u>	<u>2,898</u>	<u>23,345</u>	<u>77,545</u>
Total liabilities								
and fund balances	<u>\$ 644</u>	<u>\$ 10,531</u>	<u>\$ 140,182</u>	<u>\$ 17,856</u>	<u>\$ 42,557</u>	<u>\$ 2,898</u>	<u>\$ 23,345</u>	<u>\$ 77,780</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2017

	Nonmajor Special Revenue Funds						
	Youth and Family Services Fund	Retirees' Healthcare Fund	Katrina Relief Fund	Gateway Fund	Board of Education Fund	Administration Fund	Probate Court Fund
ASSETS							
Cash and cash equivalents	\$ 111,022	\$ 48,386	\$ -	\$ 29,187	\$ 437,291	\$ 185,733	\$ 28,476
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	1,140,537	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total assets	<u>\$ 111,022</u>	<u>\$ 1,188,923</u>	<u>\$ -</u>	<u>\$ 29,187</u>	<u>\$ 437,291</u>	<u>\$ 185,733</u>	<u>\$ 28,476</u>
LIABILITIES							
Accounts payable	\$ 4,227	\$ -	\$ -	\$ -	\$ 10,025	\$ 23,248	\$ -
Due to other funds	-	-	-	-	-	17,403	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>4,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,025</u>	<u>40,651</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	106,795	1,188,923	-	29,187	427,266	145,082	28,476
Total fund balances	<u>106,795</u>	<u>1,188,923</u>	<u>-</u>	<u>29,187</u>	<u>427,266</u>	<u>145,082</u>	<u>28,476</u>
Total liabilities and fund balances	<u>\$ 111,022</u>	<u>\$ 1,188,923</u>	<u>\$ -</u>	<u>\$ 29,187</u>	<u>\$ 437,291</u>	<u>\$ 185,733</u>	<u>\$ 28,476</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2017

	Nonmajor Special Revenue Funds			Permanent Fund	
	Senior Housing Grant	Police Program Fund	Total Nonmajor Special Revenue Funds	Upper Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 120,518	\$ 1,506,067	\$ -	\$ 1,506,067
Restricted cash and cash equivalents	-	-	-	6,059	6,059
Investments	-	-	1,162,706	-	1,162,706
Receivables:					
Grants and contracts	-	-	23,568	-	23,568
Other	-	-	5,303	-	5,303
Total assets	<u>\$ -</u>	<u>\$ 120,518</u>	<u>\$ 2,697,644</u>	<u>\$ 6,059</u>	<u>\$ 2,703,703</u>
LIABILITIES					
Accounts payable	\$ -	\$ 5,932	\$ 91,035	\$ -	\$ 91,035
Due to other funds	-	1,168	19,771	-	19,771
Unearned revenue	-	-	30,158	-	30,158
Total liabilities	<u>-</u>	<u>7,100</u>	<u>140,964</u>	<u>-</u>	<u>140,964</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	-	-	1,059	1,059
Committed	-	113,418	2,556,680	-	2,556,680
Total fund balances	<u>-</u>	<u>113,418</u>	<u>2,556,680</u>	<u>6,059</u>	<u>2,562,739</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 120,518</u>	<u>\$ 2,697,644</u>	<u>\$ 6,059</u>	<u>\$ 2,703,703</u>

(Concluded)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Federal and State School Grant Fund	School Cafeteria Fund	Connecticard Fund	Law Enforcement Forfeiture Fund	Insurance Fund	Youth and Family Grants Fund	Parks and Recreation Development Fund	Fire Marshall Fund
REVENUES								
Intergovernmental	\$ 572,487	\$ 171,503	\$ 11,076	\$ 3,443	\$ -	\$ 37,236	\$ -	\$ -
Charges for services	-	382,654	-	-	93,686	-	-	-
Contributions	-	-	-	-	-	141,111	62,934	350
Interest income	-	-	2	-	-	-	-	-
Total revenues	572,487	554,157	11,078	3,443	93,686	178,347	62,934	350
EXPENDITURES								
Current:								
General government	-	-	-	-	88,528	-	-	-
Public safety	-	-	-	193	-	-	-	345
Culture and recreation	-	-	5,470	-	-	-	41,549	-
Health and welfare	-	-	-	-	-	195,353	-	-
Education	572,487	565,720	-	-	-	-	-	-
Total expenditures	572,487	565,720	5,470	193	88,528	195,353	41,549	345
Excess (deficiency) of revenues over expenditures	-	(11,563)	5,608	3,250	5,158	(17,006)	21,385	5
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	-	(11,563)	5,608	3,250	5,158	(17,006)	21,385	5
Fund balances - beginning	-	82,351	33,849	24,329	41,601	20,665	20,950	1,551
Fund balances - ending	\$ -	\$ 70,788	\$ 39,457	\$ 27,579	\$ 46,759	\$ 3,659	\$ 42,335	\$ 1,556
								(Continued)

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Shellfish Commission Fund	D.A.R.E. Program Fund	Parks and Recreation Program Fund	Emergency Management Fund	Police Outside Services Fund	Police Explorer Program Fund	Parks and Recreation Community Program Fund	Action Public Library Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	370,617	5,678	279,981	-	-	-
Contributions	-	4,800	-	-	-	535	-	18,448
Interest income	-	-	-	-	-	-	12,204	101
Total revenues	-	4,800	370,617	5,678	279,981	535	12,204	18,549
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	2,351	-	1,127	323,621	732	-	-
Culture and recreation	50	-	368,200	-	-	-	10,024	21,237
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	50	2,351	368,200	1,127	323,621	732	10,024	21,237
Excess (deficiency) of revenues over expenditures	(50)	2,449	2,417	4,551	(43,640)	(197)	2,180	(2,688)
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	(50.00)	2,449.00	2,417.00	4,551	(43,640.00)	(197.00)	2,180.00	(2,688.00)
Fund balances - beginning	694	8,082	115,565	13,305	78,239	3,095	21,165	80,233
Fund balances - ending	\$ 644	\$ 10,531	\$ 117,982	\$ 17,856	\$ 34,599	\$ 2,898	\$ 23,345	\$ 77,545
								(Continued)

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds						
	Youth and Family Services Fund	Retirees' Healthcare Fund	Katrina Relief Fund	Gateway Fund	Board of Education Fund	Administration Fund	Probate Court Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,100	\$ -	\$ -
Charges for services	61,872	-	-	9,750	198,340	356,072	26,612
Contributions	-	-	5,677	-	-	-	-
Interest income	-	68,741	-	-	-	-	-
Total revenues	61,872	68,741	5,677	9,750	203,440	356,072	26,612
EXPENDITURES							
Current:							
General government	-	-	-	1,400	-	298,444	20,959
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	102,225	-	5,678	-	-	-	-
Education	-	-	-	-	139,381	-	-
Total expenditures	102,225	-	5,678	1,400	139,381	298,444	20,959
Excess (deficiency) of revenues over expenditures	(40,353)	68,741	(1)	8,350	64,059	57,628	5,653
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	125,475	-
Total other financing sources	-	-	-	-	-	125,475	-
Net change in fund balances	(40,353)	68,741	(1)	8,350	64,059	183,103	5,653
Fund balances - beginning	147,148	1,120,182	1	20,837	363,207	(38,021)	22,823
Fund balances - ending	\$ 106,795	\$ 1,188,923	\$ -	\$ 29,187	\$ 427,266	\$ 145,082	\$ 28,476
							(Continued)

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds			Permanent Fund	
	Senior Housing Grant	Police Program Fund	Total Nonmajor Special Revenue Funds	Upper Cemetery Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ -	\$ 64,326	\$ 865,171	\$ -	\$ 865,171
Charges for services	-	42,273	1,827,535	-	1,827,535
Contributions	-	-	233,855	-	233,855
Interest income	-	-	81,048	-	81,048
Total revenues	-	106,599	3,007,609	-	3,007,609
EXPENDITURES					
Current:					
General government	-	-	409,331	-	409,331
Public safety	-	141,815	470,184	-	470,184
Culture and recreation	-	-	446,530	-	446,530
Health and welfare	1	-	303,257	-	303,257
Education	-	-	1,277,588	-	1,277,588
Total expenditures	1	141,815	2,906,890	-	2,906,890
Excess (deficiency) of revenues over expenditures	(1)	(35,216)	100,719	-	100,719
OTHER FINANCING SOURCES					
Transfers in	-	-	125,475	-	125,475
Total other financing sources	-	-	125,475	-	125,475
Net change in fund balances	(1)	(35,216)	226,194	-	226,194
Fund balances - beginning	1	148,634	2,330,486	6,059	2,336,545
Fund balances - ending	\$ -	\$ 113,418	\$ 2,556,680	\$ 6,059	\$ 2,562,739

(Concluded)

FIDUCIARY FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2017

	Town Pension Trust Fund	Fire Company #1 Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,007,748	\$ 66,224	\$ 1,073,972
Investments:			
Corporate bonds	2,671,847	147,684	2,819,531
U.S. Treasury securities	1,699,785	91,185	1,790,970
U.S. Agency securities	1,074,536	34,047	1,108,583
Equity securities	14,460,835	694,946	15,155,781
Total assets	<u>20,914,751</u>	<u>1,034,086</u>	<u>21,948,837</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 20,914,751</u>	<u>\$ 1,034,086</u>	<u>\$ 21,948,837</u>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Town Pension Trust Fund	Fire Company #1 Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 500,829	\$ 161,102	\$ 661,931
Plan members	365,250	-	365,250
Total contributions	<u>866,079</u>	<u>161,102</u>	<u>1,027,181</u>
Investment earnings:			
Net change in the fair value of investments	1,953,520	75,576	2,029,096
Interest and dividends	449,166	19,753	468,919
Total investment earnings	<u>2,402,686</u>	<u>95,329</u>	<u>2,498,015</u>
Less: investment fee expense	146,788	6,806	153,594
Net change in investments	<u>2,255,898</u>	<u>88,523</u>	<u>2,344,421</u>
Total additions	<u>3,121,977</u>	<u>249,625</u>	<u>3,371,602</u>
DEDUCTIONS			
Benefit payments	1,303,162	100,975	1,404,137
Administrative expenses	44,211	2,049	46,260
Total deductions	<u>1,347,373</u>	<u>103,024</u>	<u>1,450,397</u>
Change in net position	1,774,604	146,601	1,921,205
Net position - beginning	<u>19,140,147</u>	<u>887,485</u>	<u>20,027,632</u>
Net position - ending	<u>\$ 20,914,751</u>	<u>\$ 1,034,086</u>	<u>\$ 21,948,837</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2017

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust	Endrich Donation Trust	Total Private- Purpose Trust Funds
ASSETS					
Cash and cash equivalents	\$ 23,821	\$ 29,493	\$ 3,119	\$ 347	\$ 56,780
Investments:					
Certificates of deposit	-	67,926	-	-	67,926
Mutual funds	-	-	236,129	130,658	366,787
Total assets	<u>23,821</u>	<u>97,419</u>	<u>239,248</u>	<u>131,005</u>	<u>491,493</u>
NET POSITION					
Held in trust	<u>\$ 23,821</u>	<u>\$ 97,419</u>	<u>\$ 239,248</u>	<u>\$ 131,005</u>	<u>\$ 491,493</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust	Endrich Donation Trust	Total Private- Purpose Trust Funds
ADDITIONS					
Private Donations	\$ 5,485	\$ -	\$ -	\$ -	\$ 5,485
Total contributions	5,485	-	-	-	5,485
Investment earnings:					
Net change in the fair value of investments	-	-	7,624	8,670	16,294
Interest and dividends	-	63	9,743	4,723	14,529
Total investment earnings	-	63	17,367	13,393	30,823
Less investment fee expense	-	-	1,808	933	2,741
Net increase in investments	-	63	15,559	12,460	28,082
Total additions	5,485	63	15,559	12,460	33,567
DEDUCTIONS					
Awards expense	10,500	5,187	10,000	-	25,687
Administrative expenses	67	-	24	436	527
Total deductions	10,567	5,187	10,024	436	26,214
Change in net position	(5,082)	(5,124)	5,535	12,024	7,353
Net position - beginning	28,903	102,543	233,713	118,981	484,140
Net position - ending	\$ 23,821	\$ 97,419	\$ 239,248	\$ 131,005	\$ 491,493

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

	Student Activities	Land Use	BOE Flexible Spending	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 189,228	\$ 56,373	\$ 1,958	\$ 247,559
Investments:				
Mutual funds	82,686	-	-	82,686
Total assets	<u>\$ 271,914</u>	<u>\$ 56,373</u>	<u>\$ 1,958</u>	<u>\$ 330,245</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,400	\$ -	\$ 6,400
Due to student groups	271,914	-	-	271,914
Due to others	-	49,973	1,958	51,931
Total liabilities	<u>\$ 271,914</u>	<u>\$ 56,373</u>	<u>\$ 1,958</u>	<u>\$ 330,245</u>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
Student Activities				
Assets				
Cash and cash equivalents	\$ 144,641	\$ 470,750	\$ 426,163	\$ 189,228
Investments	78,705	3,981	-	82,686
Total assets	<u>\$ 223,346</u>	<u>\$ 474,731</u>	<u>\$ 426,163</u>	<u>\$ 271,914</u>
Liabilities				
Due to student groups	\$ 223,346	\$ 474,731	\$ 426,163	\$ 271,914
Total liabilities	<u>\$ 223,346</u>	<u>\$ 474,731</u>	<u>\$ 426,163</u>	<u>\$ 271,914</u>
Land Use				
Assets				
Cash and cash equivalents	\$ 85,134	\$ 27,423	\$ 56,184	\$ 56,373
Total assets	<u>\$ 85,134</u>	<u>\$ 27,423</u>	<u>\$ 56,184</u>	<u>\$ 56,373</u>
Liabilities				
Due to others	\$ 72,380	\$ 27,423	\$ 49,830	\$ 49,973
Accounts payable	12,754	-	6,354	6,400
Total liabilities	<u>\$ 85,134</u>	<u>\$ 27,423</u>	<u>\$ 56,184</u>	<u>\$ 56,373</u>
BOE Flexible Spending				
Assets				
Cash and cash equivalents	\$ 2,902	\$ 31,961	\$ 32,905	\$ 1,958
Total assets	<u>\$ 2,902</u>	<u>\$ 31,961</u>	<u>\$ 32,905</u>	<u>\$ 1,958</u>
Liabilities				
Due to others	\$ 2,902	\$ 31,961	\$ 32,905	\$ 1,958
Total liabilities	<u>\$ 2,902</u>	<u>\$ 31,961</u>	<u>\$ 32,905</u>	<u>\$ 1,958</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 232,677	\$ 530,134	\$ 515,252	\$ 247,559
Investments	78,705	3,981	-	82,686
Total assets	<u>\$ 311,382</u>	<u>\$ 534,115</u>	<u>\$ 515,252</u>	<u>\$ 330,245</u>
Liabilities				
Accounts payable	\$ 12,754	-	\$ 6,354	\$ 6,400
Due to student groups	223,346	474,731	426,163	271,914
Due to others	75,282	59,384	82,735	51,931
Total liabilities	<u>\$ 311,382</u>	<u>\$ 534,115</u>	<u>\$ 515,252</u>	<u>\$ 330,245</u>

See accompanying Independent Auditor's Report.

TREND INFORMATION

TOWN OF OLD SAYBROOK, CONNECTICUT
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN YEARS

	Fiscal Year Ended									
	2017	2016	2015	2014	2013	2012	(1) 2011	2010	2009	2008
Net investment in capital assets	\$ 75,092,636	\$ 73,711,809	\$ 70,659,511	\$ 73,491,897	\$ 73,450,395	\$ 72,485,608	\$ 71,489,201	\$ 71,058,251	\$ 69,795,993	\$ 67,354,554
Restricted for:									1,035,102	1,881,926
Endowments:										
Nonexpendable	5,000	5,000	5,000	5,000	4,246	4,246	4,246	4,246	-	-
Expendable	1,059	1,059	1,184	1,184	1,938	-	-	-	-	-
Marina partnership bonds	143,100	143,100	143,100	-	-	-	-	-	-	-
Grant programs	-	-	-	45,436	45,207	617	28,825	21,986	-	-
Katrina relief	-	-	-	5,676	617	85,544	25,474	28,535	-	-
Public safety	-	-	-	20,428	20,473	79,961	33,906	41,539	-	-
Education	-	-	-	87,663	99,944	57,967	81,371	56,693	-	-
Unrestricted (deficit)	<u>(6,570,755)</u>	<u>(5,819,021)</u>	<u>(4,633,590)</u>	<u>476,504</u>	<u>2,987,774</u>	<u>4,215,192</u>	<u>6,204,842</u>	<u>6,577,999</u>	<u>6,637,832</u>	<u>7,974,955</u>
Total net position	<u>\$ 68,671,040</u>	<u>\$ 68,041,947</u>	<u>\$ 66,175,205</u>	<u>\$ 74,133,788</u>	<u>\$ 76,610,594</u>	<u>\$ 76,929,135</u>	<u>\$ 77,867,865</u>	<u>\$ 77,789,249</u>	<u>\$ 77,468,927</u>	<u>\$ 77,211,435</u>

(1) Net position components restated in accordance with the provisions of GASB 54.

TOWN OF OLD SAYBROOK, CONNECTICUT
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN YEARS

Fiscal Year Ended										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 10,710,622	\$ 10,060,199	\$ 8,523,938	\$ 5,804,868	\$ 5,688,414	\$ 5,056,781	\$ 4,970,484	\$ 4,427,458	\$ 4,242,112	\$ 4,076,667
Public safety	5,007,490	5,615,864	5,719,303	6,914,030	5,601,550	5,287,936	4,573,192	4,130,680	4,162,448	3,791,256
Public works	2,976,575	2,358,917	4,172,963	4,593,980	4,766,882	3,855,772	3,462,070	3,414,762	2,959,787	2,989,405
Culture and recreation	1,910,454	1,067,501	1,732,442	1,776,547	2,168,920	1,891,907	1,811,064	1,945,916	1,718,629	1,667,456
Health and welfare	815,303	1,578,866	896,547	1,390,968	476,756	699,129	730,089	541,121	765,531	518,905
Education	30,104,039	29,960,998	30,449,433	28,574,507	27,281,159	26,588,199	25,732,893	24,583,728	24,110,427	26,903,656
Interest expense	899,191	1,078,829	1,297,377	742,876	614,735	570,586	763,780	921,275	981,833	1,025,684
Total Expenses	52,423,674	51,721,174	52,792,003	49,797,776	46,598,416	43,950,310	42,043,572	39,964,940	38,940,767	40,973,029
Program revenues:										
Governmental activities:										
Charges for services										
General government	1,155,939	1,089,848	868,610	735,558	677,540	811,498	618,550	714,595	550,294	782,577
Public safety	334,296	293,463	227,810	341,722	331,737	228,142	162,982	55,094	52,664	29,374
Public works	1,622,482	1,993,427	457,597	296,358	134,212	122,290	104,952	111,949	103,700	696,209
Health and welfare	622,960	646,664	591,196	180,536	153,858	126,426	53,501	-	-	-
Culture and recreation	61,872	146,034	126,325	352,384	279,980	399,070	441,336	461,146	358,773	398,212
Education	580,994	526,734	621,521	624,090	715,839	623,735	531,551	568,298	1,118,550	526,716
Operating grants and contributions	5,182,493	6,089,136	5,515,673	6,023,340	6,009,824	5,029,489	4,743,986	3,997,476	3,484,430	7,402,602
Capital grants and contributions	505,372	855,812	957,995	29,654	343,327	326,453	224,024	300,517	264,500	918,015
Total program revenues	10,066,408	11,641,118	9,366,727	8,583,642	8,646,317	7,667,103	6,880,882	6,209,075	5,932,911	10,753,705
Net expenses:										
Governmental activities	(42,357,266)	(40,080,056)	(43,425,276)	(41,214,134)	(37,952,099)	(36,283,207)	(35,162,690)	(33,755,865)	(33,007,856)	(30,219,324)
General revenues:										
Governmental activities:										
Property taxes	42,629,956	41,739,765	40,543,368	37,995,840	36,386,749	34,830,615	34,654,101	33,272,869	32,632,001	30,784,939
Grants and contributions not restricted to specific programs	202,217	121,042	174,391	582,478	701,025	383,106	427,790	566,911	422,744	405,594
Investment income	154,186	85,991	119,739	197,271	134,348	130,756	159,415	236,407	210,573	689,900
Total general revenues	42,986,359	41,946,798	40,837,498	38,737,328	37,633,558	35,344,477	35,241,306	34,076,187	33,265,318	31,880,433
Changes in net position	\$ 629,093	\$ 1,866,742	\$ (2,587,778)	\$ (2,476,806)	\$ (318,541)	\$ (938,730)	\$ 78,616	\$ 320,322	\$ 257,462	\$ 1,661,109