

**TOWN OF OLD SAYBROOK, CONNECTICUT**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2020**

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
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## INDEPENDENT AUDITOR'S REPORT

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## 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 67 through 80 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***

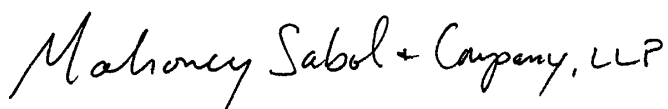
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and the trend information are presented for purposes of additional analysis and are not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

The combining and individual fund statements and schedules on pages 81 through 97 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 98 and 99 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021, 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.



Certified Public Accountants  
Glastonbury, Connecticut  
January 14, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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As management of the Town of Old Saybrook, Connecticut (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, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$64,479,984 (net position). Of this amount, \$8,875,087 represents a deficit in the Town's unrestricted net position.
- The Town's total net position decreased by \$327,654 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,812,002, an increase of \$6,755,173 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,559,728 or 16.1% of the Town's total authorized General Fund budgetary expenditure appropriations for fiscal year 2021. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund budgetary expenditures.
- In September 2019, the Town issued \$12,565,000 in general obligation refunding bonds ("2019 Refunding Bonds"). The 2019 Refunding Bonds have coupon rates ranging from 2.00% to 5.00% and were issued to refund \$4,405,000 in outstanding general obligation bonds and \$11,074,178 in State of Connecticut Clean Water project loan and interim funding obligations. The Town contributed \$1,371,795 towards the refunding, which will generate a cash flow savings of \$802,673 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of approximately \$414,045.

**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.

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.



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Government-wide Financial Statements *(Continued)***

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 and 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, proprietary funds and fiduciary funds.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 through 19 of this report.

***Proprietary Funds***

The town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to report activities that provide supplies and services for the Town's other programs and activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**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 23 and 24 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 25 through 66 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 67 through 80 of this report. Combining and individual fund financial statements and schedules can be found on pages 81 through 97 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

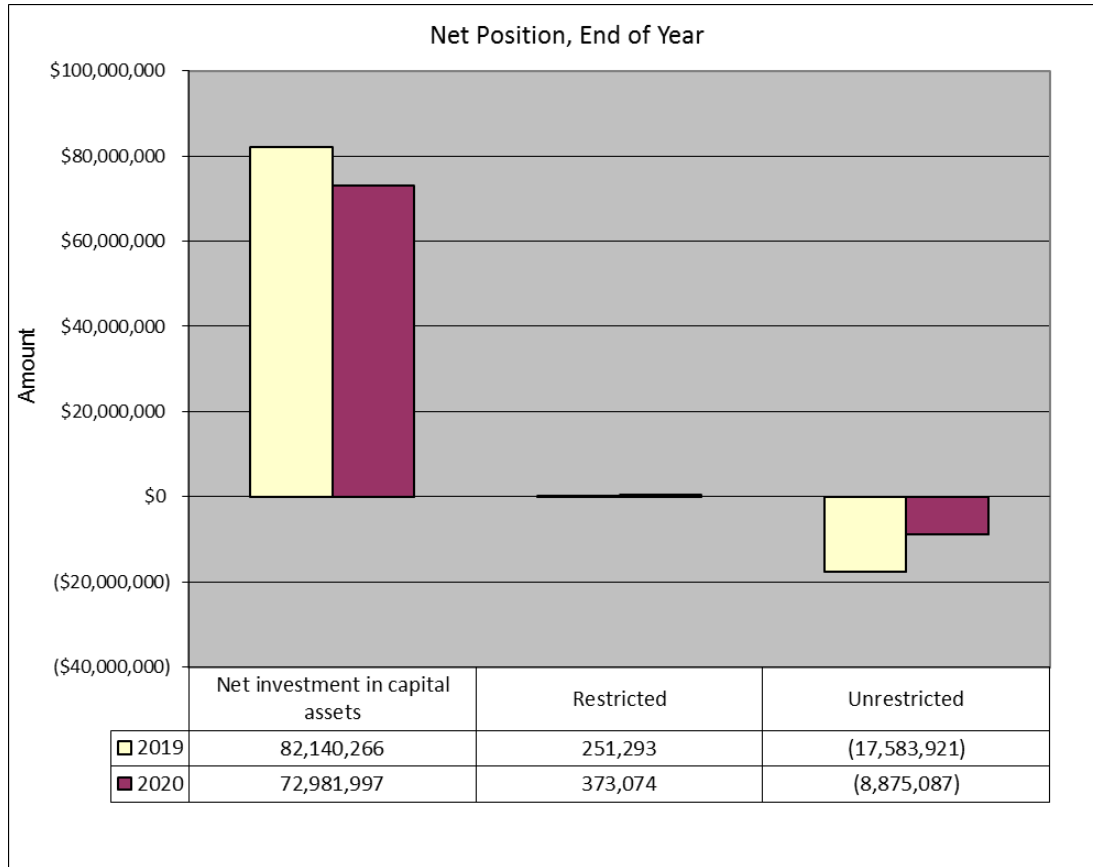
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$64,479,984 as of June 30, 2020 and \$64,807,638 as of June 30, 2019, and is summarized as follows. Certain reclassifications have been made to the amounts reported as of June 30, 2019 to conform to the current year presentation.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 25,248,077	\$ 21,659,807	\$ 3,588,270	17%
Capital assets, net	103,831,997	105,824,439	(1,992,442)	-2%
Total assets	<u>129,080,074</u>	<u>127,484,246</u>	<u>1,595,828</u>	15%
Deferred outflows of resources	<u>13,808,840</u>	<u>4,502,783</u>	<u>9,306,057</u>	207%
Current liabilities	3,119,131	10,105,650	(6,986,519)	-69%
Long-term liabilities	65,391,154	48,199,155	17,191,999	36%
Total liabilities	<u>68,510,285</u>	<u>58,304,805</u>	<u>10,205,480</u>	-33%
Deferred inflows of resources	<u>9,898,645</u>	<u>8,874,586</u>	<u>1,024,059</u>	12%
Net position:				
Net investment in capital assets	72,981,997	82,140,266	(9,158,269)	-11%
Restricted	373,074	251,293	121,781	48%
Unrestricted	(8,875,087)	(17,583,921)	8,708,834	-50%
Total net position	<u>\$ 64,479,984</u>	<u>\$ 64,807,638</u>	<u>\$ (327,654)</u>	-12%

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



The majority of the Town's total net position 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. The Town is committed to provide pension and other post-employment benefits to its employees. As a result, the Town has recognized significant pension and other post-employment benefit liabilities of \$32.9 million. Pension benefits are being funded over time based on actuarially recommended contributions and other post-employment benefits are currently being fund on a pay-as-you-go basis.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

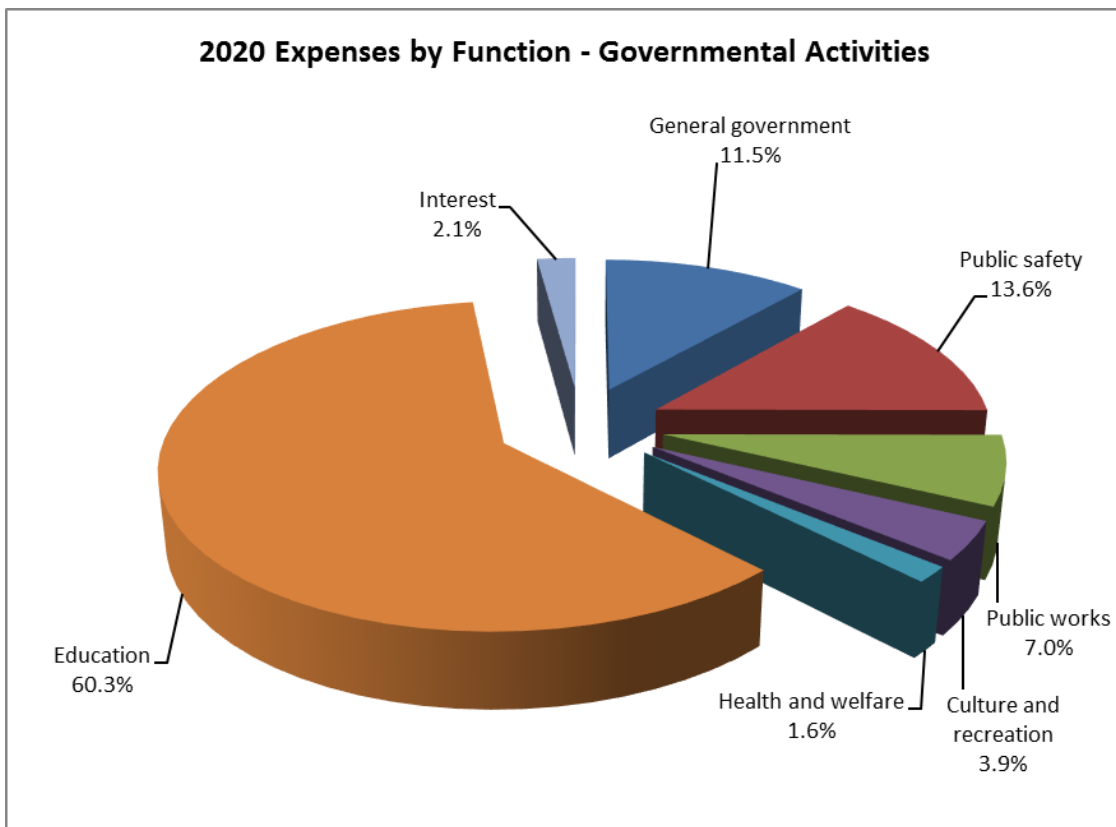
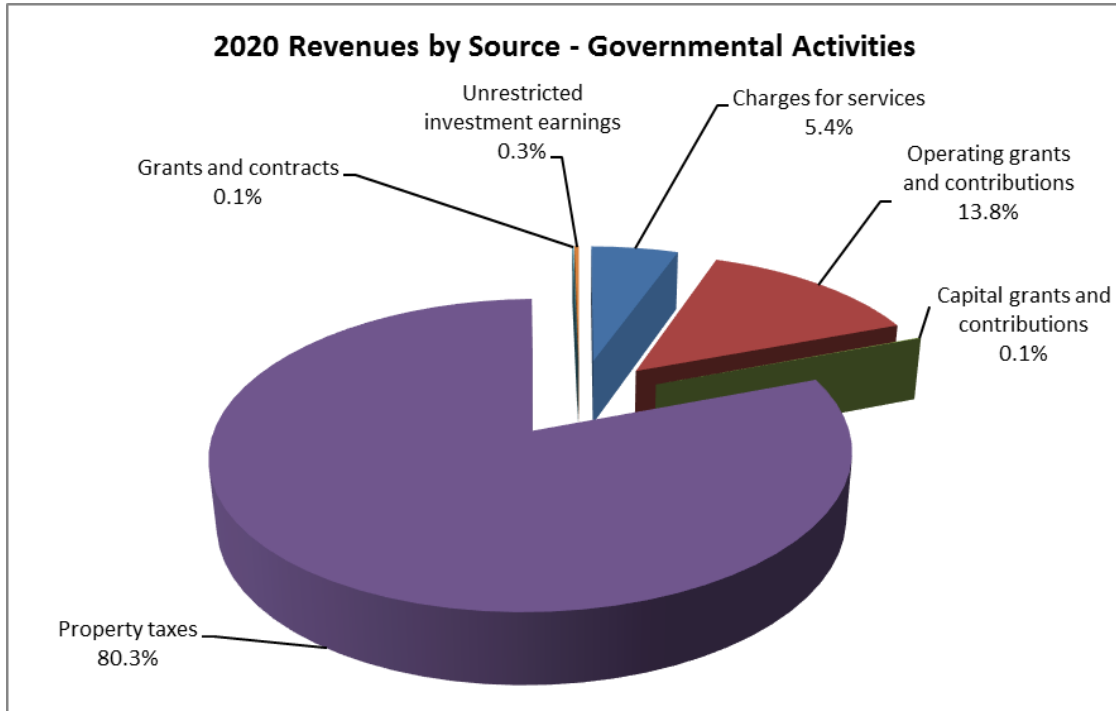
	<b>2020</b>	<b>2019</b>	<b>\$ Variance</b>	<b>% Variance</b>
Program revenues:				
Charges for services	\$ 3,022,533	\$ 3,005,572	\$ 16,961	1%
Operating grants and contributions	7,682,609	4,122,746	3,559,863	86%
Capital grants and contributions	38,328	397,795	(359,467)	-90%
General revenues:				
Property taxes	44,868,142	44,464,048	404,094	1%
Grants and contracts	44,825	46,146	(1,321)	-3%
Unrestricted investment earnings	156,673	167,549	(10,876)	-6%
Total revenues	<u>55,813,110</u>	<u>52,203,856</u>	<u>3,609,254</u>	7%
Program expenses:				
General government	6,458,073	5,628,826	829,247	15%
Public safety	7,610,094	6,756,832	853,262	13%
Public works	3,915,019	4,610,952	(695,933)	-15%
Culture and recreation	2,178,775	2,042,801	135,974	7%
Health and welfare	886,849	1,062,771	(175,922)	-17%
Education	33,886,164	30,407,132	3,479,032	11%
Interest	1,205,790	810,590	395,200	49%
Total expenses	<u>56,140,764</u>	<u>51,319,904</u>	<u>4,820,860</u>	9%
Change in net position	<u>\$ (327,654)</u>	<u>\$ 883,952</u>	<u>\$ (1,211,606)</u>	-2%

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Changes in Net Position *(Continued)***



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Governmental Activities**

Governmental activities decreased the Town's net position by \$327,654. Revenues generated by the Town increased by \$3,609,254 and expenses increased by \$4,820,860, when compared to the prior year.

The Town's revenues and expenses were directly impacted by the amount of pension and OPEB expenses recognized in connection with the Town's participation in the Connecticut State Teachers' Retirement System, which increased by \$3,853,884. This had a direct impact on the increase in operating grants and education expenses reported by the Town for the current fiscal year. In addition, expenses for general government and public safety were directly impacted by an increase in pension expense resulting from changes in the Town's net pension liabilities and related deferrals.

**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 combined ending fund balances of \$14,812,002, an increase of \$6,755,173 in comparison with the prior year. Approximately 97.5%, or \$14,438,928, 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 \$7,559,728, while total fund balance was \$8,123,855. 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 16.1% of the Town's total authorized General Fund budgetary expenditure appropriations for fiscal year 2021. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$654,882 during the current fiscal year.

**Proprietary Fund**

The internal service fund's net position decreased by \$37,147 this year. The fund maintains a positive net position of \$32,803 as of June 30, 2020.

**Capital Projects Fund**

The Capital Projects Fund has a fund balance of \$1,356,467 as of June 30, 2020, a decrease in the fund balance of \$1,471,208 from the prior year. Current year capital outlays and debt service payments were offset by assessments collected on the sewer avoidance program.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)***

**Capital Nonrecurring Fund**

The Capital Nonrecurring Fund has a fund balance of \$3,929,247 as of June 30, 2020, an increase in the fund balance of \$7,535,758 from the prior year. In September 2019, the Town permanently funded \$6,833,679 of short-term interim funding obligations into long-term bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's original budget did not contemplate the use of fund balance to balance revenues and expenditures. The Town authorized an additional appropriation from fund balance in the amount \$5,000. The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$588,118. Expenditures were \$1,685,077 lower than budgeted while revenues were \$6,959 lower than budgeted. The Town subsequently authorized to transfer a portion of the budgetary surplus in the amount of \$1,085,000 to fund ongoing capital projects and to offset future fluctuations in debt service.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$103,831,997 (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 \$1,992,442 over the prior year.

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

- outlays pertaining to the Sheffield dock project of approximately \$128 thousand,
- outlays pertaining to the purchase of public works trucks of approximately \$336 thousand,
- outlays pertaining to the KHCAC pillar repair project of approximately \$126 thousand,
- outlays pertaining to the Kavanagh tennis court project of approximately \$113 thousand,
- outlays pertaining to the installation of sidewalks of approximately \$255 thousand, and
- outlays pertaining to the purchase of fire department air masks of approximately \$478 thousand.

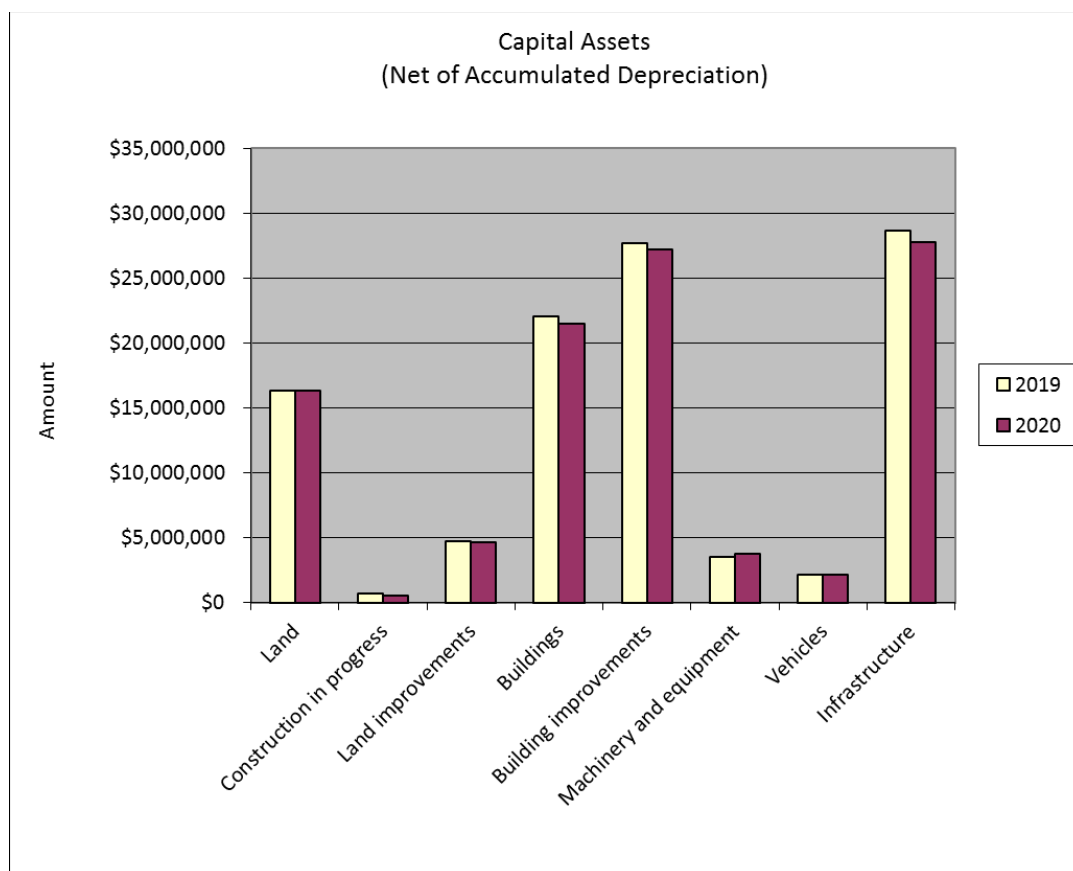
**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**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:

	<b>2020</b>	<b>2019</b>
Land	\$ 16,323,231	\$ 16,323,231
Construction in progress	543,623	689,298
Land improvements	4,616,552	4,756,892
Buildings	21,447,668	22,027,313
Building improvements	27,235,803	27,713,358
Machinery and equipment	3,752,750	3,536,161
Vehicles	2,177,247	2,104,090
Infrastructure	27,735,123	28,674,096
Totals	<u>\$ 103,831,997</u>	<u>\$ 105,824,439</u>



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



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt**

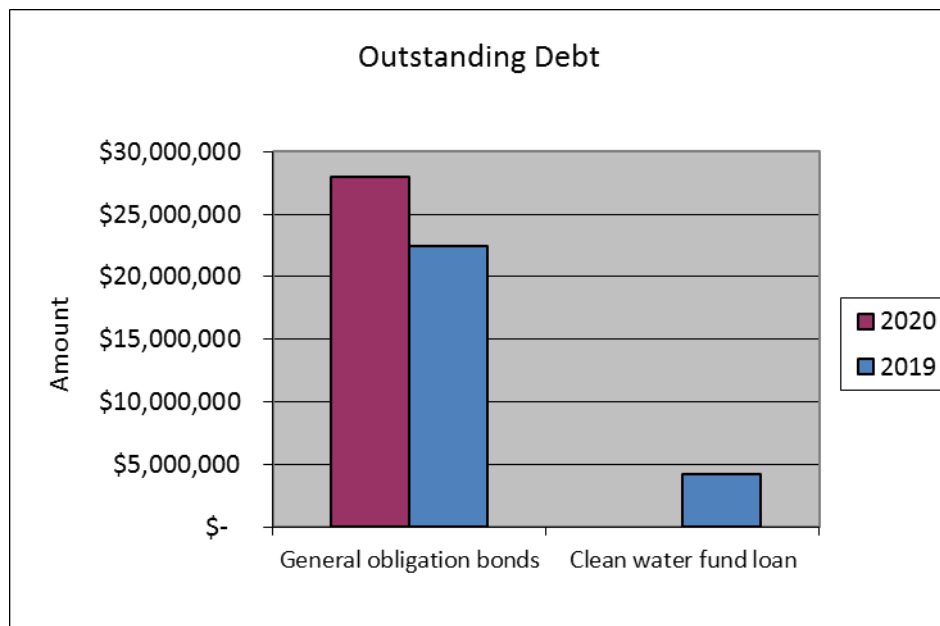
At the end of the current fiscal year, the Town had total statutory debt outstanding of \$27,990,000, all of which is backed by the full faith and credit of the government. The Town's total long-term principal debt increased by \$1,241,412 or 4.6% during the current fiscal year. In September 2019, the Town issued \$12,565,000 in general obligation refunding bonds ("2019 Refunding Bonds"). The 2019 Refunding Bonds were issued to refund \$4,405,000 in outstanding general obligation bonds and \$11,074,178 in State of Connecticut Clean Water project loan and interim funding obligations. The Town contributed \$1,371,795 towards the refunding, which will generate a cash flow savings of \$802,673 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of approximately \$414,045.

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 significantly in excess of the Town's outstanding general obligation debt.

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

	<b>2020</b>	<b>2019</b>
General obligation bonds	\$ 27,990,000	\$ 22,465,000
Clean water fund loan	-	4,283,588
Totals	<u>\$ 27,990,000</u>	<u>\$ 26,748,588</u>



Additional information on the Town's long-term debt can be found in Note 8 of this report.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Concluded)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

- 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 2021, 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.
  - In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021. The Town's fiscal year 2021 General Fund budget was approved on March 31, 2020 pursuant to the Governor's executive orders 7c and 7i. The fiscal year 2021 budget contemplated expenditures of \$47,020,426, an increase of \$500,237 or 1.08% over the original fiscal year 2020 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.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,339,756
Investments	22,668
Receivables:	
Property taxes	582,194
Interest on property taxes	185,251
Assessments	2,886,868
Grants and contracts	125,462
Other	83,689
Other Assets	9,619
Restricted cash and cash equivalents	831,503
Restricted investments	181,067
Noncurrent assets:	
Capital assets:	
Non-depreciable	16,866,854
Depreciable, net	86,965,143
Total assets	<u>129,080,074</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refundings	510,524
Pension related	12,084,058
OPEB related	1,214,258
Total deferred outflows of resources	<u>13,808,840</u>
<b>LIABILITIES</b>	
Accounts payable	1,585,656
Accrued liabilities:	
Accrued interest	382,345
Other	201,112
Unearned revenue	80,593
Performance bonds	869,425
Noncurrent liabilities:	
Due within one year	3,027,713
Due in more than one year	62,363,441
Total liabilities	<u>68,510,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	4,383,866
OPEB related	1,502,606
Advance tax collections	4,012,173
Total deferred inflows of resources	<u>9,898,645</u>
<b>NET POSITION</b>	
Net investment in capital assets	72,981,997
Restricted for:	
Endowments:	
Nonexpendable	5,000
Expendable	1,059
Marina partnership bonds	143,100
Grant programs	223,915
Unrestricted	(8,875,087)
Total net position	<u>\$ 64,479,984</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 6,458,073	\$ 722,997	\$ 36,213	\$ -	\$ (5,698,863)
Public safety	7,610,094	340,205	164,766	-	(7,105,123)
Public works	3,915,019	995,370	366,805	38,328	(2,514,516)
Culture and recreation	2,178,775	372,664	105,131	-	(1,700,980)
Health and welfare	886,849	104,373	127,220	-	(655,256)
Education	33,886,164	486,924	6,882,474	-	(26,516,766)
Interest expense	1,205,790	-	-	-	(1,205,790)
Total governmental activities	<u>\$ 56,140,764</u>	<u>\$ 3,022,533</u>	<u>\$ 7,682,609</u>	<u>\$ 38,328</u>	<u>(45,397,294)</u>
General revenues:					
Property taxes, levied for general purposes					44,868,142
Grants and contributions not restricted to specific programs					44,825
Unrestricted investment earnings					156,673
Total general revenues					<u>45,069,640</u>
Change in net position					(327,654)
Net position - beginning					64,807,638
Net position - ending					<u>\$ 64,479,984</u>

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2020

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,034,318	\$ 1,588,651	\$ 3,029,443	\$ 1,628,298	\$ 20,280,710
Restricted cash and cash equivalents	831,503	-	-	-	831,503
Investments	-	-	-	22,668	22,668
Restricted investments	181,067	-	-	-	181,067
Receivables:					
Property taxes	582,194	-	-	-	582,194
Interest on property taxes	185,251	-	-	-	185,251
Assessments	-	2,886,868	-	-	2,886,868
Grants and contracts	-	-	-	125,462	125,462
Other	70,122	-	-	12,079	82,201
Due from other funds	361,743	-	900,000	-	1,261,743
Other assets	3,350	-	-	-	3,350
Total assets	<u>\$ 16,249,548</u>	<u>\$ 4,475,519</u>	<u>\$ 3,929,443</u>	<u>\$ 1,788,507</u>	<u>\$ 26,443,017</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,387,490	\$ 178,752	\$ 196	\$ 14,660	\$ 1,581,098
Accrued liabilities	189,160	-	-	11,952	201,112
Performance bonds	869,425	-	-	-	869,425
Due to other funds	900,000	2,836	-	329,465	1,232,301
Unearned revenue	-	50,596	-	29,997	80,593
Total liabilities	<u>3,346,075</u>	<u>232,184</u>	<u>196</u>	<u>386,074</u>	<u>3,964,529</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes and interest	767,445	-	-	-	767,445
Unavailable revenue - assessments	-	2,886,868	-	-	2,886,868
Advance tax collections	4,012,173	-	-	-	4,012,173
Total deferred inflows of resources	<u>4,779,618</u>	<u>2,886,868</u>	<u>-</u>	<u>-</u>	<u>7,666,486</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	5,000	5,000
Restricted	143,100	-	-	224,974	368,074
Committed	421,027	1,356,467	3,929,247	1,427,861	7,134,602
Unassigned	7,559,728	-	-	(255,402)	7,304,326
Total fund balances	<u>8,123,855</u>	<u>1,356,467</u>	<u>3,929,247</u>	<u>1,402,433</u>	<u>14,812,002</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,249,548</u>	<u>\$ 4,475,519</u>	<u>\$ 3,929,443</u>	<u>\$ 1,788,507</u>	<u>\$ 26,443,017</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**  
**AS OF JUNE 30, 2020**

Total fund balance for governmental funds	\$	14,812,002
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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		543,623	
Land improvements		6,473,248	
Buildings		43,360,555	
Building improvements		34,589,795	
Machinery and equipment		6,856,286	
Vehicles		8,025,191	
Infrastructure		45,717,487	
Less accumulated depreciation and amortization		<u>(58,057,419)</u>	
Total capital assets, net			103,831,997

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.		3,654,313
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Deferred outflows (inflows) of resources resulting from changes in the components of the net pension and total OPEB liabilities are reported in the statement of net position.		7,411,844
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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	(382,345)		
Long-term debt:			
Bonds payable, net	(30,605,855)		
Deferred charges on refunding	510,524		
Other long-term liabilities:			
Capital lease obligations	(754,669)		
Compensated absences	(904,454)		
Heart and hypertension	(180,000)		
Net pension liabilities	(21,346,094)		
Total OPEB liability	<u>(11,600,082)</u>		
Total long-term liabilities			(65,262,975)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.

		<u>32,803</u>
Net position of governmental activities	\$	<u><u>64,479,984</u></u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 44,597,989	\$ -	\$ -	\$ -	\$ 44,597,989
Intergovernmental	4,659,039	1,474	36,854	1,002,836	5,700,203
Charges for services	1,055,148	662,795	2,987	1,012,257	2,733,187
Contributions	-	6,572	-	226,659	233,231
Investment income	148,273	-	8,220	180	156,673
Other	-	-	-	142,291	142,291
Total revenues	<u>50,460,449</u>	<u>670,841</u>	<u>48,061</u>	<u>2,384,223</u>	<u>53,563,574</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,647,864	-	140,434	39,521	3,827,819
Public safety	5,834,954	-	-	637,766	6,472,720
Public works	3,369,283	-	93,104	-	3,462,387
Culture and recreation	1,763,290	-	-	258,670	2,021,960
Health and welfare	303,832	-	-	575,336	879,168
Education	29,449,049	-	-	1,288,661	30,737,710
Capital outlays	33,329	898,569	778,575	-	1,710,473
Debt service:					
Principal payments	1,416,849	1,508,235	219,612	5,009	3,149,705
Interest and fiscal charges	1,272,241	6,304	-	-	1,278,545
Total expenditures	<u>47,090,691</u>	<u>2,413,108</u>	<u>1,231,725</u>	<u>2,804,963</u>	<u>53,540,487</u>
Excess (deficiency) of revenues over expenditures	3,369,758	(1,742,267)	(1,183,664)	(420,740)	23,087
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease financing	-	-	778,423	-	778,423
Refunding bonds issued	6,756,907	-	5,808,093	-	12,565,000
Premium on refunding bonds issued	2,071,329	-	-	-	2,071,329
Payment to refunded bond escrow agent	(8,680,932)	-	-	-	(8,680,932)
Transfers in	223,092	459,768	2,417,574	504,547	3,604,981
Transfers out	(3,085,272)	(188,709)	(284,668)	(48,066)	(3,606,715)
Total other financing sources (uses)	<u>(2,714,876)</u>	<u>271,059</u>	<u>8,719,422</u>	<u>456,481</u>	<u>6,732,086</u>
Net change in fund balances	654,882	(1,471,208)	7,535,758	35,741	6,755,173
Fund balances - beginning	<u>7,468,973</u>	<u>2,827,675</u>	<u>(3,606,511)</u>	<u>1,366,692</u>	<u>8,056,829</u>
Fund balances - ending	<u>\$ 8,123,855</u>	<u>\$ 1,356,467</u>	<u>\$ 3,929,247</u>	<u>\$ 1,402,433</u>	<u>\$ 14,812,002</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, 2020**

Net change in fund balances - total governmental funds \$ 6,755,173

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	\$ 1,553,939	
Depreciation and amortization expense	<u>(3,546,381)</u>	
Net adjustment		(1,992,442)

Deferred outflows (inflows) of resources resulting from changes in the components of the net pension liability and total OPEB liability are amortized as a component of pension and OPEB expense in the statement of activities. 11,980,119

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	(778,423)	
Refunding bonds issued	(12,565,000)	
Premium on refunded bonds	(2,071,329)	
Principal repayments:		
Bonds and notes payable	2,642,656	
Payment to refunded bonds escrow agent	8,680,932	
Capital lease obligations	<u>471,617</u>	
Net adjustment		(3,619,547)

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	(130,698)	
Amortization of deferred charges on refunding	(255,902)	
Amortization of bond premium	494,787	
Compensated absences	3,254	
Heart and hypertension	20,000	
Net pension liabilities	(13,030,922)	
Total OPEB liability	<u>(1,059,571)</u>	
		(13,959,052)

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 unavailable revenues 545,242

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. (37,147)

Change in net position of governmental activities \$ (327,654)

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**

## STATEMENTS OF NET POSITION

## PROPRIETARY FUNDS

AS OF JUNE 30, 2020

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 59,046
Receivables	1,488
Other	6,269
Total current assets	<u>66,803</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,558
Due to other funds	29,442
Total current liabilities	<u>34,000</u>
<b>NET POSITION</b>	
Unrestricted	32,803
Total net position	<u><u>\$ 32,803</u></u>

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>OPERATING REVNEUES</b>	
Charges for services	\$ 79,529
Total operating revenues	<u>79,529</u>
<b>OPERATING EXPENSES</b>	
Cost of services	<u>118,410</u>
Total operating expenses	<u>118,410</u>
Operating loss	(38,881)
<b>OTHER FINANCING SOURCES</b>	
Transfer in	<u>1,734</u>
Change in net position	(37,147)
Net position - beginning	<u>69,950</u>
Net position - ending	<u><u>\$ 32,803</u></u>

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for charges for services	\$ 81,264
Cash payments for cost of services	(124,049)
Net cash used in operating activities	(42,785)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund activity	20,737
Net decrease in cash and cash equivalents	(22,048)
Cash and cash equivalents, beginning of year	81,094
Cash and cash equivalents, end of year	\$ 59,046
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (38,881)
Changes in assets and liabilities:	
Accounts receivable	1,735
Accounts payable	(10,035)
Prepaid expenses	4,396
Net cash used in operating activities	\$ (42,785)

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 678,337	\$ 121,813	\$ 262,871
Investments:			
Corporate bonds	7,671,355	-	-
U.S. Treasury securities	653,005	-	-
U.S. Agency securities	10,824	-	-
Equity securities	12,576,519	-	-
Mutual and exchange traded funds	3,097,606	345,260	102,973
Receivables	22,410	-	1,500
Total assets	<u>24,710,056</u>	<u>467,073</u>	<u>\$ 367,344</u>
<b>LIABILITIES</b>			
Accounts payable	17,643	16,000	\$ 8,319
Due to student groups	-	-	269,490
Due to others	-	-	89,535
Total liabilities	<u>17,643</u>	<u>16,000</u>	<u>\$ 367,344</u>
<b>NET POSITION</b>			
Restricted for pension benefits and other purposes	<u>\$ 24,692,413</u>	<u>\$ 451,073</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, 2020**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 743,971	\$ -
Plan members	320,628	-
Private donations	-	7,580
Total contributions	<u>1,064,599</u>	<u>7,580</u>
Investment earnings:		
Net change in the fair value of investments	509,428	16,664
Interest and dividends	600,632	12,348
Total investment earnings	<u>1,110,060</u>	<u>29,012</u>
Less: investment fee expense	<u>(174,637)</u>	<u>(12,359)</u>
Net change in investments	<u>935,423</u>	<u>16,653</u>
Total additions	<u>2,000,022</u>	<u>24,233</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,715,613	-
Awards expense	-	32,464
Administrative expenses	48,322	-
Total deductions	<u>1,763,935</u>	<u>32,464</u>
Change in net position	236,087	(8,231)
Net position - beginning	<u>24,456,326</u>	<u>459,304</u>
Net position - ending	<u><u>\$ 24,692,413</u></u>	<u><u>\$ 451,073</u></u>

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - 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, proprietary 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - 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 major proprietary and fiduciary fund types:

**Internal Service Fund** - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis.

**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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - 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**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Cash and 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.

Investments in the Short-Term Investment Fund (STIF) are managed by the State of Connecticut Treasurer's Office. Investments in these funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at net asset value per share as determined by the pool.

**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 has not establishes an allowance for doubtful accounts.

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 inflows 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - 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 acquisition 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 and Inflows of Resources**

Deferred outflows and inflows 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 charges on 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 charges on pension and OPEB expenses are also reported in the government-wide statement of net position. These amounts are amortized as a component of pension or OPEB expense on a systematic and rational basis.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred charges on pension and OPEB expenses. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are reported in the government-wide statement of net position and are amortized as a component of pension and OPEB expenses on a systematic and rational basis.

**NOTE 1 - 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 and inflows 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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

***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.

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 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.

***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, 2020.

**Interfund Activities**

**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".

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities *(Continued)***

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.

**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 2 - 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, 2020, \$13,437,636 of the Town's bank balance of \$14,171,613 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,093,872
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,343,764</u>
	<u><u>\$ 13,437,636</u></u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Cash Deposits – Custodial Credit Risk *(Continued)***

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.

A reconciliation of the Town's cash and cash equivalents as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents (includes restricted)	\$ 21,171,259
Statement of fiduciary net position:	
Cash and cash equivalents	1,063,021
	<u>22,234,280</u>
 Add: certificates of deposit considered cash deposits for disclosure purposes	 203,735
Less: cash equivalents considered investments for disclosure purposes	 (7,565,357)
	<u><u>\$ 14,872,658</u></u>

**Investments**

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Investments (includes restricted)	\$ 203,735
Statement of fiduciary net position:	
Investments	24,457,542
	<u>24,661,277</u>
 Add: cash equivalents considered investments for disclosure purposes	 7,565,357
Less: certificates of deposit considered as cash deposits for disclosure purposes	 (203,735)
	<u><u>\$ 32,022,899</u></u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments *(Continued)***

As of June 30, 2020, 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:						
Short-term Investment Fund	Net asset value	\$ 7,224,000	\$ 7,224,000	\$ -	\$ -	\$ -
Fiduciary Funds:						
Money market mutual funds	Net asset value	341,357	341,357	-	-	-
U.S. Treasury securities	Fair value	653,005	79,946	326,185	246,874	-
U.S. Agency securities	Fair value	10,824	-	-	-	10,824
Corporate bonds	Fair value	7,671,355	1,150,670	5,670,484	850,201	-
		15,900,541	\$ 8,795,973	\$ 5,996,669	\$ 1,097,075	\$ 10,824
Other investments:						
Fiduciary Funds:						
Mutual funds	Fair value	594,259				
Exchange traded funds	Fair value	2,951,580				
Equity securities	Fair value	12,576,519				
		\$ 32,022,899				

**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 statutes cover specific municipal funds with particular investment authority.



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Credit Risk *(Continued)***

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. The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows at June 30, 2020:

Investment type	AAA	AA	A	BBB	BB	B	Unrated
<i>Governmental Activities</i>							
Short-term Investment Fund	\$ 7,224,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Fiduciary Funds:</i>							
Money market mutual funds	-	-	-	-	-	-	341,357
U.S. Agency securities	-	-	-	-	-	-	10,824
Corporate bonds	109,906	318,424	2,669,730	2,859,788	1,258,049	455,458	-

**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, 2020, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (100%). As of June 30, 2020, more than 10% of the Town's fiduciary investments are invested in the ISHARES Core S&P 500 ETF (12%).

**NOTE 3 - 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, 2020, 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>Fiduciary Funds:</i>			
U.S. Treasury securities	\$ 653,005	\$ -	\$ -
U.S. Agency securities	-	10,824	-
Corporate bonds	-	7,671,355	-
Mutual funds	594,259	-	-
Exchange traded funds	2,951,580	-	-
Equity securities	12,576,519	-	-
	<u>\$ 16,775,363</u>	<u>\$ 7,682,179</u>	<u>\$ -</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)***

Mutual funds, exchange traded funds and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 16,323,231	\$ -	\$ -	\$ 16,323,231
Construction in progress	689,298	45,200	(190,875)	543,623
Total capital assets, not being depreciated	17,012,529	45,200	(190,875)	16,866,854
Capital assets, being depreciated:				
Land improvements	6,339,710	133,538	-	6,473,248
Buildings	43,360,555	-	-	43,360,555
Building improvements	34,368,658	30,262	190,875	34,589,795
Machinery and equipment	6,309,112	547,174	-	6,856,286
Vehicles	7,659,361	365,830	-	8,025,191
Infrastructure	45,285,552	431,935	-	45,717,487
Total capital assets, being depreciated	143,322,948	1,508,739	190,875	145,022,562
Less accumulated depreciation and amortization for:				
Land improvements	1,582,818	273,878	-	1,856,696
Buildings	21,333,242	579,645	-	21,912,887
Building improvements	6,655,300	698,692	-	7,353,992
Machinery and equipment	2,772,951	330,585	-	3,103,536
Vehicles	5,555,271	292,673	-	5,847,944
Infrastructure	16,611,456	1,370,908	-	17,982,364
Total accumulated depreciation and amortization	54,511,038	3,546,381	-	58,057,419
Total capital assets, being depreciated, net	88,811,910	(2,037,642)	190,875	86,965,143
Governmental activities capital assets, net	\$ 105,824,439	\$ (1,992,442)	\$ -	\$ 103,831,997

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

Governmental Activities:	
General government	\$ 1,654,750
Public safety	635,854
Public works	196,866
Culture and recreation	155,156
Health and Welfare	6,960
Education	896,795
Total depreciation and amortization expense - governmental activities	\$ 3,546,381

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Capital Projects Funds	\$ 2,836
	Internal Service Funds	29,442
	Other Governmental Funds	329,465
		<u>361,743</u>
Capital Nonrecurring Fund		900,000
	General Fund	<u>\$ 1,261,743</u>
		<u><u>\$ 1,261,743</u></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 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds:</b>		
General Fund	Capital Projects Fund	\$ 183,845
	Other Governmental Funds	39,247
		<u>223,092</u>
Capital Projects Fund	General Fund	224,100
	Capital Nonrecurring Fund	235,668
		<u>459,768</u>
Capital Nonrecurring Fund	General Fund	2,412,710
	Capital Projects Fund	4,864
		<u>2,417,574</u>
Other Governmental Funds	General Fund	446,728
	Capital Nonrecurring Fund	49,000
	Other Governmental Funds	8,819
		<u>504,547</u>
		<u><u>\$ 3,604,981</u></u>
<b>Proprietary Funds:</b>		
Internal Service Fund	General Fund	\$ 1,734
		<u><u>\$ 1,734</u></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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 7 - SHORT-TERM DEBT**

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. In September 2019, the Town retired the Project Loan in connection with an advance refunding of general obligation bonds and State of Connecticut Clean Water project loan and interim funding obligations (see Note 8). Short-term debt activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Interim Funding Obligation:</b>				
Clean Water Fund Project #673C	\$ 6,716,165	\$ 117,514	\$ (6,833,679)	\$ -

**NOTE 8 - LONG-TERM DEBT**

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

Changes in long-term debt for the year ended June 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 22,465,000	\$ 12,565,000	\$ (7,040,000)	\$ 27,990,000	\$ 2,475,000
Unamortized premium	1,039,313	2,071,329	(494,787)	2,615,855	-
Total bonds payable	23,504,313	14,636,329	(7,534,787)	30,605,855	2,475,000
Direct borrowings:					
Clean water fund loans	4,283,588	-	(4,283,588)	-	-
Capital lease obligations	447,863	778,423	(471,617)	754,669	351,822
	<u>\$ 28,235,764</u>	<u>\$ 15,414,752</u>	<u>\$ (12,289,992)</u>	<u>\$ 31,360,524</u>	<u>\$ 2,826,822</u>

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

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 8 - LONG-TERM DEBT *(Continued)***

**Direct Placements - General Obligation Bonds**

A summary of general obligation bonds and notes payable outstanding at June 30, 2020 are as follows:

<b>Purpose of Bonds</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
General Purpose					
General Obligation Refunding Bonds	09/2019	\$ 2,215,000	2.0% - 5.0%	08/2034	\$ 2,215,000
General Obligation Refunding Bonds	12/2017	3,190,000	2.0% - 5.0%	08/2025	2,300,000
General Obligation Refunding Bonds	07/2016	7,540,000	2.0% - 4.0%	07/2033	7,540,000
General Obligation Refunding Bonds	12/2013	2,340,000	2.0% - 4.0%	07/2023	1,020,000
					<u>13,075,000</u>
School Bonds					
General Obligation Refunding Bonds	09/2019	1,665,000	2.0% - 5.0%	08/2034	1,665,000
General Obligation Refunding Bonds	12/2017	3,010,000	2.0% - 5.0%	08/2025	2,295,000
General Obligation Refunding Bonds	07/2016	2,435,000	2.0% - 4.0%	07/2033	2,435,000
					<u>6,395,000</u>
Sewer Bonds					
General Obligation Refunding Bonds	09/2019	8,685,000	2.0%-5.0%	08/2034	8,520,000
					<u>\$ 27,990,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>		
	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 2,475,000	\$ 985,812	\$ 3,460,812
2022	2,575,000	882,962	3,457,962
2023	2,625,000	774,962	3,399,962
2024	2,675,000	663,312	3,338,312
2025	2,100,000	559,687	2,659,687
2026-2030	9,360,000	1,676,910	11,036,910
2031-2035	6,180,000	338,223	6,518,223
	<u>\$ 27,990,000</u>	<u>\$ 5,881,868</u>	<u>\$ 33,871,868</u>

**Authorized and Unissued Debt**

As of June 30, 2020, the Town had authorized but unissued debt totaling \$25,071,024.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 8 - LONG-TERM DEBT *(Continued)***

**Direct Placements - General Obligation Bonds *(Continued)***

**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. 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, 2020.

**Advance Refunding**

In September 2019, the Town issued \$12,565,000 in general obligation refunding bonds ("2019 Refunding Bonds"). The 2019 Refunding Bonds have coupon rates ranging from 2.00% to 5.00% and were issued to refund \$4,405,000 in outstanding general obligation bonds and \$11,074,178 in State of Connecticut Clean Water project loan and interim funding obligations. The Town contributed \$1,371,795 towards the refunding. The transaction will generate a cash flow savings of \$802,673 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of approximately \$414,045.

The Town has also advanced refunded general obligation bonds in prior years. The net proceeds from the refundings were deposited in an irrevocable trust with an escrow agent to provide fund for the future debt service payment on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred gains and losses on refundings. These amounts, net of accumulated amortization, have been presented as deferred charges on refundings in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$171,996 for the year ended June 30, 2020.

**Capital Leases from Direct Borrowings**

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of a default.

A summary of assets acquired through capital leases is as follows as of June 30, 2020:

	<b>Governmental Activities</b>
Cost Basis	\$ 1,739,222
Less: accumulated amortization	252,557
	<u>\$ 1,486,665</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 8 - LONG-TERM DEBT *(Continued)***

**Capital Leases from Direct Borrowings *(Continued)***

Amortization expense relative to leased property under capital leases totaled \$135,894 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year ending June 30:	Governmental Activities
2021	\$ 368,130
2022	268,751
2023	73,865
2024	73,863
Total minimum lease payments	784,609
Less: amount representing interest	29,940
Present value of minimum lease payments	<u>\$ 754,669</u>

**NOTE 9 - OTHER LONG-TERM LIABILITIES**

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 907,708	\$ 75,286	\$ (78,540)	\$ 904,454	\$ 180,891
Heart and Hypertension	200,000	-	(20,000)	180,000	20,000
Net pension liability - Town <i>(Note 11)</i>	7,396,765	12,709,535	-	20,106,300	-
Net pension liability - Fire <i>(Note 11)</i>	918,407	321,387	-	1,239,794	-
Total OPEB liability <i>(Note 12)</i>	10,540,511	1,059,571	-	11,600,082	-
	<u>\$ 19,963,391</u>	<u>\$ 14,165,779</u>	<u>\$ (98,540)</u>	<u>\$ 34,030,630</u>	<u>\$ 200,891</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 10 - FUND BALANCE**

The various components of fund balance at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Permanent fund principal	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:					
Donor restrictions	-	-	-	1,059	1,059
Performance bonds	143,100	-	-	-	143,100
Grant programs	-	-	-	223,915	223,915
Committed to:					
Dog fund	60,334	-	-	-	60,334
Animal control fund	2,491	-	-	-	2,491
Catastrophic illness fund	164,515	-	-	-	164,515
Retirement payout fund	141,781	-	-	-	141,781
Contingency fund	51,906	-	-	-	51,906
Capital purposes	-	1,356,467	3,929,247	-	5,285,714
General government	-	-	-	54,376	54,376
Public safety	-	-	-	277,239	277,239
Culture and recreation	-	-	-	235,700	235,700
Health and welfare	-	-	-	144,054	144,054
Education	-	-	-	716,492	716,492
Unassigned	7,559,728	-	-	(255,402)	7,304,326
	<u>\$ 8,123,855</u>	<u>\$ 1,356,467</u>	<u>\$ 3,929,247</u>	<u>\$ 1,402,433</u>	<u>\$ 14,812,002</u>

As of June 30, 2020 the Emergency Management Fund had a deficit fund balance of \$255,402. This deficit does not constitute a violation of statutory provisions and has been eliminated through grant reimbursements received subsequent to year-end.

**NOTE 11 - 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.



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PLANS *(Continued)***

**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 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, 2020, 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 3.89% and 3.27%, respectively. 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.

**Plan Membership**

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

	<b>Town Plan</b>	<b>Fire Company Plan</b>
Active participants	102	77
Terminated vested and other inactive participants	13	16
Retirees and beneficiaries receiving benefits	87	25
	<u>202</u>	<u>118</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PLANS *(Continued)***

**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 60<sup>th</sup> 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 62<sup>nd</sup> 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.

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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PLANS *(Continued)***

**Benefit Provisions *(Continued)***

**Fire Company Plan *(Continued)***

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 65<sup>th</sup> 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, 2020, employer contributions to the Town Plan represented approximately 8.30% 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 11 - 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, 2020, were as follows:

	<b>Town Plan</b>	<b>Fire Company Plan</b>
Total pension liability	\$ 43,389,389	\$ 2,644,432
Plan fiduciary net position	23,283,089	1,404,638
Town's net pension liability	<u>\$ 20,106,300</u>	<u>\$ 1,239,794</u>
Plan fiduciary net position as a percentage of the total pension liability	53.66%	53.12%

The components of the change in the net pension liability for both of the Town's Plans for the year ended June 30, 2020 were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Town Plan</b>			
Balance as of June 30, 2019	\$ 30,546,355	\$ 23,149,590	\$ 7,396,765
<b>Changes for the year:</b>			
Service cost	854,009	-	854,009
Interest	1,790,761	-	1,790,761
Effect of economic/demographic gains	42,837	-	42,837
Effect of assumptions changes or inputs	11,756,337	-	11,756,337
Contributions - employer	-	560,074	(560,074)
Contributions - employee	-	314,895	(314,895)
Net investment income	-	890,946	(890,946)
Benefit payments, including refunds	(1,600,910)	(1,600,910)	-
Administrative expense	-	(31,506)	31,506
<b>Net changes</b>	<u>12,843,034</u>	<u>133,499</u>	<u>12,709,535</u>
Balance as of June 30, 2020	<u>\$ 43,389,389</u>	<u>\$ 23,283,089</u>	<u>\$ 20,106,300</u>
<b>Fire Company Plan</b>			
Balance as of June 30, 2019	\$ 2,225,143	\$ 1,306,736	\$ 918,407
<b>Changes for the year:</b>			
Service cost	48,289	-	48,289
Interest	166,284	-	166,284
Effect of economic/demographic gains	(7,182)	-	(7,182)
Effect of assumptions changes or inputs	326,600	-	326,600
Contributions - employer	-	183,897	(183,897)
Net investment income	-	44,480	(44,480)
Benefit payments, including refunds	(114,702)	(114,702)	-
Administrative expense	-	(15,773)	15,773
<b>Net changes</b>	<u>419,289</u>	<u>97,902</u>	<u>321,387</u>
Balance as of June 30, 2020	<u>\$ 2,644,432</u>	<u>\$ 1,404,638</u>	<u>\$ 1,239,794</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - 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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

**Town Plan**

Inflation	2.75%
Salary increases	Graded salary growth with an ultimate rate of 2.75%
Investment rate of return	7.125%
Discount rate	3.76%

**Fire Company Plan**

Inflation	3.00%
Investment rate of return	7.125%
Discount rate	7.125%

Mortality rates for the Town Plan were based on RP-2010 Combined Healthy Mortality Table, with generational projection per Scale AA. Mortality Rates for the Fire Plan were based on PubS-2010 Mortality Table with generational projection per the MP Ultimate Table.

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, 2020 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
Cash	2.0%	2.0%	3.6%	3.9%
Fixed Income	38.0%	38.0%	4.7%	5.0%
Equity	60.0%	60.0%	6.6%	6.9%

*Discount rate* - The discount rates used to measure the total pension liability for the Town Plan and the Fire Plan was 3.76% and 7.125%, 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 11 - 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 2.21% used in the discount rate was determined from Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate was decreased to 3.76% from 5.85% 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	\$ 26,656,668	\$ 20,106,300	\$ 14,792,960
Fire Company Plan - Net pension liability	1,564,046	1,239,794	966,567

**Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, the Town recognized pension expense of \$2,591,524 for the Town Plan and \$194,533 for the Fire Company Plan. At June 30, 2020, the Town reported deferred outflows (inflows) of resources related to each of the Plans from the following sources:

	Town Plan		Fire Company Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 365,997	\$ (759,853)	\$ 93,249	\$ (150,591)
Change of assumptions	10,491,169	(3,473,422)	360,707	-
Net difference between projected and actual earnings on pension plan investments	715,749	-	57,187	-
Total	<u>\$ 11,572,915</u>	<u>\$ (4,233,275)</u>	<u>\$ 511,143</u>	<u>\$ (150,591)</u>
	Combined			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net	
Differences between expected and actual experience	\$ 459,246	\$ (910,444)	\$ (451,198)	
Change of assumptions	10,851,876	(3,473,422)	7,378,454	
Net difference between projected and actual earnings on pension plan investments	772,936	-	772,936	
Total	<u>\$ 12,084,058</u>	<u>\$ (4,383,866)</u>	<u>\$ 7,700,192</u>	

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PLANS *(Continued)***

**Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)***

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

	<u>Town Plan</u>	<u>Fire Company Plan</u>	<u>Combined</u>
Year ended June 30,			
2021	\$ 627,291	\$ 50,539	\$ 677,830
2022	1,039,826	55,300	1,095,126
2023	2,443,988	51,765	2,495,753
2024	2,560,656	48,273	2,608,929
2025	667,879	37,170	705,049
Thereafter	-	117,505	117,505
	<u>\$ 7,339,640</u>	<u>\$ 360,552</u>	<u>\$ 7,700,192</u>

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town and Fire Plans as of June 30, 2020:

	<u>Town Plan</u>	<u>Fire Plan</u>	<u>Combined</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 635,958	\$ 42,379	\$ 678,337
Investments:			
Corporate bonds	7,288,598	382,757	7,671,355
U.S. Treasury securities	630,155	22,850	653,005
U.S. Agency securities	-	10,824	10,824
Equity securities	11,943,375	633,144	12,576,519
Mutual and exchange traded funds	2,768,319	329,287	3,097,606
Receivables	22,410	-	22,410
Total assets	<u>23,288,815</u>	<u>1,421,241</u>	<u>24,710,056</u>
<b>LIABILITIES</b>			
Accounts payable	-	17,643	17,643
<b>NET POSITION</b>			
Restricted for pension benefits	<u>\$ 23,288,815</u>	<u>\$ 1,403,598</u>	<u>\$ 24,692,413</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PLANS *(Continued)***

**Plan Financial Statements *(Continued)***

	<u>Town Plan</u>	<u>Fire Plan</u>	<u>Combined</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 560,074	\$ 183,897	\$ 743,971
Plan members	320,628	-	320,628
Total contributions	<u>880,702</u>	<u>183,897</u>	<u>1,064,599</u>
Investment earnings:			
Net change in fair value of investments	486,289	23,139	509,428
Interest and dividends	568,836	31,796	600,632
Total investment earnings	<u>1,055,125</u>	<u>54,935</u>	<u>1,110,060</u>
Less: investment fee expense	<u>(164,182)</u>	<u>(10,455)</u>	<u>(174,637)</u>
Net change in investments	<u>890,943</u>	<u>44,480</u>	<u>935,423</u>
Total additions	<u>1,771,645</u>	<u>228,377</u>	<u>2,000,022</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,600,911	114,702	1,715,613
Administrative expenses	31,509	16,813	48,322
Total deductions	<u>1,632,420</u>	<u>131,515</u>	<u>1,763,935</u>
Change in net position	139,225	96,862	236,087
Net position - beginning	<u>23,149,590</u>	<u>1,306,736</u>	<u>24,456,326</u>
Net position - ending	<u><u>\$ 23,288,815</u></u>	<u><u>\$ 1,403,598</u></u>	<u><u>\$ 24,692,413</u></u>

**Connecticut State Teachers' Retirement System**

**Plan Description**

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Benefit Provisions**

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

*Normal Retirement:* Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

*Minimum Benefit:* Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

*Pre-Retirement Death Benefit:* The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**Contributions**

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

*Employers* - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

*Employees* - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Administrative Expenses**

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Basis of Presentation**

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.297% as of the most recent measurement date.

**Collective Net Pension Liability**

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<b>Proportion</b>	<b>Proportionate Share</b>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.297%	<u>\$ 50,661,000</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Collective Pension Expense**

The Town's expected contribution effort for allocation purposes totaled \$3,834,756 or 0.297% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$6,222,014 or 0.297% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return**

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

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Return</b>	<b>Standard Deviation</b>
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the 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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Town and Board of Education Plan**

**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.

**Benefits Provided and 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)

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Employees Covered by Benefit Terms**

As of July 1, 2018, the valuation date, the following employees were covered by the benefit terms:

Active plan members	263
Retirees and beneficiaries receiving benefits	<u>62</u>
	<u>325</u>

**Total OPEB Liability**

The Town's OPEB liability reported as of June 30, 2020 totaled \$11,600,082. The total OPEB liability has been measured and determined as of June 30, 2020 by the actuarial valuation performed as of July 1, 2018.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.21%
Inflation rate	2.70%
Medical trend rates	5.26% - 4.30% over 58 years
Salary increases, including inflation	Graded by service

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality tables for Teachers and Administrator have been based on the RPH-2014 White Collar Table projected to the year 2020 using the BB improvement scale and further adjusted to grade in increase (5% for females and 8% for males) to rates over age 80.

Mortality tables for all other employees have been based on the RP-2000 Combined Healthy Mortality Table for males and females with generational projection per Scale AA.

Assumptions regarding participation and coverage election relating to benefits provided to Teachers and Board of Education Administrators are as follows:

- 50% of current actives and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers' Retirement System as age 65, or transfer to a Medicare Supplemental Plan. 95% of current actives and pre-65 retirees are assumed to be Medicare-eligible.
- 100% of current actives and pre-65 retirees under the following groupings, Police Non-Union (hires on or before December 30, 2004), Town Non-Union (hired on or before December 30, 2004), Town Support (hired on or before July 26, 2004) and Dispatchers are assumed to continue coverage beyond age 65.
- It is assumed that there is no implicit rate subsidy associated with dental benefits or with post-65 medical benefits for Medicare eligible members who are paying 100% of the premiums.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 10,540,511
Changes for the year:	
Service cost	271,780
Interest	369,505
Effect of economic/demographic gains or losses	-
Changes of assumptions	932,732
Benefit payments, including refunds of member contributions	(514,446)
Net changes	<u>1,059,571</u>
Balances as of June 30, 2020	<u>\$ 11,600,082</u>

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 3.50% utilized in the June 30, 2019 measurement to 2.21% utilized in the June 30, 2020 measurement.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>Discount Rates</u>		
	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 13,308,246	\$ 11,600,082	\$ 10,223,984

*Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 10,388,337	\$ 11,600,082	\$ 13,104,848

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$582,733. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Difference between expected and actual experience	\$ -	\$ (1,253,150)	\$ (1,253,150)
Changes of assumptions	1,214,258	(249,456)	964,802
	<u>\$ 1,214,258</u>	<u>\$ (1,502,606)</u>	<u>\$ (288,348)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

**Year Ended June 30:**

2021	\$ (58,552)
2022	(58,552)
2023	(58,552)
2024	(58,552)
2025	(53,463)
Thereafter	(677)
	<u>\$ (288,348)</u>

**Connecticut State Teachers' Retirement System**

**Plan Description**

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Benefit Provisions**

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Contributions**

*State of Connecticut* - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

*Employers* - School District employers are not required to make contributions to the Plan.

*Employees/Retirees* - The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Administrative Expenses**

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Basis of Presentation**

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.297% as of the most recent measurement date.

**Collective Net OPEB Liability**

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<b><u>Proportion</u></b>	<b><u>Proportionate Share</u></b>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.297%	<u>\$ 7,901,000</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Collective OPEB Expense**

The Town's expected contribution effort for allocation purposes totaled \$104,807 or 0.297% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(578,157) or 0.297% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

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

**Long-Term Rate of Return**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return *(Continued)***

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected 10-Year Geometric Real Rate of Return</b>	<b>Standard Deviation</b>
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 13 - 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's 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. A withdrawing member is responsible for any losses and expenses incurred consisting of paid claims, administrative costs, total claims losses, and the larger of the incurred but not reported claims or runout claims up to one year from withdrawal. The BOE's estimated portion of claims incurred but not recorded as of June 30, 2020 was \$91,082.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Litigation, Claims and Assessments**

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.

**Federal and State Funding**

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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 14 - COMMITMENTS AND CONTINGENCIES *(Continued)***

**Capital Authorizations**

The following is a summary of available commitments on capital projects as of June 30, 2020:

<b>Capital Project</b>	<b>Authorization</b>	<b>Cumulative Expenditures</b>	<b>Project Balances</b>
Wastewater Management System	\$ 42,171,200	\$ 15,040,211	\$ 27,130,989
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	1,200,000	-
Preservation Acquisition	3,000,000	3,000,000	-
<b>Total</b>	<u>\$ 63,663,200</u>	<u>\$ 36,532,211</u>	<u>\$ 27,130,989</u>

**Pandemic**

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

**NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement 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, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)***

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)***

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.



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## REQUIRED SUPPLEMENTARY INFORMATION

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**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, 2020**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 44,890,791	\$ 44,890,791	\$ 44,597,989	\$ (292,802)
Intergovernmental	475,200	475,200	719,476	244,276
Charges for services	1,034,200	1,034,200	1,047,494	13,294
Investment income	120,000	120,000	148,273	28,273
Total revenues	<u>46,520,191</u>	<u>46,520,191</u>	<u>46,513,232</u>	<u>(6,959)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,705,307	3,705,307	3,564,029	(141,278)
Public safety	6,247,784	6,247,784	5,890,190	(357,594)
Public works	3,562,113	3,562,113	3,424,902	(137,211)
Culture and recreation	1,784,332	1,784,332	1,763,290	(21,042)
Health and welfare	727,213	727,213	710,560	(16,653)
Education	26,520,747	26,520,747	25,509,486	(1,011,261)
Capital outlays	734,591	739,591	739,553	(38)
Debt service	3,238,104	3,238,104	3,238,104	-
Total expenditures	<u>46,520,191</u>	<u>46,525,191</u>	<u>44,840,114</u>	<u>(1,685,077)</u>
Excess (deficiency) of revenues over expenditures	-	(5,000)	1,673,118	1,678,118
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	-	5,000	-	(5,000)
Use of current year surplus	-	1,085,000	-	(1,085,000)
Transfers out	-	(1,085,000)	(1,085,000)	-
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>(1,085,000)</u>	<u>(1,090,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,118</u>	<u>\$ 588,118</u>

*See accompanying notes to required supplementary information.*

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>							
Service cost	\$ 854,009	\$ 808,509	\$ 914,097	\$ 1,618,345	\$ 1,372,450	\$ 1,012,863	\$ 763,535
Interest	1,790,761	1,773,796	1,756,566	1,579,806	1,499,834	1,638,943	1,613,662
Effect of economic/demographic gains or losses	42,837	507,816	(1,671,676)	26,054	(551,895)	-	-
Differences between expected and actual experience	-	-	-	-	-	300,049	-
Changes of assumptions	11,756,337	1,497,585	(1,999,612)	(8,263,420)	5,491,460	1,989,230	720,919
Benefit payments, including refunds	(1,600,910)	(1,697,716)	(1,512,407)	(1,205,958)	(1,239,891)	(1,284,175)	(1,104,947)
Net change in total pension liability	12,843,034	2,889,990	(2,513,032)	(6,245,173)	6,571,958	3,656,910	1,993,169
Total pension liability - beginning	30,546,355	27,656,365	30,169,397	36,414,570	29,842,612	26,185,702	24,192,533
Total pension liability - ending	43,389,389	30,546,355	27,656,365	30,169,397	36,414,570	29,842,612	26,185,702
<b>Plan fiduciary net position</b>							
Contributions - employer	560,074	558,125	1,576,474	500,830	475,113	437,437	411,211
Contributions - members	314,895	328,653	344,580	365,321	343,843	351,423	335,120
Net investment income	890,946	1,483,398	1,252,278	2,112,454	(6,912)	700,595	3,113,027
Benefit payments, including refunds	(1,600,910)	(1,697,716)	(1,512,407)	(1,205,958)	(1,239,891)	(1,284,175)	(1,117,286)
Administrative expense	(31,506)	(36,089)	(51,962)	(6,391)	(77,632)	-	(3,840)
Net change in plan fiduciary net position	133,499	636,371	1,608,963	1,766,256	(505,479)	205,280	2,738,232
Plan fiduciary net position - beginning	23,149,590	22,513,219	20,904,256	19,138,000	19,643,479	19,438,199	16,699,967
Plan fiduciary net position - ending	23,283,089	23,149,590	22,513,219	20,904,256	19,138,000	19,643,479	19,438,199
<b>Town's net pension liability</b>	<b>\$ 20,106,300</b>	<b>\$ 7,396,765</b>	<b>\$ 5,143,146</b>	<b>\$ 9,265,141</b>	<b>\$ 17,276,570</b>	<b>\$ 10,199,133</b>	<b>\$ 6,747,503</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>53.66%</b>	<b>75.79%</b>	<b>81.40%</b>	<b>69.29%</b>	<b>52.56%</b>	<b>65.82%</b>	<b>74.23%</b>
<b>Covered payroll</b>	<b>\$ 6,746,930</b>	<b>\$ 6,518,727</b>	<b>\$ 6,391,246</b>	<b>\$ 5,112,538</b>	<b>\$ 5,040,802</b>	<b>\$ 4,627,012</b>	<b>\$ 4,542,061</b>
<b>Town's net pension liability as a percentage of covered payroll</b>	<b>298.01%</b>	<b>113.47%</b>	<b>80.47%</b>	<b>181.22%</b>	<b>342.73%</b>	<b>220.43%</b>	<b>148.56%</b>

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 598,170	\$ 575,704	\$ 675,326	\$ 828,573	\$ 802,803	\$ 758,105	\$ 712,919
Contributions in relation to the actuarially determined contribution	<u>560,074</u>	<u>558,125</u>	<u>1,576,474</u>	<u>500,829</u>	<u>475,113</u>	<u>437,437</u>	<u>411,211</u>
Contribution deficiency (excess)	<u>\$ 38,096</u>	<u>\$ 17,579</u>	<u>\$ (901,148)</u>	<u>\$ 327,744</u>	<u>\$ 327,690</u>	<u>\$ 320,668</u>	<u>\$ 301,708</u>
Covered payroll	\$ 6,746,930	\$ 6,518,727	\$ 6,391,246	\$ 5,112,538	\$ 5,040,802	\$ 4,627,012	\$ 4,542,061
Contributions as a percentage of covered payroll	8.30%	8.56%	24.67%	9.80%	9.43%	9.45%	9.05%
Annual money-weighted rate of return, net of investment expense	3.89%	6.81%	5.98%	11.06%	-0.11%	3.95%	16.86%

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

*See accompanying notes to required supplementary information.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 48,289	\$ 52,166	\$ 48,089	\$ 60,032	\$ 55,714	\$ 38,203	\$ 35,373
Interest	166,284	159,138	167,175	159,028	150,274	122,335	114,655
Effect of plan changes	-	-	-	-	48,629	42,912	-
Effect of economic/demographic gains or losses	(7,182)	-	(202,528)	-	172,274	-	-
Effect of assumptions changes or inputs	326,600	-	54,269	-	50,256	-	-
Benefit payments, including refunds	<u>(114,702)</u>	<u>(109,685)</u>	<u>(103,057)</u>	<u>(100,975)</u>	<u>(93,840)</u>	<u>(71,128)</u>	<u>(43,132)</u>
Net change in total pension liability	419,289	101,619	(36,052)	118,085	383,307	132,322	106,896
Total pension liability - beginning	<u>2,225,143</u>	<u>2,123,524</u>	<u>2,159,576</u>	<u>2,041,491</u>	<u>1,658,184</u>	<u>1,525,862</u>	<u>1,418,966</u>
Total pension liability - ending	<u>2,644,432</u>	<u>2,225,143</u>	<u>2,123,524</u>	<u>2,159,576</u>	<u>2,041,491</u>	<u>1,658,184</u>	<u>1,525,862</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	183,897	183,747	173,587	161,102	127,411	117,695	74,213
Contributions - members	-	-	-	-	-	-	-
Net investment income	44,480	72,523	65,461	95,036	(311)	23,314	103,528
Benefit payments, including refunds	(114,702)	(109,685)	(103,057)	(100,975)	(93,840)	(71,128)	(43,132)
Administrative expense	<u>(15,773)</u>	<u>(6,558)</u>	<u>(13,862)</u>	<u>(216)</u>	<u>(3,502)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	97,902	140,027	122,129	154,947	29,758	69,881	134,609
Plan fiduciary net position - beginning	<u>1,306,736</u>	<u>1,166,709</u>	<u>1,044,580</u>	<u>889,633</u>	<u>859,875</u>	<u>789,994</u>	<u>655,385</u>
Plan fiduciary net position - ending	<u>1,404,638</u>	<u>1,306,736</u>	<u>1,166,709</u>	<u>1,044,580</u>	<u>889,633</u>	<u>859,875</u>	<u>789,994</u>
Town's net pension liability	<u>\$ 1,239,794</u>	<u>\$ 918,407</u>	<u>\$ 956,815</u>	<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	53.12%	58.73%	54.94%	48.37%	43.58%	51.86%	51.77%
Covered employee payroll	Not applicable	Not applicable	Not applicable	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	Not applicable	Not applicable	Not applicable

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 169,368	\$ 153,467	\$ 173,587	\$ 161,102	\$ 127,111	\$ 117,695	\$ 74,213
Contributions in relation to the actuarially determined contribution	<u>183,897</u>	<u>183,747</u>	<u>173,587</u>	<u>161,102</u>	<u>127,411</u>	<u>117,695</u>	<u>74,213</u>
Contribution deficiency (excess)	<u>\$ (14,529)</u>	<u>\$ (30,280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	3.27%	6.15%	5.98%	11.06%	-0.11%	3.95%	16.86%

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

*See accompanying notes to required supplementary information.*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (UNAUDITED)**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS\***  
(Rounded to the Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	50,661,000	39,062,000	39,921,000	42,117,000	32,426,000	32,426,000
Total	<u>\$ 50,661,000</u>	<u>\$ 39,062,000</u>	<u>\$ 39,921,000</u>	<u>\$ 42,117,000</u>	<u>\$ 32,426,000</u>	<u>\$ 32,426,000</u>
Town's covered payroll	\$ 13,026,000	\$ 12,824,000	\$ 12,668,000	\$ 12,210,000	\$ 12,072,000	\$ 11,636,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

*See accompanying notes to required supplementary information.*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (UNAUDITED)**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAMS**  
**LAST THREE FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 271,780	\$ 238,872	\$ 317,124
Interest on total OPEB liability	369,505	442,887	418,715
Effect of economic/demographic gains and losses	-	(1,574,470)	-
Effect of assumptions changes or inputs	932,732	483,923	(402,183)
Benefit payments, including refunds	<u>(514,446)</u>	<u>(507,054)</u>	<u>(507,782)</u>
Net change in total OPEB liability	1,059,571	(915,842)	(174,126)
Total OPEB liability - beginning	<u>10,540,511</u>	<u>11,456,353</u>	<u>11,630,479</u>
Total OPEB liability - ending	<u><u>\$ 11,600,082</u></u>	<u><u>\$ 10,540,511</u></u>	<u><u>\$ 11,456,353</u></u>

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST THREE FISCAL YEARS\***  
(Rounded to the Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	7,901,000	7,809,000	10,275,000
Total	<u>\$ 7,901,000</u>	<u>\$ 7,809,000</u>	<u>\$ 10,275,000</u>
Town's covered employee payroll	\$ 13,026,000	\$ 12,824,000	\$ 12,668,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

\* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

*See accompanying notes to required supplementary information.*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**

**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 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> of each year, rather than January 15<sup>th</sup> 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.
- The First Selectman shall compile all general governmental budgets, excluding the Board of Education, no later than February 15<sup>th</sup> of each year, and present to the Board of Selectmen a consolidated proposed budget.
- On or before March 1<sup>st</sup> 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 1<sup>st</sup>, 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.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)***

**Budgetary Information *(Continued)***

- 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, in 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. Additional appropriations of \$5,000 were approved during the year ended June 30, 2020. In addition, the Town authorized the transfer of \$1,085,000 from the fiscal year 2020 budgetary surplus to fund various capital projects and to offset future debt service fluctuations.
- 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.

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”).

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)***

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, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 46,513,232	\$ 44,840,114	\$ (1,085,000)	\$ 588,118
"On-behalf" payments - State Teachers' Retirement Fund	3,939,563	3,939,563	-	-
Consolidation of reserve funds	7,654	105,890	165,000	66,764
Noncash financing sources not recognized for budgetary purposes relating to the current year bond refunding	-	(878,282)	(878,282)	-
Certain transfers recorded as expenditures for budgetary purposes	-	(916,594)	(916,594)	-
GAAP basis	<u>\$ 50,460,449</u>	<u>\$ 47,090,691</u>	<u>\$ (2,714,876)</u>	<u>\$ 654,882</u>

**NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension - an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit Changes* - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total pension liability.

*Assumption Changes* - The following assumption changes had a significant effect on the calculation of the Town's total pension liability:

- In 2020, the assumed investment rate of return was lowered from 7.25% to 7.125%. In addition, the discount rate was decreased from 5.85 to 3.76%.
- In 2019, the assumed investment rate of return was lowered from 7.50% to 7.25%. In addition, the discount rate was decreased from 6.42% to 5.85%.
- In 2018, the discount rate was increased from 5.79% to 6.42%.
- 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**  
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

**Town Plan**

Valuation date:	July 1, 2019
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage
Remaining amortization period	30 years, closed (20 years remaining as of July 1, 2019)
Asset valuation method	5 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.125%
Discount rate	3.76%
Inflation rate	2.75%
Salary increases	Graded salary growth with an ultimate rate of 2.75%
Retirement age	Police - Earlier of age 60 or 25 years of service All other - age based rates

Mortality rates were based on the PUB-2010 Mortality Table with generational projection per the MP Ultimate Table.

**NOTE 4 - SCHEDULE OF THE CHANGES IN NET PENSION LIABILITY - FIRE PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2019. The July 1, 2019 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit Changes* - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total pension liability.

*Assumption Changes* - The following assumption changes had a significant effect on the calculation of the Town's total pension liability:

- In 2020, the assumed investment rate of return and discount rates were lowered from 7.50% to 7.125%.
- In 2018, the assumed investment rate of return and discount rates were lowered from 7.75% to 7.50%.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 5 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit changes* - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

*Assumption changes* - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%; and
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

**NOTE 6 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit Changes* - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

*Assumption Changes* - The following assumption changes has a significant effect on the calculation of the Town's total OPEB liability calculated:

- In 2020, the assumed discount rate was decreased from 3.50% to 2.21%.
- In 2019, the assumed discount rate was decreased from 3.50% to 3.58%.
- In 2018, the assumed discount rate was increased from 3.58% to 3.87%.

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit Changes* - Effective July 1, 2018, the Plan changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

*Assumption Changes* - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2020:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future was updated to better reflect anticipated plan experience.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**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, 2020**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>PROPERTY TAXES</b>				
General property taxes	\$ 44,730,791	\$ 44,730,791	\$ 44,430,890	\$ (299,901)
Interest and lien and fees	100,000	100,000	133,373	33,373
Telecommunications tax	60,000	60,000	33,726	(26,274)
Total property taxes	44,890,791	44,890,791	44,597,989	(292,802)
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization grant	90,000	90,000	129,550	39,550
Town aid road fund	140,000	140,000	246,620	106,620
Local capital improvement program	65,000	65,000	66,896	1,896
Elderly tax relief	80,000	80,000	-	(80,000)
Municipal purposes and projects grant	-	-	46,717	46,717
Grants in lieu of taxes	100,200	100,200	44,825	(55,375)
Excess cost	-	-	184,868	184,868
Total intergovernmental revenues	475,200	475,200	719,476	244,276
<b>CHARGES FOR SERVICES</b>				
Board of Selectman	2,000	2,000	970	(1,030)
Town clerk fees	400,000	400,000	424,371	24,371
Assessor	200	200	275	75
Building department	200,000	200,000	241,466	41,466
Zoning commission	10,000	10,000	12,227	2,227
Zoning board of appeals	8,000	8,000	5,600	(2,400)
Planning commission	1,000	1,000	-	(1,000)
Historic District	-	-	625	625
Inland wetlands	1,000	1,000	1,500	500
Police department	7,000	7,000	5,812	(1,188)
Fire Marshal	-	-	2,845	2,845
Transfer station	100,000	100,000	54,499	(45,501)
Library fees and fines	5,000	5,000	1,383	(3,617)
Parks and recreation	300,000	300,000	259,708	(40,292)
Other revenue from local	-	-	36,213	36,213
Total charges for services	1,034,200	1,034,200	1,047,494	13,294
<b>INVESTMENT EARNINGS</b>	120,000	120,000	148,273	28,273
Total revenues	46,520,191	46,520,191	46,513,232	(6,959)
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	-	5,000	-	(5,000)
Use of current year surplus	-	1,085,000	-	(1,085,000)
Total other financing sources	-	1,090,000	-	(1,090,000)
Total revenues and other financing sources	\$ 46,520,191	\$ 47,610,191	\$ 46,513,232	\$ (1,096,959)

**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, 2020**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT				
Selectman	\$ 393,632	\$ 393,632	\$ 390,383	\$ (3,249)
Accounting	299,631	299,631	298,513	(1,118)
Tax collector	213,885	213,885	209,497	(4,388)
Information technology	192,068	192,068	192,024	(44)
Treasurer	8,634	8,634	8,892	258
Town clerk	256,289	256,289	247,252	(9,037)
Historic district	5,356	5,356	4,812	(544)
Vital statistics	1,350	1,350	295	(1,055)
Assessor	166,185	166,185	173,341	7,156
Town hall	468,020	468,020	465,670	(2,350)
Registrars	69,932	69,932	45,015	(24,917)
Arch review board	3,596	3,596	372	(3,224)
Land use department	443,682	443,682	434,955	(8,727)
Zoning commission	34,768	34,768	16,900	(17,868)
Zoning board of appeals	13,434	13,434	16,237	2,803
Board of finance	61,839	61,839	50,884	(10,955)
Assessment appeals	11,553	11,553	11,433	(120)
Planning commission	15,257	15,257	5,145	(10,112)
Conservation commission	3,723	3,723	1,274	(2,449)
Economic development commission	61,201	61,201	60,216	(985)
Ethics commission	950	950	266	(684)
Inland wetlands	8,628	8,628	10,087	1,459
Insurance	388,000	388,000	361,990	(26,010)
Legal	105,000	105,000	109,359	4,359
Political subdivisions	181,103	181,103	173,470	(7,633)
Retiree health insurance	277,000	277,000	258,589	(18,411)
Harbor management	20,591	20,591	17,158	(3,433)
Total general government	3,705,307	3,705,307	3,564,029	(141,278)
PUBLIC SAFETY				
Fire department	598,896	598,896	584,294	(14,602)
Fire marshal	137,031	137,031	131,120	(5,911)
Police - Field Service	3,488,406	3,488,406	3,111,336	(377,070)
Police - Support Services	1,019,921	1,019,921	980,263	(39,658)
Police - General Expenditures	537,878	537,878	677,916	140,038
Emergency management	203,504	203,504	162,828	(40,676)
Marine patrol	59,108	59,108	38,587	(20,521)
Tree warden	41,959	41,959	39,803	(2,156)
Animal control	25,000	25,000	25,000	-
Buildings	136,081	136,081	139,043	2,962
Total public safety	6,247,784	6,247,784	5,890,190	(357,594)
(Continued)				

**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, 2020**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>PUBLIC WORKS</b>				
Water pollution control authority	\$ 276,779	\$ 276,779	\$ 243,724	\$ (33,055)
Transfer station operations	320,010	320,010	341,154	21,144
Transfer station waste/disposal	335,900	335,900	269,755	(66,145)
Public works administration	1,058,134	1,058,134	1,055,414	(2,720)
Engineering	80,000	80,000	80,704	704
Waste collections	24,990	24,990	28,713	3,723
Traffic and street lights	154,000	154,000	150,842	(3,158)
Water hydrant	599,000	599,000	585,912	(13,088)
Public works highway & streets	561,300	561,300	586,232	24,932
Public works snow & ice	71,000	71,000	13,973	(57,027)
Public works vehicle maintenance	81,000	81,000	68,479	(12,521)
Total public works	<u>3,562,113</u>	<u>3,562,113</u>	<u>3,424,902</u>	<u>(137,211)</u>
<b>CULTURE AND RECREATION</b>				
Acton public library	1,006,836	1,006,836	967,096	(39,740)
Recreation	577,202	577,202	575,999	(1,203)
Mini golf	65,514	65,514	66,126	612
Vicky Duffy Pavilion	11,000	11,000	14,585	3,585
Other parks	59,280	59,280	67,189	7,909
Katherine Hepburn Theater	64,500	64,500	72,295	7,795
Total culture and recreation	<u>1,784,332</u>	<u>1,784,332</u>	<u>1,763,290</u>	<u>(21,042)</u>
<b>HEALTH AND WELFARE</b>				
Youth and family services	406,728	406,728	406,728	-
Health district/ environmental health	162,000	162,000	152,451	(9,549)
Social services	115,832	115,832	110,980	(4,852)
Public health nursing	42,653	42,653	40,401	(2,252)
Total health and welfare	<u>727,213</u>	<u>727,213</u>	<u>710,560</u>	<u>(16,653)</u>
<b>BOARD OF EDUCATION</b>	<u>26,520,747</u>	<u>26,520,747</u>	<u>25,509,486</u>	<u>(1,011,261)</u>
<b>CAPITAL OUTLAYS</b>	<u>734,591</u>	<u>739,591</u>	<u>739,553</u>	<u>(38)</u>
<b>DEBT SERVICE</b>	<u>3,238,104</u>	<u>3,238,104</u>	<u>3,238,104</u>	<u>-</u>
Total expenditures	<u>46,520,191</u>	<u>46,525,191</u>	<u>44,840,114</u>	<u>(1,685,077)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>1,085,000</u>	<u>1,085,000</u>	<u>-</u>
Total expenditures other financing uses	<u>\$ 46,520,191</u>	<u>\$ 47,610,191</u>	<u>\$ 45,925,114</u>	<u>\$ (1,685,077)</u>

*(Concluded)*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2018	\$ -	\$ 44,849,057	\$ 50,058	\$ 190,211	\$ -	\$ 44,708,904	\$ 44,353,171	\$ 93,575	\$ 44,446,746	\$ 355,733
2017	262,891	-	1,755	20,255	-	244,391	132,917	29,426	162,343	111,474
2016	66,814	-	190	2,786	-	64,218	16,306	5,805	22,111	47,912
2015	31,021	-	186	1,152	-	30,055	2,780	1,269	4,049	27,275
2014	25,564	-	-	887	18,870	5,807	1,240	965	2,205	4,567
2013	(715)	-	-	-	-	(715)	-	-	-	(715)
2012	4,876	-	-	-	-	4,876	-	-	-	4,876
2011	4,674	-	-	-	-	4,674	-	-	-	4,674
2010	4,172	-	-	-	-	4,172	-	-	-	4,172
2009	4,151	-	-	-	-	4,151	-	-	-	4,151
2008	3,987	-	-	-	-	3,987	-	-	-	3,987
2007	3,083	-	-	-	-	3,083	-	-	-	3,083
2006	2,925	-	-	-	-	2,925	-	-	-	2,925
2005	2,835	-	-	-	-	2,835	-	-	-	2,835
2004	5,245	-	-	2,549	-	2,696	-	-	-	2,696
	<u>\$ 421,523</u>	<u>\$ 44,849,057</u>	<u>\$ 52,189</u>	<u>\$ 217,840</u>	<u>\$ 18,870</u>	<u>\$ 45,086,059</u>	<u>\$ 44,506,414</u>	<u>\$ 131,040</u>	<u>\$ 44,637,454</u>	<u>\$ 579,645</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**AS OF JUNE 30, 2020**

Total cash collections for the year ended  
June 30, 2020:

Taxes	\$ 44,506,414
Interest and lien fees	131,040
Total	<u>44,637,454</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	10,551
Base	<u><u>\$ 44,648,005</u></u>

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 100,458,011	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	200,916,023	-	-	-
3-3/4 times base	-	-	167,430,019	-	-
3-1/4 times base	-	-	-	145,106,016	-
3 times base	-	-	-	-	133,944,015
Total debt limitation	<u>100,458,011</u>	<u>200,916,023</u>	<u>167,430,019</u>	<u>145,106,016</u>	<u>133,944,015</u>
Indebtedness:					
Bonds payable	13,075,000	6,395,000	8,520,000	-	-
Authorized but unissued debt	-	30,944	25,040,080	-	-
Total indebtedness	<u>13,075,000</u>	<u>6,425,944</u>	<u>33,560,080</u>	<u>-</u>	<u>-</u>
Less: assessments and grants receivables	-	-	(22,745,473) *	-	-
Net indebtedness	<u>13,075,000</u>	<u>6,425,944</u>	<u>10,814,607</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 87,383,011</u></u>	<u><u>\$ 194,490,079</u></u>	<u><u>\$ 156,615,412</u></u>	<u><u>\$ 145,106,016</u></u>	<u><u>\$ 133,944,015</u></u>
Total capacity of borrowing (7 times base)	\$ 312,536,035				
Total present indebtedness	30,315,551				
Margin for additional borrowing	<u><u>\$ 282,220,484</u></u>				

\* Anticipated grants and special assessments, to be paid by the benefitting users' within the decentralized wastewater management district.

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**NONMAJOR GOVERNMENTAL FUNDS**

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TOWN OF OLD SAYBROOK, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds					
	Federal and State School Grant Fund	School Cafeteria Fund	Connecticard Fund	Law Enforcement Forfeiture Fund	Youth and Family Grants Fund	Parks and Recreation Development Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 55,592	\$ 70,687	\$ 24,126	\$ 10,717	\$ 49	\$ 53,785
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	125,462	-	-	-	-
Other	-	-	-	-	-	-
Total assets	<u>\$ 55,592</u>	<u>\$ 196,149</u>	<u>\$ 24,126</u>	<u>\$ 10,717</u>	<u>\$ 49</u>	<u>\$ 53,785</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 7,805	\$ -	\$ -	\$ -	\$ -
Other accruals	-	49	-	-	-	-
Due to other funds	-	-	-	-	-	731
Unearned revenue	19,972	-	-	-	-	-
Total liabilities	<u>19,972</u>	<u>7,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	35,620	188,295	-	-	-	-
Committed	-	-	24,126	10,717	49	53,054
Unassigned	-	-	-	-	-	-
Total fund balances	<u>35,620</u>	<u>188,295</u>	<u>24,126</u>	<u>10,717</u>	<u>49</u>	<u>53,054</u>
Total liabilities and fund balances	<u>\$ 55,592</u>	<u>\$ 196,149</u>	<u>\$ 24,126</u>	<u>\$ 10,717</u>	<u>\$ 49</u>	<u>\$ 53,785</u>

(Continued)



**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2020**

	Nonmajor Special Revenue Funds						
	Fire Marshall Fund	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
ASSETS							
Cash and cash equivalents	\$ 767	\$ 3,009	\$ 9,800	\$ 26,300	\$ 58,247	\$ 58,089	\$ 2,124
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	351	-	-	-
Total assets	<u>\$ 767</u>	<u>\$ 3,009</u>	<u>\$ 9,800</u>	<u>\$ 26,651</u>	<u>\$ 58,247</u>	<u>\$ 58,089</u>	<u>\$ 2,124</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,928	\$ 150	\$ 79	\$ 30
Accrued liabilities	-	-	-	1,150	-	-	-
Due to other funds	-	-	-	15,235	313,499	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,313</u>	<u>313,649</u>	<u>79</u>	<u>30</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	767	3,009	9,800	8,338	-	58,010	2,094
Unassigned	-	-	-	-	(255,402)	-	-
Total fund balances	<u>767</u>	<u>3,009</u>	<u>9,800</u>	<u>8,338</u>	<u>(255,402)</u>	<u>58,010</u>	<u>2,094</u>
Total liabilities							
and fund balances	<u>\$ 767</u>	<u>\$ 3,009</u>	<u>\$ 9,800</u>	<u>\$ 26,651</u>	<u>\$ 58,247</u>	<u>\$ 58,089</u>	<u>\$ 2,124</u>

*(Continued)*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Special Revenue Funds</b>					
	<b>Parks and Recreation Community Program Fund</b>	<b>Action Public Library Fund</b>	<b>Youth and Family Services Fund</b>	<b>Gateway Fund</b>	<b>Board of Education Fund</b>	<b>Probate Court Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,922	\$ 112,810	\$ 155,476	\$ 9,158	\$ 726,517	\$ 31,544
Investments	-	22,668	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	-	1,293	-	-	-
Total assets	<u>\$ 14,922</u>	<u>\$ 135,478</u>	<u>\$ 156,769</u>	<u>\$ 9,158</u>	<u>\$ 726,517</u>	<u>\$ 31,544</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 218	\$ 2,011	\$ -	\$ -	\$ 179
Accrued liabilities	-	-	10,753	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	10,025	-
Total liabilities	<u>-</u>	<u>218</u>	<u>12,764</u>	<u>-</u>	<u>10,025</u>	<u>179</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	14,922	135,260	144,005	9,158	716,492	31,365
Unassigned	-	-	-	-	-	-
Total fund balances	<u>14,922</u>	<u>135,260</u>	<u>144,005</u>	<u>9,158</u>	<u>716,492</u>	<u>31,365</u>
Total liabilities						
and fund balances	<u>\$ 14,922</u>	<u>\$ 135,478</u>	<u>\$ 156,769</u>	<u>\$ 9,158</u>	<u>\$ 726,517</u>	<u>\$ 31,544</u>

*(Continued)*

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Special Revenue Funds</b>			<b>Nonmajor Permanent Fund</b>	
	<b>Police Program Fund</b>	<b>Hurricane Relief Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>	<b>Upper Cemetery Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 187,676	\$ 10,844	\$ 1,622,239	\$ 6,059	\$ 1,628,298
Investments	-	-	22,668	-	22,668
Receivables:					
Grants and contracts	-	-	125,462	-	125,462
Other	10,435	-	12,079	-	12,079
Total assets	<u>\$ 198,111</u>	<u>\$ 10,844</u>	<u>\$ 1,782,448</u>	<u>\$ 6,059</u>	<u>\$ 1,788,507</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,260	\$ -	14,660	\$ -	\$ 14,660
Accrued liabilities	-	-	11,952	-	11,952
Due to other funds	-	-	329,465	-	329,465
Unearned revenue	-	-	29,997	-	29,997
Total liabilities	<u>2,260</u>	<u>-</u>	<u>386,074</u>	<u>-</u>	<u>386,074</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	-	223,915	1,059	224,974
Committed	195,851	10,844	1,427,861	-	1,427,861
Unassigned	-	-	(255,402)	-	(255,402)
Total fund balances	<u>195,851</u>	<u>10,844</u>	<u>1,396,374</u>	<u>6,059</u>	<u>1,402,433</u>
Total liabilities and fund balances	<u>\$ 198,111</u>	<u>\$ 10,844</u>	<u>\$ 1,782,448</u>	<u>\$ 6,059</u>	<u>\$ 1,788,507</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, 2020**

	<b>Nonmajor Special Revenue Funds</b>					
	<b>Federal and State School Grant Fund</b>	<b>School Cafeteria Fund</b>	<b>Connecticard Fund</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Youth and Family Grants Fund</b>	<b>Parks and Recreation Development Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ 474,836	\$ 332,633	\$ 8,085	\$ -	\$ -	\$ -
Charges for services	6,587	242,176	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	87,902	-	-	-	-	-
Total revenues	<u>569,325</u>	<u>574,809</u>	<u>8,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	23,729	-	-	8,998
Health and welfare	-	-	-	-	-	-
Education	562,595	459,758	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>562,595</u>	<u>459,758</u>	<u>23,729</u>	<u>-</u>	<u>-</u>	<u>8,998</u>
Excess (deficiency) of revenues over expenditures	6,730	115,051	(15,644)	-	-	(8,998)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	170	49,000
Transfers out	-	-	-	-	(8,811)	(8)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,641)</u>	<u>48,992</u>
Net change in fund balances	6,730	115,051	(15,644)	-	(8,641)	39,994
Fund balances - beginning	<u>28,890</u>	<u>73,244</u>	<u>39,770</u>	<u>10,717</u>	<u>8,690</u>	<u>13,060</u>
Fund balances - ending	<u>\$ 35,620</u>	<u>\$ 188,295</u>	<u>\$ 24,126</u>	<u>\$ 10,717</u>	<u>\$ 49</u>	<u>\$ 53,054</u>

(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, 2020**

	Nonmajor Special Revenue Funds						
	Fire Marshall Fund	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
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	107,372	-	242,514	-
Contributions	-	-	1,800	14,320	2,000	-	4,578
Investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	-	1,800	121,692	2,000	242,514	4,578
EXPENDITURES							
Current:							
General government	-	2,535	-	-	-	-	-
Public safety	877	-	911	-	315,649	181,998	4,094
Culture and recreation	-	-	-	190,993	-	-	-
Health and welfare	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	5,009	-
Total expenditures	877	2,535	911	190,993	315,649	187,007	4,094
Excess (deficiency) of revenues over expenditures	(877)	(2,535)	889	(69,301)	(313,649)	55,507	484
OTHER FINANCING SOURCES (USES)							
Transfers in	-	5,000	-	8	35,000	-	-
Transfers out	-	-	-	-	-	(36,673)	-
Total other financing sources (uses)	-	5,000	-	8	35,000	(36,673)	-
Net change in fund balances	(877)	2,465	889	(69,293)	(278,649)	18,834	484
Fund balances - beginning	1,644	544	8,911	77,631	23,247	39,176	1,610
Fund balances - ending	\$ 767	\$ 3,009	\$ 9,800	\$ 8,338	\$ (255,402)	\$ 58,010	\$ 2,094

(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, 2020**

	<b>Nonmajor Special Revenue Funds</b>					
	<b>Parks and Recreation Community Program Fund</b>	<b>Action Public Library Fund</b>	<b>Youth and Family Services Fund</b>	<b>Gateway Fund</b>	<b>Board of Education Fund</b>	<b>Probate Court Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 24,255	\$ 41,521	\$ -	\$ 33,857	\$ -
Charges for services	-	4,201	104,373	9,350	238,161	26,613
Contributions	-	58,471	80,565	-	-	-
Investment income	-	171	-	-	-	-
Other	-	-	-	-	107	-
Total revenues	-	87,098	226,459	9,350	272,125	26,613
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	11,248	-	25,738
Public safety	-	-	-	-	-	-
Culture and recreation	225	34,725	-	-	-	-
Health and welfare	-	-	575,336	-	-	-
Education	-	-	-	-	266,308	-
Debt service	-	-	-	-	-	-
Total expenditures	225	34,725	575,336	11,248	266,308	25,738
Excess (deficiency) of revenues over expenditures	(225)	52,373	(348,877)	(1,898)	5,817	875
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	415,369	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	415,369	-	-	-
Net change in fund balances	(225)	52,373	66,492	(1,898)	5,817	875
Fund balances - beginning	15,147	82,887	77,513	11,056	710,675	30,490
Fund balances - ending	\$ 14,922	\$ 135,260	\$ 144,005	\$ 9,158	\$ 716,492	\$ 31,365

(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, 2020**

	<b>Nonmajor Special Revenue Funds</b>			<b>Nonmajor Permanent Fund</b>	
	<b>Police Program Fund</b>	<b>Hurricane Relief Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>	<b>Upper Cemetery Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Intergovernmental	\$ 87,649	\$ -	\$ 1,002,836	\$ -	\$ 1,002,836
Charges for services	30,910	-	1,012,257	-	1,012,257
Contributions	56,695	8,230	226,659	-	226,659
Investment income	-	9	180	-	180
Other	54,282	-	142,291	-	142,291
Total revenues	<u>229,536</u>	<u>8,239</u>	<u>2,384,223</u>	<u>-</u>	<u>2,384,223</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	39,521	-	39,521
Public safety	134,237	-	637,766	-	637,766
Culture and recreation	-	-	258,670	-	258,670
Health and welfare	-	-	575,336	-	575,336
Education	-	-	1,288,661	-	1,288,661
Debt service	-	-	5,009	-	5,009
Total expenditures	<u>134,237</u>	<u>-</u>	<u>2,804,963</u>	<u>-</u>	<u>2,804,963</u>
Excess (deficiency) of revenues over expenditures	95,299	8,239	(420,740)	-	(420,740)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	504,547	-	504,547
Transfers out	(2,574)	-	(48,066)	-	(48,066)
Total other financing sources (uses)	<u>(2,574)</u>	<u>-</u>	<u>456,481</u>	<u>-</u>	<u>456,481</u>
Net change in fund balances	92,725	8,239	35,741	-	35,741
Fund balances - beginning	<u>103,126</u>	<u>2,605</u>	<u>1,360,633</u>	<u>6,059</u>	<u>1,366,692</u>
Fund balances - ending	<u>\$ 195,851</u>	<u>\$ 10,844</u>	<u>\$ 1,396,374</u>	<u>\$ 6,059</u>	<u>\$ 1,402,433</u>

(Concluded)

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## FIDUCIARY FUNDS

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**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Connecticut Public Health Nurses Fund</b>	<b>Public Health Nurses Estate Bequest Fund</b>	<b>Mary E. Johnson Trust Fund</b>	<b>Endrich Donation Trust Fund</b>	<b>Total Private- Purpose Trust Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,572	\$ 96,733	\$ 1,103	\$ 2,405	\$ 121,813
Investments:					
Mutual funds	-	-	243,009	102,251	345,260
Total assets	<u>21,572</u>	<u>96,733</u>	<u>244,112</u>	<u>104,656</u>	<u>467,073</u>
<b>LIABILITIES</b>					
Accounts payable	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Total liabilities	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
<b>NET POSITION</b>					
Held in trust	<u>\$ 13,572</u>	<u>\$ 88,733</u>	<u>\$ 244,112</u>	<u>\$ 104,656</u>	<u>\$ 451,073</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Connecticut Public Health Nurses Fund</b>	<b>Public Health Nurses Estate Bequest Fund</b>	<b>Mary E. Johnson Trust Fund</b>	<b>Endrich Donation Trust Fund</b>	<b>Total Private- Purpose Trust Funds</b>
<b>ADDITIONS</b>					
Private Donations	\$ 7,580	\$ -	\$ -	\$ -	\$ 7,580
Total contributions	<u>7,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,580</u>
Investment earnings:					
Net change in the fair value of investments	-	-	15,041	1,623	16,664
Interest and dividends	-	929	8,458	2,961	12,348
Total investment earnings	<u>-</u>	<u>929</u>	<u>23,499</u>	<u>4,584</u>	<u>29,012</u>
Less investment fee expense	-	-	(11,706)	(653)	(12,359)
Net change in investments	<u>-</u>	<u>929</u>	<u>11,793</u>	<u>3,931</u>	<u>16,653</u>
Total additions	<u>7,580</u>	<u>929</u>	<u>11,793</u>	<u>3,931</u>	<u>24,233</u>
<b>DEDUCTIONS</b>					
Awards expense	8,000	8,290	11,824	4,350	32,464
Total deductions	<u>8,000</u>	<u>8,290</u>	<u>11,824</u>	<u>4,350</u>	<u>32,464</u>
Change in net position	(420)	(7,361)	(31)	(419)	(8,231)
Net position - beginning	<u>13,992</u>	<u>96,094</u>	<u>244,143</u>	<u>105,075</u>	<u>459,304</u>
Net position - ending	<u>\$ 13,572</u>	<u>\$ 88,733</u>	<u>\$ 244,112</u>	<u>\$ 104,656</u>	<u>\$ 451,073</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Student Activities Fund</b>	<b>Land Use Fund</b>	<b>BOE Flexible Spending Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 166,517	\$ 92,415	\$ 3,939	\$ 262,871
Investments:				
Mutual funds	102,973	-	-	102,973
Receivables:				
Other	-	1,500	-	1,500
Total assets	<u>\$ 269,490</u>	<u>\$ 93,915</u>	<u>\$ 3,939</u>	<u>\$ 367,344</u>
<b>LIABILITIES</b>				
Payables	\$ -	\$ 8,319	\$ -	\$ 8,319
Due to student groups	269,490	-	-	269,490
Due to others	-	85,596	3,939	89,535
Total liabilities	<u>\$ 269,490</u>	<u>\$ 93,915</u>	<u>\$ 3,939</u>	<u>\$ 367,344</u>

**TOWN OF OLD SAYBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Balance, June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2020</b>
<b>Student Activities Fund</b>				
Assets				
Cash and cash equivalents	\$ 185,917	\$ 317,434	\$ 336,834	\$ 166,517
Investments	100,779	2,194	-	102,973
Total assets	<u>\$ 286,696</u>	<u>\$ 319,628</u>	<u>\$ 336,834</u>	<u>\$ 269,490</u>
Liabilities				
Due to student groups	\$ 286,696	\$ 319,628	\$ 336,834	\$ 269,490
Total liabilities	<u>\$ 286,696</u>	<u>\$ 319,628</u>	<u>\$ 336,834</u>	<u>\$ 269,490</u>
<b>Land Use Fund</b>				
Assets				
Cash and cash equivalents	\$ 64,981	\$ 67,561	\$ 40,127	\$ 92,415
Receivables	-	1,500	-	1,500
Total assets	<u>\$ 64,981</u>	<u>\$ 69,061</u>	<u>\$ 40,127</u>	<u>\$ 93,915</u>
Liabilities				
Due to others	\$ 63,640	\$ 60,742	\$ 38,786	\$ 85,596
Payables	1,341	8,319	1,341	8,319
Total liabilities	<u>\$ 64,981</u>	<u>\$ 69,061</u>	<u>\$ 40,127</u>	<u>\$ 93,915</u>
<b>BOE Flexible Spending Fund</b>				
Assets				
Cash and cash equivalents	\$ 3,819	\$ 16,505	\$ 16,385	\$ 3,939
Total assets	<u>\$ 3,819</u>	<u>\$ 16,505</u>	<u>\$ 16,385</u>	<u>\$ 3,939</u>
Liabilities				
Due to others	\$ 3,819	\$ 16,505	\$ 16,385	\$ 3,939
Total liabilities	<u>\$ 3,819</u>	<u>\$ 16,505</u>	<u>\$ 16,385</u>	<u>\$ 3,939</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 254,717	\$ 401,500	\$ 393,346	\$ 262,871
Investments	100,779	2,194	-	102,973
Receivables	-	1,500	-	1,500
Total assets	<u>\$ 355,496</u>	<u>\$ 405,194</u>	<u>\$ 393,346</u>	<u>\$ 367,344</u>
Liabilities				
Payables	\$ 1,341	\$ 8,319	\$ 1,341	\$ 8,319
Due to student groups	286,696	319,628	336,834	269,490
Due to others	67,459	77,247	55,171	89,535
Total liabilities	<u>\$ 355,496</u>	<u>\$ 405,194</u>	<u>\$ 393,346</u>	<u>\$ 367,344</u>

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## TREND INFORMATION

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

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
				(2)	
Net investment in capital assets	\$ 72,981,997	\$ 82,140,266	\$ 80,700,906	\$ 75,092,636	\$ 73,711,809
Restricted	373,074	251,293	149,159	149,159	149,159
Unrestricted (deficit)	(8,875,087)	(17,583,921)	(16,926,379)	(14,430,457)	(5,819,021)
Total net position	<u>\$ 64,479,984</u>	<u>\$ 64,807,638</u>	<u>\$ 63,923,686</u>	<u>\$ 60,811,338</u>	<u>\$ 68,041,947</u>
	Fiscal Year Ended				
	2015	2014	2013	2012	2011
	(1)				
Net investment in capital assets	\$ 70,659,511	\$ 73,491,897	\$ 73,450,395	\$ 72,485,608	\$ 71,489,201
Restricted	149,284	165,387	172,425	228,335	173,822
Unrestricted (deficit)	(4,633,590)	476,504	2,987,774	4,215,192	6,204,842
Total net position	<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>

(1) Net position components impacted by the implementation GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*.

(2) Net position components impacted by the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 6,458,073	\$ 5,628,826	\$ 6,700,562	\$ 10,710,622	\$ 10,060,199	\$ 8,523,938	\$ 5,804,868	\$ 5,688,414	\$ 5,056,781	\$ 4,970,484
Public safety	7,610,094	6,756,832	6,813,644	5,007,490	5,615,864	5,719,303	6,914,030	5,601,550	5,287,936	4,573,192
Public works	3,915,019	4,610,952	5,611,840	2,976,575	2,358,917	4,172,963	4,593,980	4,766,882	3,855,772	3,462,070
Culture and recreation	2,178,775	2,042,801	2,025,599	1,910,454	1,067,501	1,732,442	1,776,547	2,168,920	1,891,907	1,811,064
Health and welfare	886,849	1,062,771	1,030,028	815,303	1,578,866	896,547	1,390,968	476,756	699,129	730,089
Education	33,886,164	30,407,132	32,575,567	30,104,039	29,960,998	30,449,433	28,574,507	27,281,159	26,588,199	25,732,893
Interest expense	1,205,790	810,590	793,260	899,191	1,078,829	1,297,377	742,876	614,735	570,586	763,780
Total Expenses	56,140,764	51,319,904	55,550,500	52,423,674	51,721,174	52,792,003	49,797,776	46,598,416	43,950,310	42,043,572
Program revenues:										
Governmental activities:										
Charges for services										
General government	722,997	853,862	977,471	1,155,939	1,089,848	868,610	735,558	677,540	811,498	618,550
Public safety	340,205	346,560	550,307	334,296	293,463	227,810	341,722	331,737	228,142	162,982
Public works	995,370	319,543	1,814,532	1,622,482	1,993,427	457,597	296,358	134,212	122,290	104,952
Culture and recreation	372,664	499,695	481,045	622,960	646,664	591,196	352,384	279,980	399,070	441,336
Health and welfare	104,373	100,591	100,862	61,872	146,034	126,325	180,536	153,858	126,426	53,501
Education	486,924	885,321	768,497	580,994	526,734	621,521	624,090	715,839	623,735	531,551
Operating grants and contributions	7,682,609	4,122,746	7,211,375	5,182,493	6,089,136	5,515,673	6,023,340	6,009,824	5,029,489	4,743,986
Capital grants and contributions	38,328	397,795	2,352,339	505,372	855,812	957,995	29,654	343,327	326,453	224,024
Total program revenues	10,743,470	7,526,113	14,256,428	10,066,408	11,641,118	9,366,727	8,583,642	8,646,317	7,667,103	6,880,882
Net expenses:										
Governmental activities	(45,397,294)	(43,793,791)	(41,294,072)	(42,357,266)	(40,080,056)	(43,425,276)	(41,214,134)	(37,952,099)	(36,283,207)	(35,162,690)
General revenues:										
Governmental activities:										
Property taxes	44,868,142	44,464,048	44,232,530	42,629,956	41,739,765	40,543,368	37,995,840	36,386,749	34,830,615	34,654,101
Grants and contributions not restricted to specific programs	44,825	46,146	21,055	202,217	121,042	174,391	582,478	701,025	383,106	427,790
Investment income	156,673	167,549	152,835	154,186	85,991	119,739	197,271	134,348	130,756	159,415
Total general revenues	45,069,640	44,677,743	44,406,420	42,986,359	41,946,798	40,799,237	38,737,328	37,633,558	35,344,477	35,241,306
Changes in net position	\$ (327,654)	\$ 883,952	\$ 3,112,348	\$ 629,093	\$ 1,866,742	\$ (2,626,039)	\$ (2,476,806)	\$ (318,541)	\$ (938,730)	\$ 78,616