

TOWN OF OLD SAYBROOK, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

TOWN OF OLD SAYBROOK, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Old Saybrook, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Saybrook, Connecticut (the "Town"), as of and for the year ended June 30, 2019, 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, 2019, 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 66 through 79 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

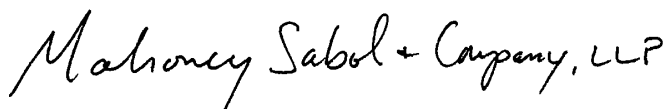
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and the trend information are presented for purposes of additional analysis and are not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

The combining and individual fund statements and schedules on pages 80 through 96 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 97 and 98 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 21, 2020, 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 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$64,807,638 (net position). Of this amount, \$17,583,921 represents a deficit in the Town's unrestricted net position.
- The Town's total net position increased by \$883,952 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 \$8,056,829, an increase of \$818,851 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,971,610 or 15.5% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund budgetary expenditures.
- The Town's total long-term debt, excluding capital leases, decreased by \$2,765,532 or 9.4% during the current fiscal year due to scheduled debt service payments. The Town's short-term debt consisting of interim funding obligations from the State of Connecticut increased by \$1,093,428.

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, 2019

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 - 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 - 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 - 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, 2019

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 - 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 - 65 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 66 through 79 of this report. Combining and individual fund financial statements and schedules can be found on pages 80 through 96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

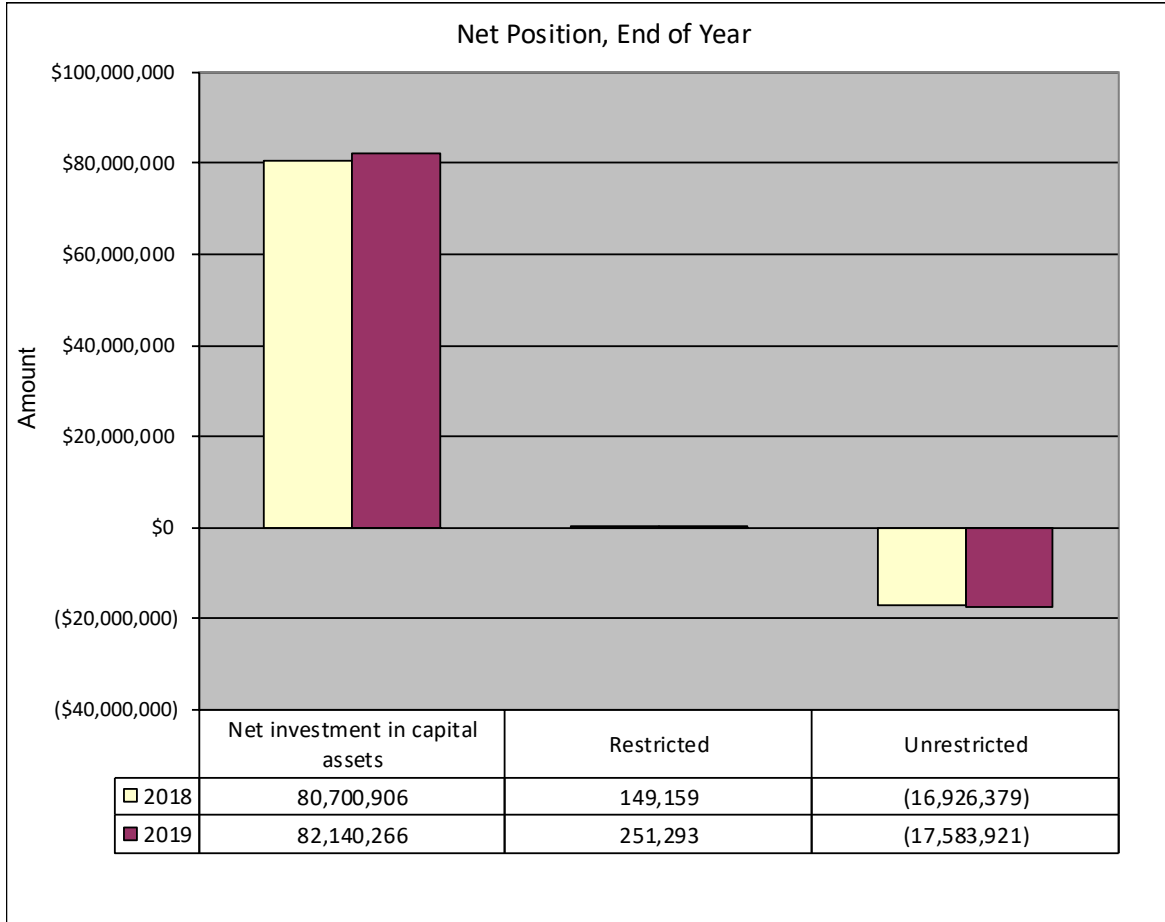
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$64,807,638 as of June 30, 2019 and \$63,923,686 as of June 30, 2018, and is summarized as follows. Certain reclassifications have been made to the amounts reported as of June 30, 2018 to conform to the current year presentation.

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 21,659,807	\$ 24,490,340	\$ (2,830,533)	-12%
Capital assets, net	105,824,439	108,020,824	(2,196,385)	-2%
Total assets	<u>127,484,246</u>	<u>132,511,164</u>	<u>(5,026,918)</u>	-14%
Deferred outflows of resources	<u>4,502,783</u>	<u>4,382,953</u>	<u>119,830</u>	3%
Current liabilities	10,105,650	9,036,574	1,069,076	12%
Long-term liabilities	48,199,155	50,105,557	(1,906,402)	-4%
Total liabilities	<u>58,304,805</u>	<u>59,142,131</u>	<u>(837,326)</u>	8%
Deferred inflows of resources	<u>8,874,586</u>	<u>13,828,300</u>	<u>(4,953,714)</u>	-36%
Net position:				
Net investment in capital assets	82,140,266	80,700,906	1,439,360	2%
Restricted	251,293	149,159	102,134	68%
Unrestricted	(17,583,921)	(16,926,379)	(657,542)	4%
Total net position	<u>\$ 64,807,638</u>	<u>\$ 63,923,686</u>	<u>\$ 883,952</u>	74%

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 126.7% 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

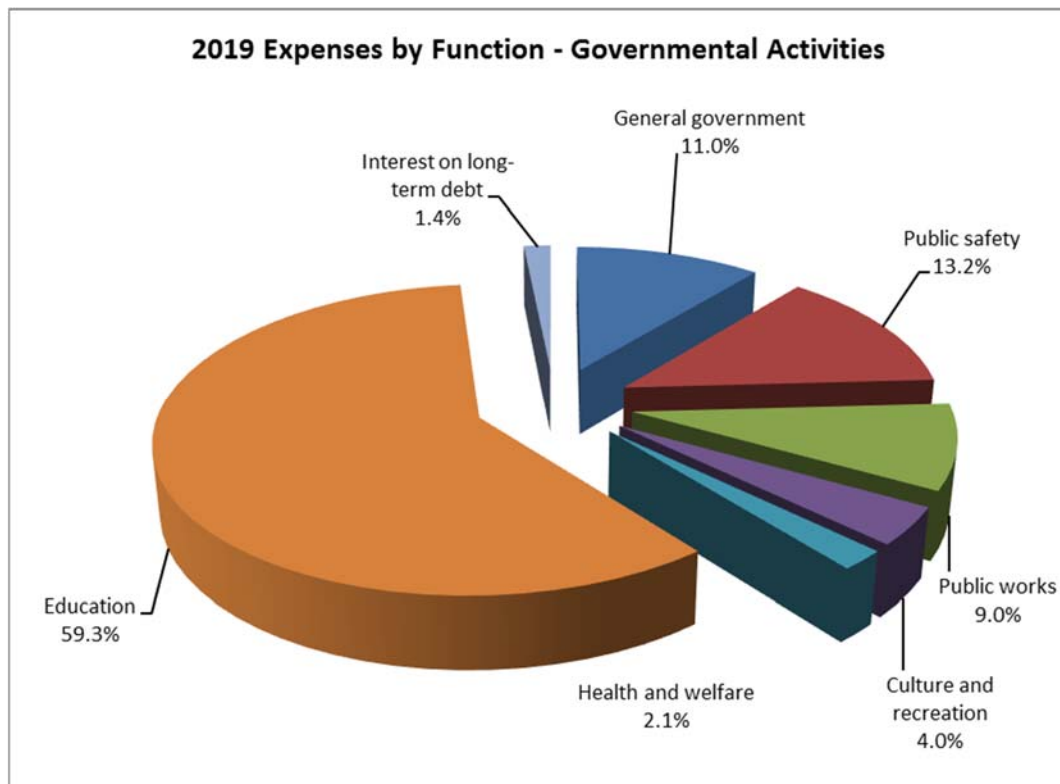
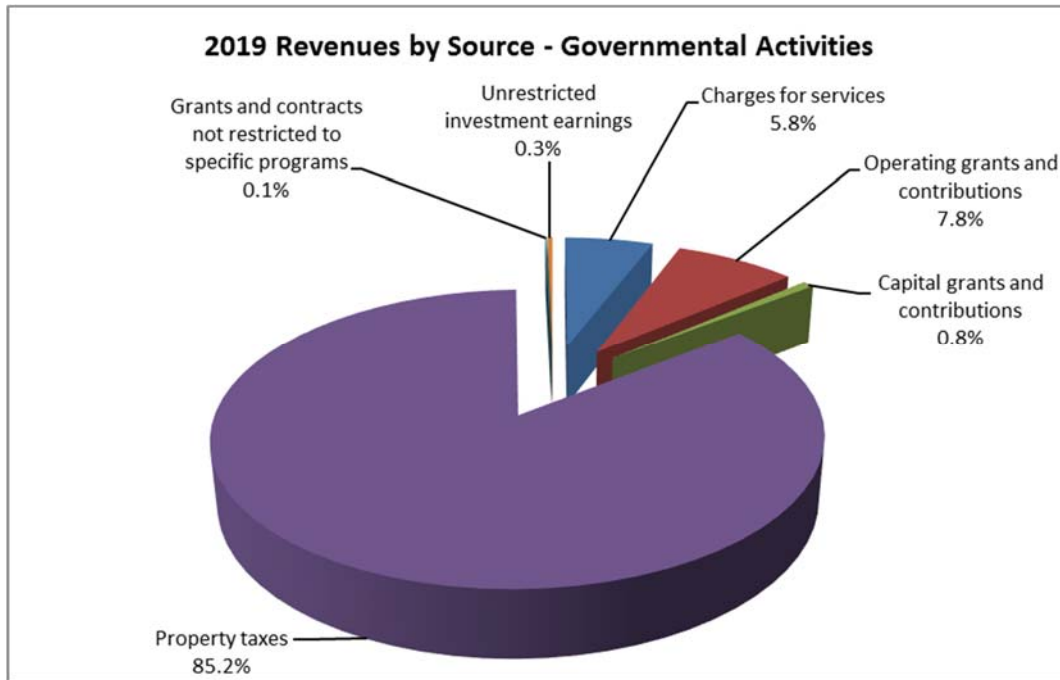
Changes in net position for the years ended June 30, 2019 and 2018 are as follows.

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Program revenues:				
Charges for services	\$ 3,005,572	\$ 4,692,714	\$ (1,687,142)	-36%
Operating grants and contributions	4,122,746	7,211,375	(3,088,629)	-43%
Capital grants and contributions	397,795	2,352,339	(1,954,544)	-83%
General revenues:				
Property taxes	44,464,048	44,232,530	231,518	1%
Grants and contracts	46,146	21,055	25,091	119%
Unrestricted investment earnings	167,549	152,835	14,714	10%
Total revenues	<u>52,203,856</u>	<u>58,662,848</u>	<u>(6,458,992)</u>	-11%
Program expenses:				
General government	5,628,826	6,700,562	(1,071,736)	-16%
Public safety	6,756,832	6,813,644	(56,812)	-1%
Public works	4,610,952	5,611,840	(1,000,888)	-18%
Culture and recreation	2,042,801	2,025,599	17,202	1%
Health and welfare	1,062,771	1,030,028	32,743	3%
Education	30,407,132	32,575,567	(2,168,435)	-7%
Interest	810,590	793,260	17,330	2%
Total expenses	<u>51,319,904</u>	<u>55,550,500</u>	<u>(4,230,596)</u>	-8%
Change in net position	<u>\$ 883,952</u>	<u>\$ 3,112,348</u>	<u>\$ (2,228,396)</u>	-3%

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Governmental activities increased the Town's net position by \$883,952. Revenues generated by the Town decreased by \$6,458,992 and expenses decreased by \$4,230,596, when compared to the prior year.

Revenues and expenses recognized for the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System decreased by \$3,303,955. This had a direct impact on the decrease in operating grants and education expenses reported by the Town for the current fiscal year.

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 \$8,056,829, an increase of \$818,851 in comparison with the prior year. Approximately 96.9%, or \$7,805,536, 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 \$6,971,610, while total fund balance was \$7,468,973. 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 15.5% of total General Fund budgetary expenditures. 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 \$819,007 during the current fiscal year.

Proprietary Fund

The internal service funds' net position decreased by \$94,557 this year. The fund maintains a positive net position of \$69,950.

Capital Projects Fund

The Capital Projects Fund has a fund balance of \$2,827,675 as of June 30, 2019, an increase in the fund balance of \$451,026 from the prior year.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Capital Nonrecurring Fund

The Capital Nonrecurring Fund has a fund deficit of \$3,606,511 as of June 30, 2019, a decrease in the fund balance of \$555,134 from the prior year. This decrease is attributable to expenditures incurred for the sewer avoidance project.

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 additional appropriations from balance in the amount of \$238,966. The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$764,700. Expenditures were \$493,441 lower than budgeted and revenues were \$759,225 higher than budgeted. The Town authorized to transfer a portion of this budgetary surplus in the amount of \$249,000 into a Debt Service Stabilization Fund to offset future fluctuations in debt service. The favorable revenue variance was primarily derived from better than budgeted collections on property taxes levied and receipts from charges for services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2019 totaled \$105,824,439 (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 \$2,196,385 over the prior year.

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

- outlays pertaining to the Main Street Park project of approximately \$83 thousand,
- outlays pertaining to the chambers repairs project of approximately \$95 thousand,
- outlays pertaining to the KHCAC pillar repair project of approximately \$96 thousand,
- outlays pertaining to the reclamation of Bokum Road of approximately \$390 thousand,
- outlays pertaining to the installation of sidewalks of approximately \$243 thousand, and
- outlays pertaining to the purchase of a backhoe loader of approximately \$131 thousand.

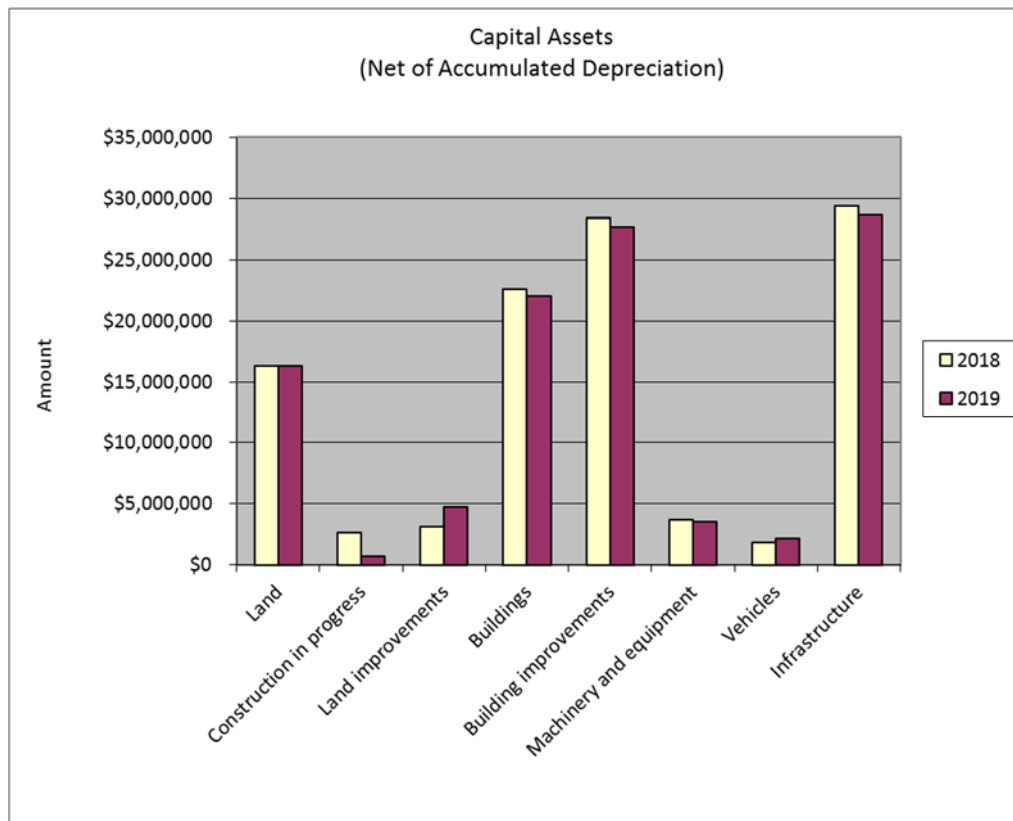
TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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:

	2019	2018
Land	\$ 16,323,231	\$ 16,323,231
Construction in progress	689,298	2,649,115
Land improvements	4,756,892	3,093,822
Buildings	22,027,313	22,628,094
Building improvements	27,713,358	28,388,888
Machinery and equipment	3,536,161	3,681,221
Vehicles	2,104,090	1,852,658
Infrastructure	28,674,096	29,403,795
Totals	<u>\$ 105,824,439</u>	<u>\$ 108,020,824</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, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

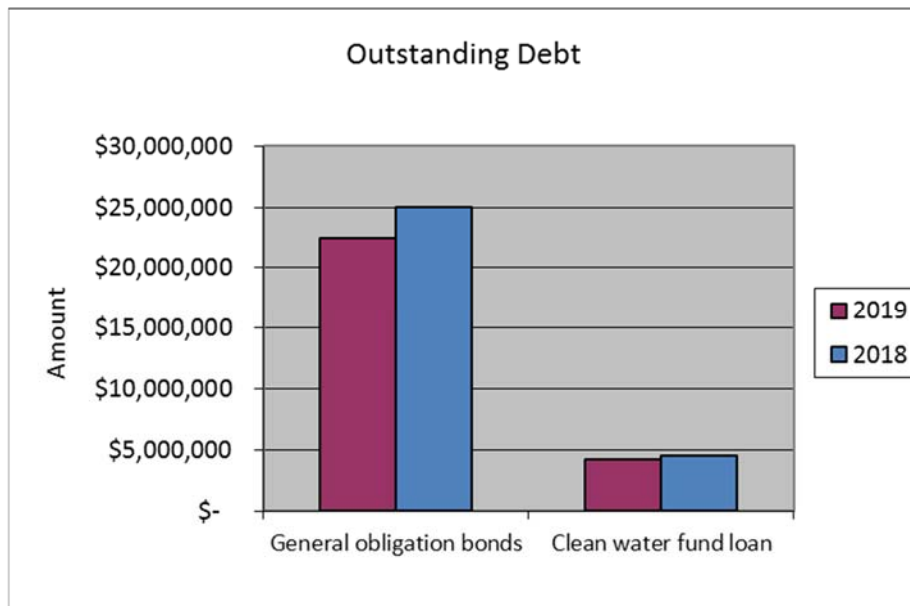
At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$26,748,588, all of which is backed by the full faith and credit of the government. The Town's total long-term principal debt decreased by \$2,765,532 or 9.4% during the current fiscal year due to scheduled debt service payments.

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

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

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

	2019	2018
General obligation bonds	\$ 22,465,000	\$ 24,975,000
Clean water fund loan	4,283,588	4,539,120
Totals	<u>\$ 26,748,588</u>	<u>\$ 29,514,120</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, 2019

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 2020, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2020. The Town's fiscal year 2020 General Fund budget was approved on May 6, 2019. The fiscal year 2020 budget contemplated expenditures of \$46,520,189, an increase of \$915,109 or 2.01% over the original fiscal year 2019 budgeted expenditures.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF OLD SAYBROOK, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,150,836
Investments	22,498
Receivables:	
Property taxes	421,523
Interest on property taxes	151,464
Assessments	2,611,779
Grants and contracts	26,919
Other	77,616
Other	10,665
Restricted cash and cash equivalents	1,005,584
Restricted investments	180,923
Noncurrent assets:	
Capital assets:	
Non-depreciable	17,012,529
Depreciable, net	88,811,910
Total assets	<u>127,484,246</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	766,426
Deferred charges on pension expense	3,301,814
Deferred charges on OPEB expense	434,543
Total deferred outflows of resources	<u>4,502,783</u>
LIABILITIES	
Accounts payable	1,903,638
Accrued liabilities:	
Salaries and benefits payable	79,209
Accrued interest	251,647
Other	18,100
Interim financing obligation	6,716,165
Unearned revenue	93,485
Performance bonds	1,043,406
Noncurrent liabilities:	
Due within one year	3,129,930
Due in more than one year	45,069,225
Total liabilities	<u>58,304,805</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	6,590,457
Deferred charges on OPEB expense	1,714,175
Advance tax collections	569,954
Total deferred inflows of resources	<u>8,874,586</u>
NET POSITION	
Net investment in capital assets	82,140,266
Restricted for:	
Endowments:	
Nonexpendable	5,000
Expendable	1,059
Marina partnership bonds	143,100
Grant programs	102,134
Unrestricted	(17,583,921)
Total net position	<u>\$ 64,807,638</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, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 5,628,826	\$ 853,862	\$ 294,952	\$ -	\$ (4,480,012)
Public safety	6,756,832	346,560	194,405	-	(6,215,867)
Public works	4,610,952	319,543	471,190	397,795	(3,422,424)
Culture and recreation	2,042,801	499,695	44,192	-	(1,498,914)
Health and welfare	1,062,771	100,591	108,700	-	(853,480)
Education	30,407,132	885,321	3,009,307	-	(26,512,504)
Interest expense	810,590	-	-	-	(810,590)
Total governmental activities	<u>\$ 51,319,904</u>	<u>\$ 3,005,572</u>	<u>\$ 4,122,746</u>	<u>\$ 397,795</u>	<u>(43,793,791)</u>
General revenues:					
Property taxes, levied for general purposes					44,464,048
Grants and contributions not restricted to specific programs					46,146
Unrestricted investment earnings					<u>167,549</u>
Total general revenues					<u>44,677,743</u>
		Change in net position			883,952
		Net position - beginning			<u>63,923,686</u>
		Net position - ending			<u>\$ 64,807,638</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	9,731,011	\$ 2,967,080	\$ 2,961,152	\$ 1,410,499	\$ 17,069,742
Restricted cash and cash equivalents	1,005,584	-	-	-	1,005,584
Investments	-	-	-	22,498	22,498
Restricted investments	180,923	-	-	-	180,923
Receivables:					
Property taxes	421,523	-	-	-	421,523
Interest on property taxes	151,464	-	-	-	151,464
Assessments	-	2,611,779	-	-	2,611,779
Grants and contracts	-	-	-	26,919	26,919
Other	59,768	-	-	14,625	74,393
Due from other funds	53,030	-	249,000	-	302,030
Total assets	<u>\$ 11,603,303</u>	<u>\$ 5,578,859</u>	<u>\$ 3,210,152</u>	<u>\$ 1,474,541</u>	<u>\$ 21,866,855</u>
LIABILITIES					
Accounts payable	\$ 1,697,232	\$ 45,094	\$ 100,266	\$ 46,453	\$ 1,889,045
Accrued liabilities:					
Salaries and benefits payable	60,282	-	232	18,695	79,209
Other	17,164	-	-	936	18,100
Interim financing obligation	-	-	6,716,165	-	6,716,165
Performance bonds	1,043,406	-	-	-	1,043,406
Due to other funds	249,000	42,241	-	350	291,591
Unearned revenue	-	52,070	-	41,415	93,485
Total liabilities	<u>3,067,084</u>	<u>139,405</u>	<u>6,816,663</u>	<u>107,849</u>	<u>10,131,001</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes and interest	497,292	-	-	-	497,292
Unavailable revenue - assessments	-	2,611,779	-	-	2,611,779
Advance tax collections	569,954	-	-	-	569,954
Total deferred inflows of resources	<u>1,067,246</u>	<u>2,611,779</u>	<u>-</u>	<u>-</u>	<u>3,679,025</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	143,100	-	-	103,193	246,293
Committed	354,263	2,827,675	3,109,654	1,258,499	7,550,091
Unassigned	6,971,610	-	(6,716,165)	-	255,445
Total fund balances	<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>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,603,303</u>	<u>\$ 5,578,859</u>	<u>\$ 3,210,152</u>	<u>\$ 1,474,541</u>	<u>\$ 21,866,855</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balance for governmental funds	\$	8,056,829
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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		689,298	
Land improvements		6,339,710	
Buildings		43,360,555	
Building improvements		34,368,658	
Machinery and equipment		6,309,112	
Vehicles		7,659,361	
Infrastructure		45,285,552	
Less accumulated depreciation and amortization		(54,511,038)	
Total capital assets, net			105,824,439

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.		3,109,071
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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.		(4,568,275)
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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		(251,647)	
Long-term debt:			
Bonds payable, net		(23,504,313)	
Deferred charges on refunding		766,426	
Other long-term liabilities:			
Notes payable		(4,283,588)	
Capital lease obligations		(447,863)	
Compensated absences		(907,708)	
Heart and hypertension		(200,000)	
Net pension liabilities		(8,315,172)	
Total OPEB liability		(10,540,511)	
Total long-term liabilities			(47,684,376)

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.

		69,950
Net position of governmental activities	\$	64,807,638

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 44,516,591	\$ -	\$ -	\$ -	\$ 44,516,591
Intergovernmental	4,756,675	215,066	417,317	828,179	6,217,237
Charges for services	1,246,785	649,281	2,987	1,583,024	3,482,077
Contributions	-	-	-	133,874	133,874
Investment income	161,633	-	5,481	175	167,289
Other	-	131,600	-	115,870	247,470
Total revenues	<u>50,681,684</u>	<u>995,947</u>	<u>425,785</u>	<u>2,661,122</u>	<u>54,764,538</u>
EXPENDITURES					
Current:					
General government	3,604,265	-	295,085	30,759	3,930,109
Public safety	5,739,277	-	-	472,233	6,211,510
Public works	3,131,680	-	1,298,022	-	4,429,702
Culture and recreation	1,726,394	-	-	294,722	2,021,116
Health and welfare	677,961	-	-	219,752	897,713
Education	30,085,372	-	-	1,442,125	31,527,497
Capital outlays	11,040	1,082,987	154	-	1,094,181
Debt service:					
Principal payments	2,764,559	205,198	-	5,102	2,974,859
Interest and fiscal charges	764,515	57,082	-	-	821,597
Total expenditures	<u>48,505,063</u>	<u>1,345,267</u>	<u>1,593,261</u>	<u>2,464,693</u>	<u>53,908,284</u>
Excess (deficiency) of revenues over expenditures	2,176,621	(349,320)	(1,167,476)	196,429	856,254
OTHER FINANCING SOURCES (USES)					
Transfers in	-	810,122	836,542	12,571	1,659,235
Transfers out	(1,357,614)	(9,776)	(224,200)	(105,048)	(1,696,638)
Total other financing sources (uses)	<u>(1,357,614)</u>	<u>800,346</u>	<u>612,342</u>	<u>(92,477)</u>	<u>(37,403)</u>
Net change in fund balances	819,007	451,026	(555,134)	103,952	818,851
Fund balances - beginning, as adjusted	<u>6,649,966</u>	<u>2,376,649</u>	<u>(3,051,377)</u>	<u>1,262,740</u>	<u>7,237,978</u>
Fund balances - ending	<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>

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, 2019

Net change in fund balances - total governmental funds	\$	818,851
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 1,225,469	
Depreciation and amortization expense	<u>(3,421,854)</u>	
Net adjustment		(2,196,385)

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.		1,062,399
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:		
Bonds and notes payable	2,765,532	
Capital lease obligations	<u>209,327</u>	
Net adjustment		2,974,859

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	(61,018)	
Amortization of deferred charges on refunding	(81,129)	
Amortization of bond premium	153,154	
Compensated absences	6,821	
Heart and hypertension	70,937	
Net pension liabilities	(2,215,211)	
Total OPEB liability	<u>915,842</u>	
		(1,210,604)

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		(470,611)
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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.		<u>(94,557)</u>
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Change in net position of governmental activities	\$	<u><u>883,952</u></u>
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TOWN OF OLD SAYBROOK, CONNECTICUT**STATEMENTS OF NET POSITION****PROPRIETARY FUNDS**

JUNE 30, 2019

	Governmental Activities
	Internal Service Funds
<hr/>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 81,094
Receivables	3,223
Other	10,665
Total current assets	<u>94,982</u>
LIABILITIES	
Current liabilities:	
Accounts payable	14,593
Due to other funds	10,439
Total current liabilities	<u>25,032</u>
NET POSITION	
Unrestricted	69,950
Total net position	<u><u>\$ 69,950</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, 2019

	Governmental Activities Internal Service Funds
OPERATING REVNEUES	
Charges for services	\$ 30,529
Total operating revenues	<u>30,529</u>
OPERATING EXPENSES	
Cost of services	162,489
Total operating expenses	<u>162,489</u>
Operating loss	(131,960)
OTHER FINANCING SOURCES	
Transfer in	<u>37,403</u>
Change in net position	(94,557)
Net position - beginning	<u>164,507</u>
Net position - ending	<u><u>\$ 69,950</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, 2019

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for charges for services	\$ 52,306
Cash payments for cost of services	(170,101)
Net cash used in operating activities	<u>(117,795)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund activity	<u>23,793</u>
 Net decrease in cash and cash equivalents	(94,002)
 Cash and cash equivalents, beginning of year	175,096
Cash and cash equivalents, end of year	<u><u>\$ 81,094</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (131,960)
Changes in assets and liabilities:	
Decrease in accounts receivable	21,777
Increase in other current assets	(4,020)
Decrease in accounts payable	(3,592)
Net cash used in operating activities	<u><u>\$ (117,795)</u></u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,985,772	\$ 113,649	\$ 254,717
Investments:			
Corporate bonds	7,420,358	-	-
U.S. Treasury securities	783,627	-	-
Equity securities	10,755,851	-	-
Exchange traded funds	3,378,130	17,274	-
Mutual funds	132,672	328,381	100,779
Total assets	<u>24,456,410</u>	<u>459,304</u>	<u>\$ 355,496</u>
LIABILITIES			
Accounts payable	84	-	\$ 1,341
Due to student groups	-	-	286,696
Due to others	-	-	67,459
Total liabilities	<u>84</u>	<u>-</u>	<u>\$ 355,496</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 24,456,326</u>	<u>\$ 459,304</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, 2019

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 741,872	\$ -
Plan members	328,653	-
Private donations	-	5,185
Total contributions	<u>1,070,525</u>	<u>5,185</u>
Investment earnings:		
Net change in the fair value of investments	1,158,717	(17,089)
Interest and dividends	568,877	23,751
Total investment earnings	<u>1,727,594</u>	<u>6,662</u>
Less: investment fee expense	<u>(171,673)</u>	<u>(2,456)</u>
Net change in investments	<u>1,555,921</u>	<u>4,206</u>
Total additions	<u>2,626,446</u>	<u>9,391</u>
DEDUCTIONS		
Benefit payments	1,807,401	-
Awards expense	-	52,894
Administrative expenses	42,647	-
Total deductions	<u>1,850,048</u>	<u>52,894</u>
Change in net position	776,398	(43,503)
Net position - beginning	<u>23,679,928</u>	<u>502,807</u>
Net position - ending	<u>\$ 24,456,326</u>	<u>\$ 459,304</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, 2019

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, 2019

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, 2019

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

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability (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. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60 day period have been recorded as revenue.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

Unearned Revenue

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

Deferred Outflows 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

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.

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, 2019

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, 2019.

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, 2019

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, 2019, \$15,219,684 of the Town's bank balance of \$15,719,684 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,697,716
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,521,968</u>
	<u><u>\$ 15,219,684</u></u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents (includes restricted)	\$ 18,156,420
Statement of fiduciary net position:	
Cash and cash equivalents	2,354,138
	<u>20,510,558</u>
 Add: certificates of deposit considered cash deposits for disclosure purposes	 203,421
Less: cash equivalents considered investments for disclosure purposes	 (5,820,418)
	<u>\$ 14,893,561</u>

Investments

A reconciliation of the Town's investments as of June 30, 2019 is as follows:

Government-wide statement of net position:	
Investments (includes restricted)	\$ 203,421
Statement of fiduciary net position:	
Investments	22,917,072
	<u>23,120,493</u>
 Add: cash equivalents considered investments for disclosure purposes	 5,820,418
Less: certificates of deposit considered as cash deposits for disclosure purposes	 (203,421)
	<u>\$ 28,737,490</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Investments *(Continued)*

As of June 30, 2019, 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:						
<i>Governmental Activities:</i>						
Short-term Investment Fund	Net asset value	\$ 4,128,898	\$ 4,128,898	\$ -	\$ -	\$ -
<i>Fiduciary Funds:</i>						
Money market mutual funds	Net asset value	1,691,520	1,691,520	-	-	-
U.S. Treasury securities	Fair value	783,627	94,429	415,377	273,821	-
Corporate bonds	Fair value	7,420,358	956,377	5,347,113	1,116,868	-
		14,024,403	<u>\$ 6,871,224</u>	<u>\$ 5,762,490</u>	<u>\$ 1,390,689</u>	<u>\$ -</u>
Other investments:						
<i>Fiduciary Funds:</i>						
Mutual funds	Fair value	561,832				
Exchange traded funds	Fair value	3,395,404				
Equity securities	Fair value	10,755,851				
		<u>\$ 28,737,490</u>				

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit no Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating services; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money markets and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions if the 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, 2019

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, 2019:

Investment type	AAA	AA	A	BBB	BB	B	Unrated
<i>Governmental Activities</i>							
Short-term Investment Fund	\$ 4,128,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Fiduciary Funds:</i>							
Money market mutual funds	-	-	-	-	-	-	1,691,520
Corporate bonds	105,915	610,712	2,565,601	2,616,288	1,228,912	292,930	-

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, 2019, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (100%). As of June 30, 2019, more than 10% of the Town's fiduciary investments are invested in the ISHARES Core S&P 500 ETF (14%).

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, 2019, 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)	Unobservable Inputs (Level 3)
<i>Fiduciary Funds:</i>			
U.S. Treasury securities	\$ 783,627	\$ -	\$ -
Corporate bonds	-	7,420,358	-
Mutual funds	561,832	-	-
Exchange traded funds	3,395,404	-	-
Equity securities	10,755,851	-	-

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 16,323,231	\$ -	\$ -	\$ -	\$ 16,323,231
Construction in progress	2,649,115	284,741	-	(2,244,558)	689,298
Total capital assets, not being depreciated	18,972,346	284,741	-	(2,244,558)	17,012,529
Capital assets, being depreciated:					
Land improvements	4,485,580	6,520	-	1,847,610	6,339,710
Buildings	43,360,555	-	-	-	43,360,555
Building improvements	34,352,048	16,610	-	-	34,368,658
Machinery and equipment	6,155,277	153,835	-	-	6,309,112
Vehicles	7,131,188	131,225	-	396,948	7,659,361
Infrastructure	44,653,014	632,538	-	-	45,285,552
Total capital assets, being depreciated	140,137,662	940,728	-	2,244,558	143,322,948
Less accumulated depreciation and amortization for:					
Land improvements	1,381,020	201,798	-	-	1,582,818
Buildings	20,732,461	600,781	-	-	21,333,242
Building improvements	5,963,160	692,140	-	-	6,655,300
Machinery and equipment	2,474,056	298,895	-	-	2,772,951
Vehicles	5,278,530	276,741	-	-	5,555,271
Infrastructure	15,259,957	1,351,499	-	-	16,611,456
Total accumulated depreciation and amortization	51,089,184	3,421,854	-	-	54,511,038
Total capital assets, being depreciated, net	89,048,478	(2,481,126)	-	2,244,558	88,811,910
Governmental activities capital assets, net	\$ 108,020,824	\$ (2,196,385)	\$ -	\$ -	\$ 105,824,439

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

Governmental Activities:	
General government	\$ 1,561,464
Public safety	616,934
Public works	161,447
Culture and recreation	162,641
Health and Welfare	4,671
Education	914,697
Total depreciation and amortization expense - governmental activities	<u>\$ 3,421,854</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Capital Projects Funds	\$ 42,241
	Internal Service Funds	10,439
	Other Governmental Funds	350
		<u>53,030</u>
Capital Nonrecurring Fund	General Fund	249,000
		<u>\$ 302,030</u>
		<u><u>\$ 302,030</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, 2019 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
Capital Projects Fund	General Fund	\$ 575,753
	Capital Nonrecurring Fund	204,200
	Other Governmental Funds	30,169
		<u>810,122</u>
Capital Nonrecurring Fund	General Fund	764,458
	Other Governmental Funds	72,084
		<u>836,542</u>
Other Governmental Funds	Capital Projects Fund	9,776
	Other Governmental Funds	2,795
		<u>12,571</u>
		<u>\$ 1,659,235</u>
Proprietary Funds:		
Internal Service Fund	General Fund	\$ 17,403
	Capital Nonrecurring Fund	20,000
		<u>\$ 37,403</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, 2019

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. The Town intends to retire all principal and accrued interest outstanding on the interim funding obligation through the issuance of long-term debt (see *Note 15*). Short-term debt activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Interim Funding Obligation:				
Clean Water Fund Project #673C	\$ 5,622,737	\$ 1,093,428	\$ -	\$ 6,716,165

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, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 24,975,000	\$ -	\$ (2,510,000)	\$ 22,465,000	\$ 2,470,000
Unamortized premium	1,192,467	-	(153,154)	1,039,313	-
Total bonds payable	26,167,467	-	(2,663,154)	23,504,313	2,470,000
Direct borrowings:					
Clean water fund loans	4,539,120	-	(255,532)	4,283,588	260,691
Capital lease obligations	657,190	-	(209,327)	447,863	197,697
	<u>\$ 31,363,777</u>	<u>\$ -</u>	<u>\$ (3,128,013)</u>	<u>\$ 28,235,764</u>	<u>\$ 2,928,388</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, 2019

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

General Obligation Bonds and Loans Payable

A summary of general obligation bonds and notes payable outstanding at June 30, 2019 are as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
General Purpose					
General Obligation Refunding Bonds	12/2017	\$ 3,190,000	2.0% - 5.0%	08/2025	\$ 2,998,000
General Obligation Refunding Bonds	07/2016	7,540,000	2.0% - 4.0%	07/2033	7,540,000
General Obligation Bonds	12/2014	3,000,000	1.25% - 4.0%	12/2034	2,400,000
General Obligation Refunding Bonds	12/2013	2,340,000	2.0% - 4.0%	07/2023	1,275,000
General Obligation Refunding Bonds	10/2010	1,412,000	1.5% - 4.0%	08/2026	435,000
General Obligation Refunding Bonds	03/2009	5,650,000	2.0% - 4.25%	07/2023	375,000
					<u>15,023,000</u>
School Bonds					
General Obligation Refunding Bonds	12/2017	\$ 3,010,000	2.0% - 5.0%	08/2025	2,872,000
General Obligation Refunding Bonds	07/2016	2,435,000	2.0% - 4.0%	07/2033	2,435,000
General Obligation Refunding Bonds	10/2010	7,943,000	1.5% - 4.0%	08/2026	2,135,000
					<u>7,442,000</u>
					<u>\$ 22,465,000</u>
Loans Payable from Direct Borrowings					
Clean Water Loan - 116-CGO	11/2014	\$ 1,926,891	2.0%	10/2033	\$ 1,519,075
Clean Water Loan - 116-CSA	11/2014	3,506,685	2.0%	10/2033	2,764,513
					<u>\$ 4,283,588</u>

Authorized and Unissued Debt

As of June 30, 2019, the Town had authorized but unissued bonds totaling \$21,898,338 for various ongoing construction projects.

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, 2019.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

General Obligation Bonds and Loans Payable *(Continued)*

Annual debt service requirements to maturity on general obligation bonds and loans payable are as follows as of June 30, 2019:

Year ending June 30:	Governmental Activities				
	Bonds Payable		Loans Payable		Total
	Principal	Interest	Principal	Interest	
2020	\$ 2,470,000	\$ 646,119	\$ 260,691	\$ 83,291	\$ 3,460,101
2021	2,495,000	557,500	265,953	78,029	3,396,482
2022	2,205,000	472,050	271,321	72,660	3,021,031
2023	2,070,000	396,018	276,798	67,184	2,810,000
2024	2,085,000	321,936	282,384	61,597	2,750,917
2025-2029	6,140,000	918,184	1,499,754	220,155	8,778,093
2030-2034	4,850,000	313,822	1,426,687	63,903	6,654,412
2035	150,000	2,625	-	-	152,625
	<u>\$ 22,465,000</u>	<u>\$ 3,628,254</u>	<u>\$ 4,283,588</u>	<u>\$ 646,819</u>	<u>\$ 31,023,661</u>

Advance Refunding

The Town has advanced refunded general obligation bonds in prior years. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in deferred charges on refundings in the amount of \$1,166,907. This amount, net of accumulated amortization of \$400,481, has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$81,129 for the year ended June 30, 2019.

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, 2019:

	Governmental Activities
Cost Basis	\$ 927,655
Less: accumulated amortization	116,663
	<u>\$ 810,992</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Capital Leases from Direct Borrowings *(Continued)*

Amortization expense relative to leased property under capital leases totaled \$105,925 for the year ended June 30, 2019 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, 2019 are as follows:

Year ending June 30:	Governmental Activities
2020	\$ 204,238
2021	204,239
2022	49,234
Total minimum lease payments	457,711
Less: amount representing interest	9,848
Present value of minimum lease payments	<u>\$ 447,863</u>

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2019 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 914,529	\$ 64,058	\$ (70,879)	\$ 907,708	\$ 181,542
Heart and Hypertension	270,937	-	(70,937)	200,000	20,000
Net pension liability - Town <i>(Note 11)</i>	5,143,146	2,253,619	-	7,396,765	-
Net pension liability - Fire <i>(Note 11)</i>	956,815	-	(38,408)	918,407	-
Total OPEB liability <i>(Note 12)</i>	11,456,353	-	(915,842)	10,540,511	-
	<u>\$ 18,741,780</u>	<u>\$ 2,317,677</u>	<u>\$ (1,096,066)</u>	<u>\$ 19,963,391</u>	<u>\$ 201,542</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - FUND BALANCE

The various components of fund balance at June 30, 2019 are as follows:

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent fund principal	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:					
Donor restrictions	-	-	-	1,059	1,059
Performance bonds	143,100	-	-	-	143,100
Grant programs	-	-	-	102,134	102,134
Committed to:					
Dog fund	48,006	-	-	-	48,006
Animal control fund	2,486	-	-	-	2,486
Catastrophic illness fund	115,608	-	-	-	115,608
Retirement payout fund	156,688	-	-	-	156,688
Contingency fund	31,475	-	-	-	31,475
Capital purposes	-	2,827,675	3,109,654	-	5,937,329
General government	-	-	-	83,921	83,921
Public safety	-	-	-	188,431	188,431
Culture and recreation	-	-	-	189,269	189,269
Health and welfare	-	-	-	86,203	86,203
Education	-	-	-	710,675	710,675
Unassigned	6,971,610	-	(6,716,165)	-	255,445
	<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>

As of June 30, 2019 the Capital Nonrecurring Fund had a deficit fund balance of \$3,606,511. This deficit does not constitute a violation of statutory provisions and is expected to be eliminated through future revenue sources, including the issuance of long-term debt.

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, 2019

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 Plans' investments were subject to concentration risk as of June 30, 2019 as more than 5.0% of the total assets for each pension plan was invested with one issuer, ISHARES Core S&P 500 ETF. 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, 2019, 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 6.81% and 6.15%, 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:

	Town Plan	Fire Company Plan
Active participants	112	78
Terminated vested and other inactive participants	15	13
Retirees and beneficiaries receiving benefits	85	23
	<u>212</u>	<u>114</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

The retirement benefits at normal retirement:

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

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

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

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

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, 2019

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 65th birthday. The normal retirement benefit received annually is as follows:

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

The retirement benefits at early retirement:

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

Contributions

Employer - Recommended contributions to each of the plans are determined each year as part of the actuarial valuation using the entry age normal cost method. For the year ended June 30, 2019, employer contributions to the Town Plan represented approximately 8.56% 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, 2019

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, 2019, were as follows:

	Town Plan	Fire Company Plan
Total pension liability	\$ 30,546,355	\$ 2,225,143
Plan fiduciary net position	23,149,590	1,306,736
Town's net pension liability	<u>\$ 7,396,765</u>	<u>\$ 918,407</u>
Plan fiduciary net position as a percentage of the total pension liability	75.79%	58.73%

The components of the change in the net pension liability for both of the Town's Plans for the year ended June 30, 2019 were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2018	\$ 27,656,365	\$ 22,513,219	\$ 5,143,146
Changes for the year:			
Service cost	808,509	-	808,509
Interest	1,773,796	-	1,773,796
Effect of economic/demographic gains or losses	507,816	-	507,816
Effect of assumptions changes or inputs	1,497,585	-	1,497,585
Contributions - employer	-	558,125	(558,125)
Contributions - employee	-	328,653	(328,653)
Net investment income	-	1,483,398	(1,483,398)
Benefit payments, including refunds	(1,697,716)	(1,697,716)	-
Administrative expense	-	(36,089)	36,089
Net changes	<u>2,889,990</u>	<u>636,371</u>	<u>2,253,619</u>
Balance as of June 30, 2019	<u>\$ 30,546,355</u>	<u>\$ 23,149,590</u>	<u>\$ 7,396,765</u>
Fire Company Plan			
Balance as of June 30, 2018	\$ 2,123,524	\$ 1,166,709	\$ 956,815
Changes for the year:			
Service cost	52,166	-	52,166
Interest	159,138	-	159,138
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Contributions - employer	-	183,747	(183,747)
Net investment income	-	72,523	(72,523)
Benefit payments, including refunds	(109,685)	(109,685)	-
Administrative expense	-	(6,558)	6,558
Net changes	<u>101,619</u>	<u>140,027</u>	<u>(38,408)</u>
Balance as of June 30, 2019	<u>\$ 2,225,143</u>	<u>\$ 1,306,736</u>	<u>\$ 918,407</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2018 and July 1, 2017, respectively, 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	7.25%
Discount rate	5.85%
Fire Company Plan	
Inflation	3.00%
Investment rate of return	7.50%
Discount rate	7.50%

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

The long-term expected rate of returns on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each of the plan's target asset allocation as of June 30, 2019 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%	2%	3.1%	3.1%
Fixed Income	38%	38%	4.8%	4.8%
Equity	60%	60%	6.3%	6.3%

Discount rate - The discount rates used to measure the total pension liability for the Town Plan and the Fire Plan was 5.85% and 7.50%, 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, 2019

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 3.50% used in the discount rate was determined from Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate was decreased to 5.85% from the 6.42% 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	\$ 11,217,745	\$ 7,396,765	\$ 4,216,067
Fire Company Plan - Net pension liability	1,165,587	918,407	706,689

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized pension expense of \$808,061 for the Town Plan and \$158,266 for the Fire Company Plan. At June 30, 2019, the Town reported deferred outflows (inflows) of resources related to each of the Plans from the following sources:

	<u>Town Plan</u>		<u>Fire Company Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 433,948	\$ (1,165,161)	\$ 109,054	\$ (163,580)
Change of assumptions	2,272,938	(5,261,716)	75,645	-
Net difference between projected and actual earnings on pension plan investments	381,546	-	28,683	-
Total	<u>\$ 3,088,432</u>	<u>\$ (6,426,877)</u>	<u>\$ 213,382</u>	<u>\$ (163,580)</u>
	<u>Combined</u>			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net	
Differences between expected and actual experience	\$ 543,002	\$ (1,328,741)	\$ (785,739)	
Change of assumptions	2,348,583	(5,261,716)	(2,913,133)	
Net difference between projected and actual earnings on pension plan investments	410,229	-	410,229	
Total	<u>\$ 3,301,814</u>	<u>\$ (6,590,457)</u>	<u>\$ (3,288,643)</u>	

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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,			
2020	\$ (496,832)	\$ 22,049	\$ (474,783)
2021	(1,751,052)	8,429	(1,742,623)
2022	(1,338,517)	13,190	(1,325,327)
2023	65,645	9,655	75,300
2024	182,311	6,160	188,471
Thereafter	-	(9,681)	(9,681)
	<u>\$ (3,338,445)</u>	<u>\$ 49,802</u>	<u>\$ (3,288,643)</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, 2019:

	<u>Town Plan</u>	<u>Fire Plan</u>
ASSETS		
Cash and cash equivalents	\$ 1,911,760	\$ 74,012
Investments:		
Corporate bonds	7,089,713	330,645
U.S. Treasury securities	741,078	42,549
Equity securities	10,211,149	544,702
Exchange traded funds	3,195,974	182,156
Mutual Funds	-	132,672
Total assets	<u>23,149,674</u>	<u>1,306,736</u>
LIABILITIES		
Accounts payable	<u>84</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 23,149,590</u>	<u>\$ 1,306,736</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Plan Financial Statements *(Continued)*

	<u>Town Plan</u>	<u>Fire Plan</u>
ADDITIONS		
Contributions:		
Employer	\$ 558,125	\$ 183,747
Plan members	328,653	-
Total contributions	<u>886,778</u>	<u>183,747</u>
Investment earnings:		
Net change in fair value		
of investments	1,106,884	51,833
Interest and dividends	538,691	30,186
Total investment earnings	<u>1,645,575</u>	<u>82,019</u>
Less: investment fee expense	<u>(162,177)</u>	<u>(9,496)</u>
Net change in investments	<u>1,483,398</u>	<u>72,523</u>
Total additions	<u>2,370,176</u>	<u>256,270</u>
DEDUCTIONS		
Benefit payments	1,697,716	109,685
Administrative expenses	36,089	6,558
Total deductions	<u>1,733,805</u>	<u>116,243</u>
Change in net position	636,371	140,027
Net position - beginning	<u>22,513,219</u>	<u>1,166,709</u>
Net position - ending	<u>\$ 23,149,590</u>	<u>\$ 1,306,736</u>

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statue ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports. These reports can be obtained from the Connecticut Office of the State Comptroller.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Connecticut State 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 five years preceding normal retirement age and 4.0% per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% 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: There is no service requirement if incurred in the performance of duty. Employees are eligible for five years of credited service if not incurred in the performance of duty. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. 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% of average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board 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.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$3,775,299 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 of the General Fund for the year ended June 30, 2019.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective pension expense allocated to the Town totaled \$4,384,070.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$39,062,448 or approximately 0.297% of the total collective net pension liability.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total pension 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	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	8.00%, 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% 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% 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% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100%</u>	

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$49.4 million	\$39.1 million	\$30.3 million

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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	62
	<u>325</u>

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2019 totaled \$10,540,511. The total OPEB liability has been measured and determined as of June 30, 2019 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	3.50%
Inflation rate	2.70%
Medical trend rates	5.48% - 4.40% 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 RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA.

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, 2019

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

Town and Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2018	\$ 11,456,353
Changes for the year:	
Service cost	238,872
Interest	442,887
Effect of economic/demographic gains or losses	(1,574,470)
Changes of assumptions	483,923
Benefit payments, including	
refunds of member contributions	(507,054)
Net changes	(915,842)
Balances as of June 30, 2019	\$ 10,540,511

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 3.87% utilized in the June 30, 2018 measurement to 3.50% utilized in the June 30, 2019 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	Discount Rates		
	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 11,974,222	\$ 10,540,511	\$ 9,368,389

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:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 9,498,329	\$ 10,540,511	\$ 11,819,577

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, the Town recognized OPEB expense of \$519,570. At June 30, 2019, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ -	\$ (1,413,810)	\$ (1,413,810)
Changes of assumptions	434,543	(300,365)	134,178
	<u>\$ 434,543</u>	<u>\$ (1,714,175)</u>	<u>\$ (1,279,632)</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:	
2020	\$ (162,189)
2021	(162,189)
2022	(162,189)
2023	(162,189)
2024	(162,189)
Thereafter	(468,687)
	<u>\$ (1,279,632)</u>

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). 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. These reports can be obtained from the Connecticut Office of the State Comptroller.

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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

Per CGS 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 and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2018.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$104,745 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 of the General Fund for the year ended June 30, 2019.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective negative OPEB expense allocated to the Town totaled \$(2,594,097).

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$7,808,855 or approximately 0.297% of the total collective net OPEB liability.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

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

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	0.27%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

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 was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 3.87%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1.00% Decrease (2.87%)	Current Rate (3.87%)	1.00% Increase (4.87%)
Proportionate share of the net pension liability attributed to the Town	\$ 9,272,436	\$ 7,808,855	\$ 6,640,790

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net pension liability attributed to the Town	\$ 6,544,060	\$ 7,808,855	\$ 9,487,775

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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. The BOE's estimated portion of claims incurred but not recorded as of June 30, 2019 was \$98,614.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES *(Continued)*

The following is a summary of available commitments on capital projects as of June 30, 2019:

<u>Capital Project</u>	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balances</u>
Wastewater Management System	\$ 42,171,200	\$ 14,922,697	\$ 27,248,503
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	-
Total	<u>\$ 63,663,200</u>	<u>\$ 36,414,697</u>	<u>\$ 27,248,503</u>

NOTE 15 - SUBSEQUENT EVENT

On September 12, 2019, the Town issued \$12,565,000 in general obligation refunding bonds with interest rates ranging from 2.00% to 5.00% and a maturity date of August 15, 2034. The Town issued the bonds to refund \$4,405,000 in general obligation bonds outstanding with interest rates ranging from 2.00% to 4.00% and \$4,240,500 in clean water fund loan obligations with an interest rate of 2.00%. In addition, the bonds were issued to convert \$6,833,679 of interim clean water fund loans to general obligation bonds. The Town received \$117,514 of interim clean water fund loans subsequent to year end, which were also converted to general obligations bonds.

NOTE 16 - 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. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town 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, 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, 2019

NOTE 16 - 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, 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, 2019. 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. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2019

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 43,995,880	\$ 43,995,880	\$ 44,516,591	\$ 520,711
Intergovernmental	375,000	375,000	447,205	72,205
Charges for services	1,134,200	1,134,200	1,238,876	104,676
Investment income	100,000	100,000	161,633	61,633
Total revenues	<u>45,605,080</u>	<u>45,605,080</u>	<u>46,364,305</u>	<u>759,225</u>
EXPENDITURES				
Current:				
General government	3,608,514	3,608,514	3,498,298	(110,216)
Public safety	5,997,761	5,997,761	5,820,026	(177,735)
Public works	3,539,087	3,539,087	3,378,727	(160,360)
Culture and recreation	1,756,210	1,756,210	1,751,394	(4,816)
Health and welfare	699,149	699,149	677,961	(21,188)
Education	25,809,822	25,809,822	25,790,696	(19,126)
Capital outlays	739,108	739,108	739,108	-
Debt service	3,455,429	3,455,429	3,455,429	-
Total expenditures	<u>45,605,080</u>	<u>45,605,080</u>	<u>45,111,639</u>	<u>(493,441)</u>
Excess of revenues over expenditures	-	-	1,252,666	1,252,666
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	238,966	-	(238,966)
Use of current year surplus	-	249,000	-	(249,000)
Transfers out	-	(487,966)	(487,966)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(487,966)</u>	<u>(487,966)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 764,700</u>	<u>\$ 764,700</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 SIX FISCAL YEARS

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

See accompanying notes to required supplementary information.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 575,704	\$ 675,326	\$ 828,573	\$ 802,803	\$ 758,105	\$ 712,919
Contributions in relation to the actuarially determined contribution	<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>\$ 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	\$ 6,518,727	\$ 6,391,246	\$ 5,112,538	\$ 5,040,802	\$ 4,627,012	\$ 4,542,061
Contributions as a percentage of covered payroll	8.56%	24.67%	9.80%	9.43%	9.45%	9.05%
Annual money-weighted rate of return, net of investment expense	6.81%	5.98%	11.06%	-0.11%	3.95%	16.86%

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 SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 52,166	\$ 48,089	\$ 60,032	\$ 55,714	\$ 38,203	\$ 35,373
Interest	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	-	(202,528)	-	172,274	-	-
Effect of assumptions changes or inputs	-	54,269	-	50,256	-	-
Benefit payments, including refunds	(109,685)	(103,057)	(100,975)	(93,840)	(71,128)	(43,132)
Net change in total pension liability	101,619	(36,052)	118,085	383,307	132,322	106,896
Total pension liability - beginning	2,123,524	2,159,576	2,041,491	1,658,184	1,525,862	1,418,966
Total pension liability - ending	2,225,143	2,123,524	2,159,576	2,041,491	1,658,184	1,525,862
Plan fiduciary net position						
Contributions - employer	183,747	173,587	161,102	127,411	117,695	74,213
Contributions - members	-	-	-	-	-	-
Net investment income	72,523	65,461	95,036	(311)	23,314	103,528
Benefit payments, including refunds	(109,685)	(103,057)	(100,975)	(93,840)	(71,128)	(43,132)
Administrative expense	(6,558)	(13,862)	(216)	(3,502)	-	-
Net change in plan fiduciary net position	140,027	122,129	154,947	29,758	69,881	134,609
Plan fiduciary net position - beginning	1,166,709	1,044,580	889,633	859,875	789,994	655,385
Plan fiduciary net position - ending	1,306,736	1,166,709	1,044,580	889,633	859,875	789,994
Town's net pension liability	<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	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
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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 SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 153,467	\$ 173,587	\$ 161,102	\$ 127,111	\$ 117,695	\$ 74,213
Contributions in relation to the actuarially determined contribution	<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>\$ (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
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	6.15%	5.98%	11.06%	-0.11%	3.95%	16.86%

See accompanying notes to required supplementary information.

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

	2019	2018	2017	2016	2015
Proportion of the net pension liability attributable to the Town	0.297%	0.296%	0.296%	0.296%	0.296%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	39,062,000	39,921,000	42,117,000	32,426,000	32,426,000
Total	<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	\$ 12,444,000	\$ 12,026,000	\$ 12,138,000	\$ 11,784,000	\$ 11,301,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

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 TWO FISCAL YEARS

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

See accompanying notes to required supplementary information.

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

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.297%	0.296%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	7,809,000	10,275,000
Total	<u>\$ 7,809,000</u>	<u>\$ 10,275,000</u>
Town's covered employee payroll	\$ 12,444,000	\$ 12,036,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 15th of each year, submit to the First Selectman a detailed estimate of the expenditures to be made by said board, commission, department, agency or officer for the Town's fiscal year beginning July 1st of the year, together with a statement of revenues (other than tax revenues) which are estimated to be collected by such board, commission, department, agency or officer for said ensuing fiscal year; provided; however, that said submission by the Board of Education shall be on or before March 1st of each year, rather than January 15th thereof. For those boards, commissions, departments, agencies and officials which provide programs and services, budgets shall be accompanied by a statement or statements, in narrative form, describing such programs or services, which have been accomplished or expected to be accomplished during its present fiscal year, and those such programs and services which are expected to be accomplished in the ensuing fiscal year.
- The First Selectman shall compile all general governmental budgets, excluding the Board of Education, no later than February 15th of each year, and present to the Board of Selectmen a consolidated proposed budget.
- On or before March 1st of each year, the Board of Selectman and Board of Education shall present its completed budget to the Board of Finance. Following the receipt of said budget from the Board of Selectmen, the Board of Finance will present the proposed General Government Budget. Also, prior to April 1st, the Board of Finance will hold a public hearing at which time the Board of Education will present the proposed Board of Education Budget. Following such public hearings and at least two (2) weeks before the Annual Town Budget Meeting, the Board of Finance shall hold a public hearing, at which time it will present a proposed Town Budget, together with the statement of anticipated revenues and estimated mill rate based upon such proposed Town Budget. The Board of Finance may hold additional public hearings, if it deems necessary. At any of the public hearings referred to in this section, any elector or taxpayer may be heard regarding the proposed budget for the next ensuing fiscal year.
- The Annual Budget Meeting shall be held not less than one month prior to the beginning of the next ensuing fiscal year for the purpose of action upon the budget, in accordance with the provisions of Section 7-388 of the General Statutes of the State of Connecticut, as amended.

TOWN OF OLD SAYBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 \$238,966 were approved during the year ended June 30, 2019. In addition, the Town authorized the transfer of \$249,000 from the fiscal year 2019 budgetary surplus to a debt stabilization reserve fund.
- 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, 2019

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, 2019:

	Total Revenues	Total Expenditures	Other Financing Uses, Net	Net Change in Fund Balance
Budgetary basis	\$ 46,364,305	\$ 45,111,639	\$ (487,966)	\$ 764,700
"On-behalf" payments - State Teachers' Retirement Fund	3,880,044	3,880,044	-	-
Consolidation of reserve funds	7,909	106,226	152,624	54,307
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	429,426	429,426	-	-
Certain transfers recorded as expenditures for budgetary purposes	-	(1,022,272)	(1,022,272)	-
GAAP basis	<u>\$ 50,681,684</u>	<u>\$ 48,505,063</u>	<u>\$ (1,357,614)</u>	<u>\$ 819,007</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, 2019. This information is utilized by the Town for reporting as of June 30, 2019.

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 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, 2019

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, 2019.

Valuation date:	July 1, 2018
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage
Remaining amortization period	30 years, closed (18 years remaining as of July 1, 2018)
Asset valuation method	5 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.25%
Discount rate	5.85%
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 RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA.

TOWN OF OLD SAYBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 year with the most recent available actuarial valuation performed as of July 1, 2017. The July 1, 2017 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2019. This information is utilized by the Town for reporting as of June 30, 2019.

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

NOTE 5 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE 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, 2019.

Benefit changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2019.

- 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%.

TOWN OF OLD SAYBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. This information is utilized by the Town for reporting as of June 30, 2019.

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 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%.

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE 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, 2019.

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, 2018:

- 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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
General property taxes	\$ 43,835,880	\$ 43,835,880	\$ 44,310,476	\$ 474,596
Interest and lien and fees	100,000	100,000	171,135	71,135
Telecommunications tax	60,000	60,000	34,980	(25,020)
Total property taxes	43,995,880	43,995,880	44,516,591	520,711
INTERGOVERNMENTAL REVENUES				
Education equalization grant	100,000	100,000	107,818	7,818
Town aid road fund	123,000	123,000	246,524	123,524
Local capital improvement program	65,000	65,000	-	(65,000)
Elderly tax relief	67,000	67,000	-	(67,000)
Municipal purposes and projects grant	-	-	46,717	46,717
Grants in lieu of taxes	-	-	46,146	46,146
Excess cost	20,000	20,000	-	(20,000)
Total intergovernmental revenues	375,000	375,000	447,205	72,205
CHARGES FOR SERVICES				
Board of Selectman	2,000	2,000	2,700	700
Town clerk fees	400,000	400,000	556,058	156,058
Assessor	200	200	1,240	1,040
Building department	200,000	200,000	230,379	30,379
Registrar of voters	-	-	50	50
Zoning commission	10,000	10,000	11,729	1,729
Zoning board of appeals	8,000	8,000	5,600	(2,400)
Planning commission	1,000	1,000	50	(950)
Historic District	-	-	750	750
Inland wetlands	1,000	1,000	600	(400)
Police department	7,000	7,000	5,353	(1,647)
Fire Marshal	-	-	1,505	1,505
Transfer station	100,000	100,000	77,410	(22,590)
Library fees and fines	5,000	5,000	4,895	(105)
Parks and recreation	300,000	300,000	282,135	(17,865)
Other revenue from local	100,000	100,000	58,422	(41,578)
Total charges for services	1,134,200	1,134,200	1,238,876	104,676
INVESTMENT EARNINGS	100,000	100,000	161,633	61,633
Total revenues	45,605,080	45,605,080	46,364,305	759,225
OTHER FINANCING SOURCES				
Appropriation of fund balance	-	238,966	-	(238,966)
Use of current year surplus	-	249,000	-	(249,000)
Total other financing sources	-	487,966	-	(487,966)
Total revenues and other financing sources	\$ 45,605,080	\$ 46,093,046	\$ 46,364,305	\$ 271,259

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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Selectman	\$ 391,688	\$ 391,688	\$ 386,378	\$ (5,310)
Accounting	281,885	281,885	267,898	(13,987)
Tax collector	205,559	205,559	205,828	269
Information technology	190,054	190,054	193,250	3,196
Treasurer	8,613	8,613	8,646	33
Town clerk	249,527	249,527	236,875	(12,652)
Historic district	5,358	5,358	4,973	(385)
Vital statistics	1,350	1,350	820	(530)
Assessor	254,832	254,832	259,515	4,683
Town hall	337,092	337,092	342,997	5,905
Registrars	69,879	69,879	64,478	(5,401)
Arch review board	3,600	3,600	2,701	(899)
Land use department	438,056	438,056	398,204	(39,852)
Zoning commission	34,746	34,746	21,377	(13,369)
Zoning board of appeals	13,423	13,423	14,101	678
Board of finance	61,327	61,327	56,043	(5,284)
Assessment appeals	11,907	11,907	8,202	(3,705)
Planning commission	15,250	15,250	4,665	(10,585)
Conservation commission	3,717	3,717	3,037	(680)
Economic development commission	59,009	59,009	58,228	(781)
Ethics commission	950	950	-	(950)
Inland wetlands	8,624	8,624	13,959	5,335
Insurance	388,000	388,000	395,551	7,551
Legal	105,000	105,000	85,781	(19,219)
Political subdivisions	177,376	177,376	174,243	(3,133)
Retiree health insurance	271,000	271,000	275,001	4,001
Harbor management	20,692	20,692	15,547	(5,145)
Total general government	<u>3,608,514</u>	<u>3,608,514</u>	<u>3,498,298</u>	<u>(110,216)</u>
PUBLIC SAFETY				
Fire department	597,044	597,044	578,638	(18,406)
Fire marshal	135,255	135,255	136,570	1,315
Police - Field Service	3,317,297	3,317,297	3,057,936	(259,361)
Police - Support Services	947,703	947,703	910,985	(36,718)
Police - General Expenditures	546,899	546,899	702,832	155,933
Emergency management	204,205	204,205	192,691	(11,514)
Marine patrol	57,358	57,358	48,460	(8,898)
Tree warden	26,459	26,459	39,613	13,154
Animal control	25,000	25,000	25,000	-
Buildings	140,541	140,541	127,301	(13,240)
Total public safety	<u>5,997,761</u>	<u>5,997,761</u>	<u>5,820,026</u>	<u>(177,735)</u>

(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, 2019

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC WORKS				
Water pollution control authority	\$ 300,593	\$ 300,593	\$ 289,969	\$ (10,624)
Transfer station operations	310,814	310,814	293,922	(16,892)
Transfer station waste/disposal	335,900	335,900	294,650	(41,250)
Public works administration	1,061,990	1,061,990	971,945	(90,045)
Engineering	80,000	80,000	67,648	(12,352)
Waste collections	24,990	24,990	26,231	1,241
Traffic and street lights	154,000	154,000	168,404	14,404
Water hydrant	577,000	577,000	596,047	19,047
Public works highway & streets	556,800	556,800	560,885	4,085
Public works snow & ice	56,000	56,000	50,869	(5,131)
Public works vehicle maintenance	81,000	81,000	58,157	(22,843)
Total public works	<u>3,539,087</u>	<u>3,539,087</u>	<u>3,378,727</u>	<u>(160,360)</u>
CULTURE AND RECREATION				
Acton public library	1,029,063	1,029,063	994,162	(34,901)
Recreation	545,324	545,324	546,440	1,116
Mini golf	63,523	63,523	74,221	10,698
Vicky Duffy Pavilion	9,100	9,100	10,686	1,586
Other parks	48,080	48,080	56,147	8,067
Katherine Hepburn Theater	61,120	61,120	69,738	8,618
Total culture and recreation	<u>1,756,210</u>	<u>1,756,210</u>	<u>1,751,394</u>	<u>(4,816)</u>
HEALTH AND WELFARE				
Youth and family services	381,680	381,680	381,391	(289)
Health district/ environmental health	162,000	162,000	140,922	(21,078)
Social services	112,816	112,816	113,764	948
Public health nursing	42,653	42,653	41,884	(769)
Total health and welfare	<u>699,149</u>	<u>699,149</u>	<u>677,961</u>	<u>(21,188)</u>
BOARD OF EDUCATION	<u>25,809,822</u>	<u>25,809,822</u>	<u>25,790,696</u>	<u>(19,126)</u>
CAPITAL OUTLAYS	<u>739,108</u>	<u>739,108</u>	<u>739,108</u>	<u>-</u>
DEBT SERVICE	<u>3,455,429</u>	<u>3,455,429</u>	<u>3,455,429</u>	<u>-</u>
Total expenditures	45,605,080	45,605,080	45,111,639	(493,441)
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>487,966</u>	<u>487,966</u>	<u>-</u>
Total expenditures other financing uses	<u>\$ 45,605,080</u>	<u>\$ 46,093,046</u>	<u>\$ 45,599,605</u>	<u>\$ (493,441)</u>
				(Concluded)

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2019

Grand List Year	Balance Uncollected June 30, 2018	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2019
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2017	\$ -	\$ 44,427,244	\$ 42,979	\$ 154,780	\$ -	\$ 44,315,443	\$ 44,052,552	\$ 99,701	\$ 44,152,253	\$ 262,891
2016	335,736	-	1,451	26,993	-	310,194	243,380	60,712	304,092	66,814
2015	42,255	-	-	11,514	-	30,741	(280)	3,670	3,390	31,021
2014	27,023	-	-	17	-	27,006	1,442	869	2,311	25,564
2013	20,561	-	42	845	19,593	165	880	672	1,552	(715)
2012	5,397	-	-	-	-	5,397	521	70	591	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	2,696	-	-	-	-	2,696	-	-	-	2,696
2003	5,278	-	-	2,729	-	2,549	-	-	-	2,549
	<u>\$ 464,773</u>	<u>\$ 44,427,244</u>	<u>\$ 44,472</u>	<u>\$ 196,878</u>	<u>\$ 19,593</u>	<u>\$ 44,720,018</u>	<u>\$ 44,298,495</u>	<u>\$ 165,694</u>	<u>\$ 44,464,189</u>	<u>\$ 421,523</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2019

Total cash collections for the year ended
June 30, 2019:

Taxes	\$ 44,298,495
Interest and lien fees	165,694
Total	<u>44,464,189</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	11,872
Base	<u><u>\$ 44,476,061</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 100,071,137	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	200,142,275	-	-	-
3-3/4 times base	-	-	166,785,229	-	-
3-1/4 times base	-	-	-	144,547,198	-
3 times base	-	-	-	-	133,428,183
Total debt limitation	<u>100,071,137</u>	<u>200,142,275</u>	<u>166,785,229</u>	<u>144,547,198</u>	<u>133,428,183</u>
Indebtedness:					
Bonds payable	15,023,000	7,442,000	-	-	-
Clean Water Fund:					
Loans	-	-	4,283,588	-	-
Interim Funding Obligation	-	-	6,716,165	-	-
Authorized but unissued debt	-	30,944	21,867,394	-	-
Total indebtedness	<u>15,023,000</u>	<u>7,472,944</u>	<u>32,867,147</u>	<u>-</u>	<u>-</u>
Less: assessments and grants receivables	-	-	(2,611,779) *	-	-
Net indebtedness	<u>15,023,000</u>	<u>7,472,944</u>	<u>30,255,368</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 85,048,137</u></u>	<u><u>\$ 192,669,331</u></u>	<u><u>\$ 136,529,861</u></u>	<u><u>\$ 144,547,198</u></u>	<u><u>\$ 133,428,183</u></u>
Total capacity of borrowing (7 times base)	\$ 311,332,427				
Total present indebtedness	52,751,312				
Margin for additional borrowing	<u><u>\$ 258,581,115</u></u>				

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

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	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
ASSETS						
Cash and cash equivalents	\$ 60,280	\$ 40,360	\$ 39,770	\$ 21,757	\$ 14,847	\$ 14,279
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	26,919	-	-	-	-
Other	-	10,608	-	-	-	-
Total assets	<u>\$ 60,280</u>	<u>\$ 77,887</u>	<u>\$ 39,770</u>	<u>\$ 21,757</u>	<u>\$ 14,847</u>	<u>\$ 14,279</u>
LIABILITIES						
Accounts payable	\$ -	\$ 3,707	\$ -	\$ 11,040	\$ 5,169	\$ 869
Salaries and benefits payable	-	-	-	-	988	-
Other accruals	-	936	-	-	-	-
Due to other funds	-	-	-	-	-	350
Unearned revenue	31,390	-	-	-	-	-
Total liabilities	<u>31,390</u>	<u>4,643</u>	<u>-</u>	<u>11,040</u>	<u>6,157</u>	<u>1,219</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	28,890	73,244	-	-	-	-
Committed	-	-	39,770	10,717	8,690	13,060
Total fund balances	<u>28,890</u>	<u>73,244</u>	<u>39,770</u>	<u>10,717</u>	<u>8,690</u>	<u>13,060</u>
Total liabilities and fund balances	<u>\$ 60,280</u>	<u>\$ 77,887</u>	<u>\$ 39,770</u>	<u>\$ 21,757</u>	<u>\$ 14,847</u>	<u>\$ 14,279</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2019

	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	\$ 1,644	\$ 544	\$ 9,489	\$ 95,019	\$ 23,247	\$ 49,871	\$ 1,610
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	1,714	-	-	-
Total assets	<u>\$ 1,644</u>	<u>\$ 544</u>	<u>\$ 9,489</u>	<u>\$ 96,733</u>	<u>\$ 23,247</u>	<u>\$ 49,871</u>	<u>\$ 1,610</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 578	\$ 13,212	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	5,890	-	10,695	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>578</u>	<u>19,102</u>	<u>-</u>	<u>10,695</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,644	544	8,911	77,631	23,247	39,176	1,610
Total fund balances	<u>1,644</u>	<u>544</u>	<u>8,911</u>	<u>77,631</u>	<u>23,247</u>	<u>39,176</u>	<u>1,610</u>
Total liabilities							
and fund balances	<u>\$ 1,644</u>	<u>\$ 544</u>	<u>\$ 9,489</u>	<u>\$ 96,733</u>	<u>\$ 23,247</u>	<u>\$ 49,871</u>	<u>\$ 1,610</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	Parks and Recreation Community Program Fund	Action Public Library Fund	Youth and Family Services Fund	Gateway Fund	Board of Education Fund	Probate Court Fund
ASSETS						
Cash and cash equivalents	\$ 15,147	\$ 60,368	\$ 83,840	\$ 11,056	\$ 720,700	\$ 31,442
Investments	-	22,498	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	1,063	-	-	-	-
Total assets	<u>\$ 15,147</u>	<u>\$ 83,929</u>	<u>\$ 83,840</u>	<u>\$ 11,056</u>	<u>\$ 720,700</u>	<u>\$ 31,442</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,042	\$ 6,327	\$ -	\$ -	\$ 952
Salaries and benefits payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	10,025	-
Total liabilities	<u>-</u>	<u>1,042</u>	<u>6,327</u>	<u>-</u>	<u>10,025</u>	<u>952</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	15,147	82,887	77,513	11,056	710,675	30,490
Total fund balances	<u>15,147</u>	<u>82,887</u>	<u>77,513</u>	<u>11,056</u>	<u>710,675</u>	<u>30,490</u>
Total liabilities						
and fund balances	<u>\$ 15,147</u>	<u>\$ 83,929</u>	<u>\$ 83,840</u>	<u>\$ 11,056</u>	<u>\$ 720,700</u>	<u>\$ 31,442</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2019

	Nonmajor Special Revenue Funds			Nonmajor Permanent Fund	
	Police Program Fund	Hurricane Relief Fund	Total Nonmajor Special Revenue Funds	Upper Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 106,565	\$ 2,605	\$ 1,404,440	\$ 6,059	\$ 1,410,499
Investments	-	-	22,498	-	22,498
Receivables:					
Grants and contracts	-	-	26,919	-	26,919
Other	1,240	-	14,625	-	14,625
Total assets	<u>\$ 107,805</u>	<u>\$ 2,605</u>	<u>\$ 1,468,482</u>	<u>\$ 6,059</u>	<u>\$ 1,474,541</u>
LIABILITIES					
Accounts payable	\$ 3,557	\$ -	46,453	\$ -	\$ 46,453
Salaries and benefits payable	1,122	-	18,695	-	18,695
Accrued liabilities	-	-	936	-	936
Due to other funds	-	-	350	-	350
Unearned revenue	-	-	41,415	-	41,415
Total liabilities	<u>4,679</u>	<u>-</u>	<u>107,849</u>	<u>-</u>	<u>107,849</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	-	102,134	1,059	103,193
Committed	103,126	2,605	1,258,499	-	1,258,499
Total fund balances	<u>103,126</u>	<u>2,605</u>	<u>1,360,633</u>	<u>6,059</u>	<u>1,366,692</u>
Total liabilities					
and fund balances	<u>\$ 107,805</u>	<u>\$ 2,605</u>	<u>\$ 1,468,482</u>	<u>\$ 6,059</u>	<u>\$ 1,474,541</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, 2019

	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
REVENUES						
Intergovernmental	\$ 455,382	\$ 182,170	\$ 9,620	\$ 4,753	\$ 45,467	\$ -
Charges for services	7,933	394,366	-	-	94,358	-
Contributions	-	-	-	-	23,205	-
Interest income	-	-	-	-	-	-
Other income	104,855	-	267	-	1,003	1,126
Total revenues	<u>568,170</u>	<u>576,536</u>	<u>9,887</u>	<u>4,753</u>	<u>164,033</u>	<u>1,126</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	11,040	-	-
Culture and recreation	-	-	5,798	-	-	7,081
Health and welfare	-	-	-	-	167,679	-
Education	560,237	550,422	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>560,237</u>	<u>550,422</u>	<u>5,798</u>	<u>11,040</u>	<u>167,679</u>	<u>7,081</u>
Excess (deficiency) of revenues over expenditures	7,933	26,114	4,089	(6,287)	(3,646)	(5,955)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	2,795	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,795</u>	<u>-</u>
Net change in fund balances	7,933	26,114	4,089	(6,287)	(851)	(5,955)
Fund balances - beginning, as adjusted	<u>20,957</u>	<u>47,130</u>	<u>35,681</u>	<u>17,004</u>	<u>9,541</u>	<u>19,015</u>
Fund balances - ending	<u>\$ 28,890</u>	<u>\$ 73,244</u>	<u>\$ 39,770</u>	<u>\$ 10,717</u>	<u>\$ 8,690</u>	<u>\$ 13,060</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, 2019

	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	-	-	-	204,033	-	314,400	16
Contributions	3,500	-	4,900	17,254	-	-	316
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total revenues	3,500	-	4,900	221,287	-	314,400	332
EXPENDITURES							
Current:							
General government	-	25	-	-	-	-	-
Public safety	2,213	-	3,165	-	-	306,709	1,103
Culture and recreation	-	-	-	254,000	-	-	-
Health and welfare	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	5,102	-
Total expenditures	2,213	25	3,165	254,000	-	311,811	1,103
Excess (deficiency) of revenues over expenditures	1,287	(25)	1,735	(32,713)	-	2,589	(771)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(69,914)	-
Total other financing sources (uses)	-	-	-	-	-	(69,914)	-
Net change in fund balances	1,287	(25)	1,735	(32,713)	-	(67,325)	(771)
Fund balances - beginning, as adjusted	357	569	7,176	110,344	23,247	106,501	2,381
Fund balances - ending	\$ 1,644	\$ 544	\$ 8,911	\$ 77,631	\$ 23,247	\$ 39,176	\$ 1,610
							(Continued)

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	Parks and Recreation Community Program Fund	Action Public Library Fund	Youth and Family Services Fund	Gateway Fund	Board of Education Fund	Probate Court Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 38,428	\$ -
Charges for services	-	8,632	6,233	10,200	490,955	26,612
Contributions	-	16,566	34,339	-	1,877	-
Interest income	-	168	-	-	-	-
Other income	-	-	-	-	8,619	-
Total revenues	-	25,366	40,572	10,200	539,879	26,612
EXPENDITURES						
Current:						
General government	-	-	-	6,362	-	24,372
Public safety	-	-	-	-	-	-
Culture and recreation	8,198	19,645	-	-	-	-
Health and welfare	-	-	52,073	-	-	-
Education	-	-	-	-	331,466	-
Debt service	-	-	-	-	-	-
Total expenditures	8,198	19,645	52,073	6,362	331,466	24,372
Excess (deficiency) of revenues over expenditures	(8,198)	5,721	(11,501)	3,838	208,413	2,240
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(2,795)	(30,169)	-	-
Total other financing sources (uses)	-	-	(2,795)	(30,169)	-	-
Net change in fund balances	(8,198)	5,721	(14,296)	(26,331)	208,413	2,240
Fund balances - beginning, as adjusted	23,345	77,166	91,809	37,387	502,262	28,250
Fund balances - ending	\$ 15,147	\$ 82,887	\$ 77,513	\$ 11,056	\$ 710,675	\$ 30,490

(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, 2019

	Nonmajor Special Revenue Funds			Nonmajor Permanent Fund	
	Police Program Fund	Hurricane Relief Fund	Total Nonmajor Special Revenue Funds	Upper Cemetery Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 92,359	\$ -	\$ 828,179	\$ -	\$ 828,179
Charges for services	25,286	-	1,583,024	-	1,583,024
Contributions	30,234	1,683	133,874	-	133,874
Interest income	-	7	175	-	175
Other income	-	-	115,870	-	115,870
Total revenues	<u>147,879</u>	<u>1,690</u>	<u>2,661,122</u>	<u>-</u>	<u>2,661,122</u>
EXPENDITURES					
Current:					
General government	-	-	30,759	-	30,759
Public safety	148,003	-	472,233	-	472,233
Culture and recreation	-	-	294,722	-	294,722
Health and welfare	-	-	219,752	-	219,752
Education	-	-	1,442,125	-	1,442,125
Debt service	-	-	5,102	-	5,102
Total expenditures	<u>148,003</u>	<u>-</u>	<u>2,464,693</u>	<u>-</u>	<u>2,464,693</u>
Excess (deficiency) of revenues over expenditures	(124)	1,690	196,429	-	196,429
OTHER FINANCING SOURCES (USES)					
Transfers in	9,776	-	12,571	-	12,571
Transfers out	(2,170)	-	(105,048)	-	(105,048)
Total other financing sources (uses)	<u>7,606</u>	<u>-</u>	<u>(92,477)</u>	<u>-</u>	<u>(92,477)</u>
Net change in fund balances	7,482	1,690	103,952	-	103,952
Fund balances - beginning, as adjusted	<u>95,644</u>	<u>915</u>	<u>1,256,681</u>	<u>6,059</u>	<u>1,262,740</u>
Fund balances - ending	<u>\$ 103,126</u>	<u>\$ 2,605</u>	<u>\$ 1,360,633</u>	<u>\$ 6,059</u>	<u>\$ 1,366,692</u>
					(Concluded)

FIDUCIARY FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2019

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust Fund	Endrich Donation Trust Fund	Total Private- Purpose Trust Funds
ASSETS					
Cash and cash equivalents	\$ 13,992	\$ 96,094	\$ 2,019	\$ 1,544	\$ 113,649
Investments:					
Exchange traded funds	-	-	-	17,274	17,274
Mutual funds	-	-	242,124	86,257	328,381
Total assets	<u>13,992</u>	<u>96,094</u>	<u>244,143</u>	<u>105,075</u>	<u>459,304</u>
NET POSITION					
Held in trust	<u>\$ 13,992</u>	<u>\$ 96,094</u>	<u>\$ 244,143</u>	<u>\$ 105,075</u>	<u>\$ 459,304</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust Fund	Endrich Donation Trust Fund	Total Private- Purpose Trust Funds
ADDITIONS					
Private Donations	\$ 5,185	\$ -	\$ -	\$ -	\$ 5,185
Investment earnings:					
Net change in the fair value of investments	(19,000)	(2,755)	4,861	(195)	(17,089)
Interest and dividends	-	1,030	15,643	7,078	23,751
Total investment earnings	(19,000)	(1,725)	20,504	6,883	6,662
Less investment fee expense	-	-	(1,519)	(937)	(2,456)
Net change in investments	(19,000)	(1,725)	18,985	5,946	4,206
Total additions	(13,815)	(1,725)	18,985	5,946	9,391
DEDUCTIONS					
Benefit payments	-	-	16,000	36,894	52,894
Change in net position	(13,815)	(1,725)	2,985	(30,948)	(43,503)
Net position - beginning	27,807	97,819	241,158	136,023	502,807
Net position - ending	\$ 13,992	\$ 96,094	\$ 244,143	\$ 105,075	\$ 459,304

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	Student Activities Fund	Land Use Fund	BOE Flexible Spending Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 185,917	\$ 64,981	\$ 3,819	\$ 254,717
Investments:				
Mutual funds	100,779	-	-	100,779
Total assets	<u>\$ 286,696</u>	<u>\$ 64,981</u>	<u>\$ 3,819</u>	<u>\$ 355,496</u>
LIABILITIES				
Payables	\$ -	\$ 1,341	\$ -	\$ 1,341
Due to student groups	286,696	-	-	286,696
Due to others	-	63,640	3,819	67,459
Total liabilities	<u>\$ 286,696</u>	<u>\$ 64,981</u>	<u>\$ 3,819</u>	<u>\$ 355,496</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance, July 1, 2018	Additions	Deletions	Balance, June 30, 2019
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 193,803	\$ 577,730	\$ 585,616	\$ 185,917
Investments	94,729	6,050	-	100,779
Total assets	<u>\$ 288,532</u>	<u>\$ 583,780</u>	<u>\$ 585,616</u>	<u>\$ 286,696</u>
Liabilities				
Due to student groups	\$ 288,532	\$ 583,780	\$ 585,616	\$ 286,696
Total liabilities	<u>\$ 288,532</u>	<u>\$ 583,780</u>	<u>\$ 585,616</u>	<u>\$ 286,696</u>
Land Use Fund				
Assets				
Cash and cash equivalents	\$ 81,155	\$ 24,651	\$ 40,825	\$ 64,981
Receivables	1,900	-	1,900	-
Total assets	<u>\$ 83,055</u>	<u>\$ 24,651</u>	<u>\$ 42,725</u>	<u>\$ 64,981</u>
Liabilities				
Due to others	\$ 65,817	\$ 24,651	\$ 26,828	\$ 63,640
Payables	17,238	-	15,897	1,341
Total liabilities	<u>\$ 83,055</u>	<u>\$ 24,651</u>	<u>\$ 42,725</u>	<u>\$ 64,981</u>
BOE Flexible Spending Fund				
Assets				
Cash and cash equivalents	\$ 3,939	\$ 28,222	\$ 28,342	\$ 3,819
Total assets	<u>\$ 3,939</u>	<u>\$ 28,222</u>	<u>\$ 28,342</u>	<u>\$ 3,819</u>
Liabilities				
Due to others	\$ 3,939	\$ 28,222	\$ 28,342	\$ 3,819
Total liabilities	<u>\$ 3,939</u>	<u>\$ 28,222</u>	<u>\$ 28,342</u>	<u>\$ 3,819</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 278,897	\$ 630,603	\$ 654,783	\$ 254,717
Investments	94,729	6,050	-	100,779
Receivables	1,900	-	1,900	-
Total assets	<u>\$ 375,526</u>	<u>\$ 636,653</u>	<u>\$ 656,683</u>	<u>\$ 355,496</u>
Liabilities				
Payables	\$ 17,238	\$ -	\$ 15,897	\$ 1,341
Due to student groups	288,532	583,780	585,616	286,696
Due to others	69,756	52,873	55,170	67,459
Total liabilities	<u>\$ 375,526</u>	<u>\$ 636,653</u>	<u>\$ 656,683</u>	<u>\$ 355,496</u>

TREND INFORMATION

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

	Fiscal Year Ended				
	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 82,140,266	\$ 80,700,906	(2)	\$ 73,711,809	(1)
Restricted	251,293	149,159	149,159	149,159	149,284
Unrestricted (deficit)	(17,583,921)	(16,926,379)	(14,430,457)	(5,819,021)	(4,633,590)
Total net position	<u>\$ 64,807,638</u>	<u>\$ 63,923,686</u>	<u>\$ 60,811,338</u>	<u>\$ 68,041,947</u>	<u>\$ 66,175,205</u>
	Fiscal Year Ended				
	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 73,491,897	\$ 73,450,395	\$ 72,485,608	\$ 71,489,201	\$ 71,058,251
Restricted	165,387	172,425	228,335	173,822	152,999
Unrestricted (deficit)	476,504	2,987,774	4,215,192	6,204,842	6,577,999
Total net position	<u>\$ 74,133,788</u>	<u>\$ 76,610,594</u>	<u>\$ 76,929,135</u>	<u>\$ 77,867,865</u>	<u>\$ 77,789,249</u>

(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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,427,458
Public safety	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	4,130,680
Public works	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	3,414,762
Culture and recreation	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	1,945,916
Health and welfare	1,062,771	1,030,028	815,303	1,578,866	896,547	1,390,968	476,756	699,129	730,089	541,121
Education	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	24,583,728
Interest expense	810,590	793,260	899,191	1,078,829	1,297,377	742,876	614,735	570,586	763,780	921,275
Total Expenses	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	39,964,940
Program revenues:										
Governmental activities:										
Charges for services										
General government	853,862	977,471	1,155,939	1,089,848	868,610	735,558	677,540	811,498	618,550	714,595
Public safety	346,560	550,307	334,296	293,463	227,810	341,722	331,737	228,142	162,982	55,094
Public works	319,543	1,814,532	1,622,482	1,993,427	457,597	296,358	134,212	122,290	104,952	111,949
Culture and recreation	499,695	481,045	622,960	646,664	591,196	352,384	279,980	399,070	441,336	461,146
Health and welfare	100,591	100,862	61,872	146,034	126,325	180,536	153,858	126,426	53,501	-
Education	885,321	768,497	580,994	526,734	621,521	624,090	715,839	623,735	531,551	568,298
Operating grants and contributions	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	3,997,476
Capital grants and contributions	397,795	2,352,339	505,372	855,812	957,995	29,654	343,327	326,453	224,024	300,517
Total program revenues	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	6,209,075
Net expenses:										
Governmental activities	(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)	(33,755,865)
General revenues:										
Governmental activities:										
Property taxes	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	33,272,869
Grants and contributions not restricted to specific programs	46,146	21,055	202,217	121,042	174,391	582,478	701,025	383,106	427,790	566,911
Investment income	167,549	152,835	154,186	85,991	119,739	197,271	134,348	130,756	159,415	236,407
Total general revenues	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	34,076,187
Changes in net position	\$ 883,952	\$ 3,112,348	\$ 629,093	\$ 1,866,742	\$ (2,626,039)	\$ (2,476,806)	\$ (318,541)	\$ (938,730)	\$ 78,616	\$ 320,322