

TOWN OF EAST LYME, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2021



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Financial Section



Independent Auditors' Report

To the Board of Finance
Town of East Lyme, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of East Lyme, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of East Lyme, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of East Lyme, Connecticut, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the Town of East Lyme, Connecticut adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the Town of East Lyme, Connecticut reported a restatement for the change in accounting principle (see Note 14.) Our auditors' opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

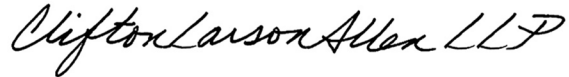
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2023 on our consideration of the Town of East Lyme, Connecticut’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of East Lyme, Connecticut’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Lyme, Connecticut’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 18, 2023

**TOWN OF EAST LYME, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The management of the Town of East Lyme, Connecticut, offers 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, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$117,890,504 (net position). Of this amount, \$75,875,860 was attributable to governmental activities and \$42,014,644 to business-type activities.
- The Town's total net position increased by \$2,553,222. This was primarily due to increases in capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,181,021, a decrease of \$1,249,366 in comparison with the prior year. The decrease is due to an increase in capital project expenditures.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$10,028,481 or 12.05% of total general fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town'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 basic financial statements themselves. The report also contains other supplementary information in addition to the basic financial statements.

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 private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation and education. The business-type activities of the Town include the waste-operating facility.

The government-wide financial statements can be found on Exhibits I and II.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains nine 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 sewer assessment fund, the bonded projects fund, and the capital nonrecurring fund, all of which are considered to be major funds. Data from the other five 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 the report.

Proprietary Funds. The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Sewer Department. The internal service fund is an accounting device used to accumulate and allocate certain costs internally among the Town's various functions. The Town uses an internal service fund to account for its medical benefits for its employees. Because this service predominantly benefits governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the

Sewer Department. The Sewer Department is considered a major fund of the Town. Data for the internal service fund is also provided as a separate column in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town’s constituency. The Town has a pension trust fund, and private purpose trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide benefits to its employees, and General Fund budgetary comparison information.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town’s financial position and an important determinant of its ability to finance services in the future. The Town’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,890,504 at the close of the fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 42,252,882	\$ 37,090,996	\$ 533,771	\$ 440,280	\$ 42,786,653	\$ 37,531,276
Capital assets, net of accumulated depreciation	148,407,249	144,065,884	42,245,160	43,048,374	190,652,409	187,114,258
Total assets	<u>190,660,131</u>	<u>181,156,880</u>	<u>42,778,931</u>	<u>43,488,654</u>	<u>233,439,062</u>	<u>224,645,534</u>
Deferred outflows of resources	2,906,886	4,430,234	110,306	-	3,017,192	4,430,234
Current and other liabilities	30,656,717	22,940,201	249,499	141,183	30,906,216	23,081,384
Long-term liabilities outstanding	74,658,855	87,874,653	149,322	-	74,808,177	87,874,653
Total liabilities	<u>105,315,572</u>	<u>110,814,854</u>	<u>398,821</u>	<u>141,183</u>	<u>105,714,393</u>	<u>110,956,037</u>
Deferred inflows of resources	12,375,585	3,738,028	475,772	-	12,851,357	3,738,028
Net Position:						
Net investments in capital assets	76,735,333	72,655,361	42,245,160	43,048,374	118,980,493	115,703,735
Restricted	1,274,169	284,367			1,274,169	284,367
Unrestricted	<u>(2,133,642)</u>	<u>(1,905,496)</u>	<u>(230,516)</u>	<u>299,097</u>	<u>(2,364,158)</u>	<u>(1,606,399)</u>
Total Net Position	<u>\$ 75,875,860</u>	<u>\$ 71,034,232</u>	<u>\$ 42,014,644</u>	<u>\$ 43,347,471</u>	<u>\$ 117,890,504</u>	<u>\$ 114,381,703</u>

By far the largest portion of the Town’s net position (101.4%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that are 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.

An additional portion of the Town's net position, \$1,274,169, represents resources that are subject to external restrictions on how they may be used. Any remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental Activities

Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A summary of changes in net position follows. For the fiscal year, net position increased by \$2,553,222. The increase was primarily due to the addition of capital assets.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,277,063	\$ 10,831,272	\$ 2,033,949	\$ 2,038,341	\$ 13,311,012	\$ 12,869,613
Operating grants and contributions	24,300,197	18,640,561			24,300,197	18,640,561
Capital grants and contributions	1,397,386	3,671,976	-	74,648	1,397,386	3,746,624
General revenues:						
Property taxes	63,361,819	62,150,569			63,361,819	62,150,569
Grants not restricted to specific programs	1,114,446	1,036,690			1,114,446	1,036,690
Unrestricted investment earnings	62,281	210,784			62,281	210,784
Miscellaneous revenue	14,310	6,756			14,310	6,756
Total revenues	<u>101,527,502</u>	<u>96,548,608</u>	<u>2,033,949</u>	<u>2,112,989</u>	<u>103,561,451</u>	<u>98,661,597</u>
Expenses:						
General government	12,754,284	9,773,287			12,754,284	9,773,287
Public safety	4,329,001	4,918,209			4,329,001	4,918,209
Public works	6,137,387	6,711,320			6,137,387	6,711,320
Health and welfare	227,749	230,512			227,749	230,512
Culture and recreation	2,267,621	2,601,156			2,267,621	2,601,156
Education	67,935,070	62,213,886			67,935,070	62,213,886
Interest and fiscal charges	3,909,013	2,687,427			3,909,013	2,687,427
Sewer department			3,448,104	2,806,507	3,448,104	2,806,507
Total expenses	<u>97,560,125</u>	<u>89,135,797</u>	<u>3,448,104</u>	<u>2,806,507</u>	<u>101,008,229</u>	<u>91,942,304</u>
Change in net position before transfers	3,967,377	7,412,811	(1,414,155)	(693,518)	2,553,222	6,719,293
Transfers	(81,328)	(89,107)	81,328	89,107	-	-
Change in net position	<u>3,886,049</u>	<u>7,323,704</u>	<u>(1,332,827)</u>	<u>(604,411)</u>	<u>2,553,222</u>	<u>6,719,293</u>
Net Position at Beginning of Year, as restated	<u>71,989,811</u>	<u>63,710,528</u>	<u>43,347,471</u>	<u>43,951,882</u>	<u>115,337,282</u>	<u>107,662,410</u>
Net Position at End of Year	\$ <u>75,875,860</u>	\$ <u>71,034,232</u>	\$ <u>42,014,644</u>	\$ <u>43,347,471</u>	\$ <u>117,890,504</u>	\$ <u>114,381,703</u>

For governmental activities, 62.4% of the revenues were derived from property taxes, followed by 25.3% from grants and contributions and 11.1% for charges for services.

Major revenue factors included:

- Grants and contributions increased by \$3.4 million due to an increase in the revenues recognized by the Town relative to COVID-19 relief funds.

For governmental activities, approximately 69.8% of the Town's expenses relate to education, 13.0% relate to general government, 6.2% relate to public works operations, 4.5% to public safety and the remaining 6.5% relate to interest expense, health and welfare, recreation and miscellaneous.

Major expense factors include:

- Education expenses increased \$5.7 million due to scheduled contractual increases in salaries and benefits, increased COVID-19 and an increase in the Town's share of the net pension liability associated with the State Teacher's Retirement Fund.
- Interest and fiscal charges increased \$3.1 million due to interest payments on new and short-term borrowings.

Business-Type Activities

Business-type activities (Sewer Department) decreased the Town's net position by \$854,260, or 1.97%. This decrease was due to depreciation expense.

Financial Analysis of the Fund Financial Statements

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 a government's net resources available for spending at the end of the fiscal year.

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 \$11.4 million, while total fund balance reached \$11.6 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15% of total general fund expenditures and operating transfers out.

The fund balance for the Town's general fund increased by approximately \$1.468 million during the current fiscal year. A key factor in this is as follows:

Greater than estimated tax collections, and greater than expected charges for services revenue. In addition, due to conservative spending practices, there were remaining budget appropriations at year-end.

The Sewer Assessments fund balance increased by \$484 thousand due scheduled assessment receipts in excess of expenditures.

The Bonded Project Fund increased \$6.7 million due primarily to the issuance of debt related to project financing and refundings.

The Capital Nonrecurring Fund decreased \$846 thousand due to project expenditures outpacing intergovernmental revenues.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net Position of the Sewer Department at the end of the year was \$42.5 million, a decrease of \$854 thousand over the prior year. Unrestricted net position for the Sewer Department reflected \$248 thousand of total Net Position.

General Fund Budgetary Highlights

During the year, actual revenues, including transfers in, were \$77.0 million, which was greater than budgetary estimates by \$1.732 million. Major contributors were:

- \$697.6 thousand greater due to better than expected aggregate tax collections
- \$1.065 million greater combined net effect for various local fees and charges for services estimates

Expenditures, including transfers out, were \$75.7 million, coming in \$535 thousand under budgetary estimates. Significant budgetary variances were as follows:

- General government expenditures were \$401 thousand under budget primarily due to conservative benefit and contingency estimates
- Public Safety expenditures were \$161 thousand under budget.
- Interest and other charges were \$369 thousand under budget due to a refunding issuance which had an impact on the payment schedule

Capital Assets and Debt Administration

Capital Assets. The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$171 million (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park, facilities, roads, sewers and bridges. The total net increase in the Town’s investment in capital assets for the current fiscal year was \$3.5 million, an increase of 1.9%.

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

- \$4,460,444 for water distribution system additions.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 15,199,447	\$ 15,199,447	\$ 608,210	\$ 608,210	\$ 15,807,657	\$ 15,807,657
Construction in progress	4,734,598	37,408,343	14,805	14,805	4,749,403	37,423,148
Buildings and improvements	89,423,091	56,652,253	2,615,274	2,706,901	92,038,365	59,359,154
Machinery and equipment	4,777,398	4,006,650	157,351	167,968	4,934,749	4,174,618
Vehicles	6,030,893	5,301,861			6,030,893	5,301,861
Infrastructure	9,057,376	10,139,034			9,057,376	10,139,034
Water distribution systems	19,184,446	15,358,296				
Sewer distribution systems			38,849,520	39,550,490	38,849,520	39,550,490
Total	\$ 148,407,249	\$ 144,065,884	\$ 42,245,160	\$ 43,048,374	\$ 171,467,963	\$ 171,755,962

Additional information on the Town’s capital assets can be found in Note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town has total bonded debt outstanding of \$62.7 million, all of which is backed by the full faith and credit of the Town government.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General purpose bonds	\$ 57,530,000	\$ 46,800,000	\$	\$	\$ 57,530,000	\$ 46,800,000
Bond anticipation notes	-	14,780,000			-	14,780,000
Drinking water notes	5,219,946	5,600,001			5,219,946	5,600,001
Total	\$ <u>62,749,946</u>	\$ <u>67,180,001</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>62,749,946</u>	\$ <u>67,180,001</u>

The Town’s total long-term bonds and notes payable, including the portion of bond anticipation notes permanently financed subsequent to year end, decreased by 4.430 million during the 2021 fiscal year due to the net impact of debt retired and debt issued. The Town received a S & P Global Rating Service rating of AA on the most recent bond issue. Additional information can be found in the note of this report.

Economic Factors and Next Year’s Budgets and Rates

The Town’s elected and appointed officials considered many factors when setting the fiscal year 2022 budget tax rates, the primary factor being the economy and uncertainty at the State level of government. Unemployment in the Town is below that state and county average.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 108 Pennsylvania Avenue, Niantic, CT 06357.

Basic Financial Statements

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 27,604,273	\$ 538,468	\$ 28,142,741
Cash held by escrow agent	1,128,136		1,128,136
Receivables:			
Property taxes, net	2,975,055		2,975,055
User charges, net	3,338,939	401,799	3,740,738
Loans	-		-
Intergovernmental	4,911,230		4,911,230
Other receivables	826,835	16,426	843,261
Internal balances	472,493	(472,493)	-
Other assets	53,761	13,350	67,111
Total current assets	<u>41,310,722</u>	<u>497,550</u>	<u>41,808,272</u>
Noncurrent Assets:			
Net pension asset	978,381		978,381
Capital assets, non depreciable	19,934,045	623,015	20,557,060
Capital assets, net of accumulated depreciation	128,473,204	41,622,145	170,095,349
Total noncurrent assets	<u>149,385,630</u>	<u>42,245,160</u>	<u>191,630,790</u>
Total assets	<u>190,696,352</u>	<u>42,742,710</u>	<u>233,439,062</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	37,662		37,662
Deferred outflows related to pension	588,705		588,705
Deferred outflows related to OPEB	2,390,825		2,390,825
Total deferred outflows of resources	<u>3,017,192</u>	<u>-</u>	<u>3,017,192</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	2,571,745	233,628	2,805,373
Accrued interest payable	2,568,475		2,568,475
Unearned revenue	2,764,282	15,871	2,780,153
Interim funding obligation	5,356,485		5,356,485
Bond anticipation notes payable	1,375,000		1,375,000
Current maturities of long-term obligations	6,504,351		6,504,351
Total current liabilities	<u>21,140,338</u>	<u>249,499</u>	<u>21,389,837</u>
Noncurrent liabilities:			
Due in more than one year	86,228,177		86,228,177
Total liabilities	<u>107,368,515</u>	<u>249,499</u>	<u>107,618,014</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension	5,590,647		5,590,647
Deferred inflows related to OPEB	7,260,710		7,260,710
Total deferred inflows of resources	<u>12,851,357</u>	<u>-</u>	<u>12,851,357</u>
Net Position:			
Net investment in capital assets	75,360,333	42,245,160	117,605,493
Restricted for:			
Endowments:			
Nonexpendable	534		534
Education	303,811		303,811
Culture and recreation	27,664		27,664
Unrestricted	(2,198,670)	248,051	(1,950,619)
Total Net Position	<u>\$ 73,493,672</u>	<u>\$ 42,493,211</u>	<u>\$ 115,986,883</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 12,955,628	\$ 2,481,195	\$ 7,167,516	\$	\$ (3,306,917)	\$	\$ (3,306,917)
Public safety	4,452,742	169,994			(4,282,748)		(4,282,748)
Public works	6,234,369	4,313,102			(1,921,267)		(1,921,267)
Health and welfare	233,401				(233,401)		(233,401)
Culture and recreation	2,318,469	491,621	5,500		(1,821,348)		(1,821,348)
Education	67,935,070	3,821,151	17,127,181	1,397,386	(45,589,352)		(45,589,352)
Interest and fiscal charges	5,812,634				(5,812,634)		(5,812,634)
Total governmental activities	<u>99,942,313</u>	<u>11,277,063</u>	<u>24,300,197</u>	<u>1,397,386</u>	<u>(62,967,667)</u>	<u>-</u>	<u>(62,967,667)</u>
Business-type activities:							
Sewer	<u>2,969,537</u>	<u>2,033,949</u>				<u>(935,588)</u>	<u>(935,588)</u>
Total business-type activities	<u>2,969,537</u>	<u>2,033,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(935,588)</u>	<u>(935,588)</u>
Total Primary Government	<u>\$ 102,911,850</u>	<u>\$ 13,311,012</u>	<u>\$ 24,300,197</u>	<u>\$ 1,397,386</u>	<u>(62,967,667)</u>	<u>(935,588)</u>	<u>(63,903,255)</u>
General revenues:							
Property taxes					63,361,819		63,361,819
Grants and contributions not restricted to specific programs					1,114,446		1,114,446
Unrestricted investment earnings					62,281		62,281
Miscellaneous					14,310		14,310
Transfers					(81,328)	81,328	-
Total general revenues and transfers					<u>64,471,528</u>	<u>81,328</u>	<u>64,552,856</u>
Change in net position					1,503,861	(854,260)	649,601
Net Position at Beginning of Year, as restated					<u>71,989,811</u>	<u>43,347,471</u>	<u>115,337,282</u>
Net Position at End of Year					<u>\$ 73,493,672</u>	<u>\$ 42,493,211</u>	<u>\$ 115,986,883</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 13,227,782	\$ 2,929,751	\$ 5,225,616	\$ 3,285,979	\$ 2,733,539	\$ 27,402,667
Cash held by escrow agent			1,128,136			1,128,136
Receivables:						
Property taxes receivable, net	2,975,055					2,975,055
Assessment/User charges	26,792	2,292,830			1,019,317	3,338,939
Intergovernmental	48,681		3,936,037	231,504	695,008	4,911,230
Other receivables	437,201	100,461			8,831	546,493
Due from other funds	2,842,979	644,400	309,868	426,631	2,800,483	7,024,361
Advances to other funds		471,294				471,294
Other					53,761	53,761
Total Assets	\$ 19,558,490	\$ 6,438,736	\$ 10,599,657	\$ 3,944,114	\$ 7,310,939	\$ 47,851,936
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accruals	\$ 1,435,092	\$ 1,530	\$ 182,299	\$ 150,990	\$ 649,303	\$ 2,419,214
Due to other funds	3,222,847		1,570,190	4,458	843,903	5,641,398
Unearned revenue	3,382				2,738,266	2,741,648
Deferred Revenue	22,634					22,634
Advances from other funds			471,294			471,294
Interim funding obligation			5,356,485			5,356,485
Bond anticipation notes payable			240,000	1,135,000		1,375,000
Total liabilities	<u>4,683,955</u>	<u>1,530</u>	<u>7,820,268</u>	<u>1,290,448</u>	<u>4,231,472</u>	<u>18,027,673</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	2,806,794					2,806,794
Unavailable revenue - assessments		2,378,332			765,608	3,143,940
Unavailable revenue - grants	5,191		3,936,037	234,826		4,176,054
Unavailable revenue - other	75					75
Total deferred inflows of resources	<u>2,812,060</u>	<u>2,378,332</u>	<u>3,936,037</u>	<u>234,826</u>	<u>765,608</u>	<u>10,126,863</u>
Fund balances:						
Nonspendable					54,295	54,295
Restricted					365,943	365,943
Committed		4,058,874		2,418,840	1,924,355	8,402,069
Assigned	675,754					675,754
Unassigned	11,386,721		(1,156,648)		(30,734)	10,199,339
Total fund balances	<u>12,062,475</u>	<u>4,058,874</u>	<u>(1,156,648)</u>	<u>2,418,840</u>	<u>2,313,859</u>	<u>19,697,400</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 19,558,490	\$ 6,438,736	\$ 10,599,657	\$ 3,944,114	\$ 7,310,939	\$ 47,851,936

(Continued on next page)

TOWN OF EAST LYME, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

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

Fund balances - total governmental funds (Exhibit III)	\$ 19,697,400
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 281,464,187	
Less accumulated depreciation	<u>(133,056,938)</u>	
Net capital assets		148,407,249

Other long-term assets and deferred outflows of resources are not available to
pay for current-period expenditures and, therefore, are deferred in the funds:

Net pension asset	978,381
Property tax receivables greater than 60 days	2,806,794
Water and sewer assessments	3,143,940
Intergovernmental grants	4,176,054
Charges for services	75
Deferred outflows related to pensions	588,705
Deferred outflows related to OPEB	2,390,825

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

(581,053)

Long-term liabilities and deferred inflows of resources are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(74,169,946)
Capital lease payable	(3,031,378)
Deferred charge on refunding	37,662
Unamortized premium on bonds payable	(5,686,107)
Interest payable on bonds	(2,568,475)
Claims and other	(950,000)
Total OPEB liability	(4,033,419)
Compensated absences	(4,861,678)
Deferred inflows related to OPEB	(7,260,710)
Deferred inflows related to pensions	<u>(5,590,647)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 73,493,672</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and lien fees	\$ 63,399,987	\$	\$	\$	\$	\$ 63,399,987
Intergovernmental revenues	14,053,040		1,851,872	2,084,229	2,264,857	20,253,998
Charges for services	7,010,443	803,457	480	105,313	3,705,143	11,624,836
Investment income	36,060	5,593	6,251	6,205	8,172	62,281
Other	4,000			-	10,310	14,310
Total revenues	<u>84,503,530</u>	<u>809,050</u>	<u>1,858,603</u>	<u>2,195,747</u>	<u>5,988,482</u>	<u>95,355,412</u>
Expenditures:						
Current:						
General government	7,524,856					7,524,856
Public safety	4,704,550					4,704,550
Public works	3,687,212	304,656			2,423,774	6,415,642
Health and welfare	233,401					233,401
Parks and recreation	2,311,056				7,413	2,318,469
Education	58,056,954				2,516,076	60,573,030
Debt service:						
Principal retirement	3,977,032				258,749	4,235,781
Interest and other charges	1,770,781		558,582	169,375	212,852	2,711,590
Capital outlay	794,845		6,175,246	5,098,155	11,648	12,079,894
Total expenditures	<u>83,060,687</u>	<u>304,656</u>	<u>6,733,828</u>	<u>5,267,530</u>	<u>5,430,512</u>	<u>100,797,213</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,442,843</u>	<u>504,394</u>	<u>(4,875,225)</u>	<u>(3,071,783)</u>	<u>557,970</u>	<u>(5,441,801)</u>
Other Financing Sources (Uses):						
Issuance of bonds			8,045,000	2,000,000		10,045,000
Issuance of refunding bonds			12,205,000			12,205,000
Issuance premiums			2,347,114	146,044		2,493,158
Capital lease proceeds			1,772,825			1,772,825
Payment to refunded bond escrow agent			(12,725,841)			(12,725,841)
Transfers in from other funds	144,195		50,000	123,500		317,695
Transfers out to other funds	(133,500)	(20,851)	(90,000)	(44,195)	(110,477)	(399,023)
Total other financing (uses)	<u>10,695</u>	<u>(20,851)</u>	<u>11,604,098</u>	<u>2,225,349</u>	<u>(110,477)</u>	<u>13,708,814</u>
Net Change in Fund Balances	1,453,538	483,543	6,728,873	(846,434)	447,493	8,267,013
Fund Balances at Beginning of Year, as restated	<u>10,608,937</u>	<u>3,575,331</u>	<u>(7,885,521)</u>	<u>3,265,274</u>	<u>1,866,366</u>	<u>11,430,387</u>
Fund Balances at End of Year	<u>\$ 12,062,475</u>	<u>\$ 4,058,874</u>	<u>\$ (1,156,648)</u>	<u>\$ 2,418,840</u>	<u>\$ 2,313,859</u>	<u>\$ 19,697,400</u>

(Continued on next page)

TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	8,267,013
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	11,032,573
Depreciation expense	(6,551,154)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Net pension asset	978,381
Property taxes receivable - accrual basis change	(38,168)
Charges for services - accrual basis change	(272,070)
Intergovernmental grants - accrual basis change	(1,804,561)
Changes in deferred outflows related to OPEB	(233,743)
Changes in deferred outflows related to pensions	(1,016,815)

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

Bonds issuance	(26,985,000)
Bond anticipation note payable issuance	(11,420,000)
Principal payments on bonds and notes payable	31,415,055
Premium on bonds issued	(3,285,335)
Capital lease issuance	(1,772,825)
Capital lease payments	1,234,542

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding	(162,484)
Amortization of premium	629,529
Change in accrued interest	(1,214,399)
Landfill post-closure costs	13,940
Change in retainage payable	221,440
Change in claims payable	(200,000)
Change in compensated absences	325,913
Change in net pension liability	5,732,614
Change in total OPEB liability	5,441,279
Change in deferred inflows related to OPEB	(4,011,982)
Change in deferred inflows related to pension	(5,101,347)

The net expense of the internal service funds is reported with governmental activities.	<u>281,465</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 1,503,861</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities Enterprise Fund	Governmental Activities
	Sewer Department	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 538,468	\$ 201,606
Receivables:		
User charges, net	401,799	
Other	16,426	280,342
Due from other funds	121,907	15,918
Other assets	13,350	
Total current assets	<u>1,091,950</u>	<u>497,866</u>
Noncurrent assets:		
Capital assets, nondepreciable	623,015	
Capital assets, net of accumulated depreciation	<u>41,622,145</u>	
Total noncurrent assets	<u>42,245,160</u>	<u>-</u>
Total assets	<u>43,337,110</u>	<u>497,866</u>
Liabilities:		
Current liabilities:		
Accounts payable	152,637	
Compensated absences	77,943	
Due to other funds	594,400	926,388
Meter deposits	3,048	
Unearned revenue	15,871	
Claims incurred but not reported		152,531
Total liabilities	<u>843,899</u>	<u>1,078,919</u>
Net Position:		
Investment in capital assets	42,245,160	-
Unrestricted	<u>248,051</u>	<u>(581,053)</u>
Total Net Position (Deficit)	<u>\$ 42,493,211</u>	<u>\$ (581,053)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Fund	Governmental Activities
	Sewer Department	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 2,033,949	\$ 281,465
Total operating revenues	<u>2,033,949</u>	<u>281,465</u>
Operating Expenses:		
Salaries and benefits	699,492	
Operations and Maintenance	1,360,999	
Contracted and purchased services	91,363	
Depreciation expense	817,683	
Total operating expenses	<u>2,969,537</u>	<u>-</u>
Operating Income (Loss)	<u>(935,588)</u>	<u>281,465</u>
Transfers in	<u>81,328</u>	<u>-</u>
	<u>81,328</u>	<u>-</u>
Change in Net Position	(854,260)	281,465
Net Position at Beginning of Year	<u>43,347,471</u>	<u>(862,518)</u>
Net Position at End of Year (Deficit)	<u>\$ 42,493,211</u>	<u>\$ (581,053)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Fund	Governmental Activities
	Sewer Department	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 2,103,375	\$ 1,123
Payments to suppliers	(1,353,108)	
Payments to employees	(701,754)	
Claims paid and administration		(4,568)
Net cash provided by (used in) operating activities	<u>48,513</u>	<u>(3,445)</u>
Cash Flows from Noncapital Financing Activities:		
Interfund borrowings	39	(276,123)
Transfers from other funds	81,328	
Net cash provided by (used in) noncapital financing activities	<u>81,367</u>	<u>(276,123)</u>
Cash Flows from Capital and Related Financing Activities:		
Additions to property, plant and equipment	(14,469)	
Net cash provided by (used in) capital and related financing activities	<u>(14,469)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	115,411	(279,568)
Cash and Cash Equivalents at Beginning of Year	<u>423,057</u>	<u>481,174</u>
Cash and Cash Equivalents at End of Year	<u>\$ 538,468</u>	<u>\$ 201,606</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (935,588)	\$ 281,465
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	817,683	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	54,852	(280,342)
(Increase) decrease in other assets	3,250	
Increase (decrease) in accounts payable	96,004	
Increase (decrease) in meter deposits	(57)	
Increase (decrease) in compensated absences	(2,262)	
Increase (decrease) in unearned revenues	14,631	
Increase (decrease) in claims payable		(4,568)
Total adjustments	<u>984,101</u>	<u>(284,910)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 48,513</u>	<u>\$ (3,445)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Pension Trust Funds	Private-Purpose Trust Fund
Assets:		
Cash and cash equivalents	\$	\$ 107,913
Investments, at fair value:		
Mutual funds	<u>35,383,410</u>	
Total assets	<u>35,383,410</u>	<u>107,913</u>
Liabilities:		
Due to other funds	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>
Net Position:		
Restricted for pension benefits and other trust purposes	<u>\$ 35,383,410</u>	<u>\$ 107,913</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,509,049	\$
Plan members	274,034	
Private contributions		241
Total contributions	<u>1,783,083</u>	<u>241</u>
Investment earnings:		
Net change in fair value of investments	6,514,466	
Interest		615
Total investment earnings	<u>6,514,466</u>	<u>615</u>
Total additions	<u>8,297,549</u>	<u>856</u>
Deductions:		
Benefits	1,120,714	
Administration	40,550	
Total deductions	<u>1,161,264</u>	<u>-</u>
Change in Net Position	7,136,285	856
Net Position at Beginning of Year	<u>28,247,125</u>	<u>107,057</u>
Net Position at End of Year	<u>\$ 35,383,410</u>	<u>\$ 107,913</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of East Lyme, Connecticut (the Town), was incorporated in 1839. The Town covers 34.8 square miles located in the southeastern part of Connecticut. The Town operates under a Town Meeting form of government. The First Selectman serves as the Chief Executive Officer. The Town provides the following services including public safety, public works, health and welfare, culture and recreation, education and general government.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer defined benefit plan and a single-employer defined contribution plan to provide retirement benefits to employees and their beneficiaries. The Town appoints the Pension Board and is required to make contributions to the pension plans and can impose it will. The financial statements of the fiduciary component units are reported as Pension Trust Fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Basis of Presentation
The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Under this method, 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred except for debt service expenditures, expenditures related to compensated absences, pension expense, landfill closure and post closure costs, other post-employment costs, and claims and judgments which are recorded only when payment is due.

Property taxes when levied for, charges for services, and interest associated with the current fiscal period and intergovernmental revenues when eligibility requirements are met are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It is used to account for and report all financial transactions and resources of the general government, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

The *Sewer Assessments Fund*, a special revenue fund, accounts for the resources that are used to finance sewer system improvements.

The *Bonded Capital Projects Fund* accounts for the resources and expenditures associated with major capital asset construction projects and/or purchases.

The *Capital Nonrecurring Fund* is used to account for resources and expenditures associated with nonrecurring capital items.

The Town reports the following major proprietary fund:

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

Capital Project Funds account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay excluding projects related to proprietary funds.

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Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

The **Internal Service Fund** accounts for all risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

The **Pension Trust Funds** account for the activities of the Town's Employees' Retirement System and the Town's Defined Benefit Trust, which accumulates resources for pension benefit payments to qualified employees.

The **Private-Purpose Trust Funds** are used to account for resources legally held in trust for senior citizens and students. All resources of the funds, including any earnings on invested resources, may be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund and of the Town's internal service fund are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Accounting 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, when purchased, such as certificates of deposit and investment pools.

Restricted Cash

Certain assets are classified as restricted because their availability is limited. Restricted cash is to be used for debt service, capital leases and construction purposes.

Investments

All investments are stated at fair value.

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E. Receivables and Payables

Property Taxes

Property taxes are assessed as of October 1, and are levied for on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and January 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Allowance for Doubtful Accounts

Accounts receivable, including property taxes receivable, are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts that are deemed uncollectible based upon past collection history and management's assessment of creditor's ability to pay.

Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds".

F. Inventory

Purchased inventory for the school cafeteria fund, a special revenue fund, is valued at lower of cost or market (first-in, first-out method). USDA donated commodities are valued at market value plus the amount disbursed for processing and storage charges. Expenditures are recognized when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-100
Infrastructure	25-75
Sewer Systems	50-75
Water systems	25-50
Machinery, equipment and vehicles	5-15

Capital outlay is reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

H. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts due, for example, as a result of employee resignations and retirements. The general fund is typically used to liquidate the liability.

I. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan’s fiduciary net position. The pension plan’s fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer’s prior fiscal year, consistently applied from period to period.

J. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer’s prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other

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inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town also reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Differences in investment income are expensed over five years. In addition, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

L. Long-Term Obligations

In the government-wide financial statement, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued, including capital leases, 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. Principal payments, and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

Equity in the government-wide financial statements is defined as “net position.” Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The components of net position are detailed below:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets net of unexpended proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position

These amounts are restricted to specific purposes when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

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Unrestricted Net Position

This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

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

Nonspendable Fund Balance

These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance

These amounts are restricted to specific purposes when constraints placed on the use of resources by external parties, such as debt covenants, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Board of Finance is the highest level of decision making authority for the Town and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned Fund Balance

Amounts constrained for the intent to be used for a specific purpose by the Director of Finance that has been delegated authority to assign amounts by the Board of Finance.

Unassigned Fund Balance

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town’s practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

N. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General fund: The Town establishes its general fund budget in accordance with provisions of its Town Charter and Connecticut General Statutes.

- A budget for the general fund is authorized by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - ◆ The citizens of the Town vote on the recommended budget.
 - ◆ The Board of Finance sets the tax rate for the fiscal year.
 - ◆ All budget transfers must be approved by the Board of Finance.
 - ◆ All unencumbered appropriations of the general fund lapse at year-end.
 - ◆ Formal budgetary integration is employed as a management control device during the year for the general fund.
- The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.
- The Board of Education is authorized under State law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$10,000, Town Meeting approval.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Selectmen. The Board of Selectmen act on the requests, which, if approved, are sent to the Board of Finance. The Board of Finance then acts on the requests.
- Any additional appropriation requires approval at a Town Meeting if it exceeds \$10,000 or is a second request by the asking board commission or department. Additional appropriations for the year ended June 30, 2021 were aggregated to the General Fund.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports (RSI-1) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except for those in the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Fund Deficits

At June 30, 2021, the Town reported deficit fund balance/net position in the following funds:

Bonded Capital Projects	\$	10,673,027
Internal Service Fund		581,053
Special Education Grants Fund		30,734

The Bonded Capital Projects fund deficit will be eliminated by grant funding and future bonding. The Town has not yet determined how the Internal Service Fund deficit will be eliminated.

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3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be returned to it. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$27,566,620 of the Town’s bank balance of \$29,365,699 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,657,889
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,908,731</u>
Total Amount Subject to Custodial Risk	<u>\$ 27,566,620</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town’s cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

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Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2021, the Town's cash equivalents amounted to \$1,623,350. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

At June 30, 2021, the Town's investments (all pension fund investments) of \$35,383,410 consisted entirely of mutual funds.

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town policy is to pre-qualify all financial institutions that it will do business with. The Town has no amounts subject to custodial credit risk.

Interest Rate Risk

The Town's investment policy limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

Connecticut state statutes limit the investment options of cities and towns. The Town has adopted an investment policy that allows the same type of investments as state statutes.

Concentration of Credit Risk

The Town's investment policy requires diversification by limiting investments to avoid overconcentration in securities from a specific issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

Fair Value

The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

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Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town’s fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1

Quoted prices in active markets for identical assets and liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

Level 3

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

The Town has the following recurring fair value measurements as of June 30, 2021:

	<u>June 30, 2021</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ 35,383,410	\$ 35,383,410	\$ -	\$ -

**TOWN OF EAST LYME, CONNECTICUT
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4. RECEIVABLES

Receivable as of year-end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are presented below.

	<u>General Fund</u>	<u>Sewer Assessments Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Fund</u>	<u>Sewer Department</u>	<u>Nonmajor and Other Funds</u>
Receivables:						
Property taxes	\$ 2,975,055	\$	\$	\$	\$	\$
Water and sewer use fees	26,792	2,432,830			409,299	1,036,317
Intergovernmental	48,681	-	3,936,037	231,504		695,008
Other receivables	437,201	100,461	-	-	16,426	289,173
Gross receivables	<u>3,487,729</u>	<u>2,533,291</u>	<u>3,936,037</u>	<u>231,504</u>	<u>425,725</u>	<u>2,020,498</u>
Less allowance for uncollectible	-	(140,000)			(7,500)	(17,000)
Net Total Receivables	<u>\$ 3,487,729</u>	<u>\$ 2,393,291</u>	<u>\$ 3,936,037</u>	<u>\$ 231,504</u>	<u>\$ 418,225</u>	<u>\$ 2,003,498</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,199,447	\$	\$	\$ 15,199,447
Construction in progress	37,408,343	3,175,761	35,849,506	4,734,598
Total capital assets not being depreciated	<u>52,607,790</u>	<u>3,175,761</u>	<u>35,849,506</u>	<u>19,934,045</u>
Capital assets being depreciated:				
Buildings and improvements	128,304,890	35,640,219		163,945,109
Machinery and equipment	10,342,835	1,583,325	140,054	11,786,106
Vehicles	11,825,399	1,344,921	24,710	13,145,610
Infrastructure	36,511,875	677,409		37,189,284
Water distribution systems	31,003,589	4,460,444		35,464,033
Total capital assets being depreciated	<u>217,988,588</u>	<u>43,706,318</u>	<u>164,764</u>	<u>261,530,142</u>
Total capital assets	<u>270,596,378</u>	<u>46,882,079</u>	<u>36,014,270</u>	<u>281,464,187</u>
Less accumulated depreciation for:				
Buildings and improvements	71,652,637	2,869,381		74,522,018
Machinery and equipment	6,336,185	672,523		7,008,708
Vehicles	6,523,538	615,889	24,710	7,114,717
Infrastructure	26,372,841	1,759,067		28,131,908
Water distribution systems	15,645,293	634,294		16,279,587
Total accumulated depreciation	<u>126,530,494</u>	<u>6,551,154</u>	<u>24,710</u>	<u>133,056,938</u>
Total capital assets being depreciated, net	<u>91,458,094</u>	<u>37,155,164</u>	<u>140,054</u>	<u>128,473,204</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,065,884</u>	<u>\$ 40,330,925</u>	<u>\$ 35,989,560</u>	<u>\$ 148,407,249</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 608,210	\$	\$	\$ 608,210
Construction in progress	14,805			14,805
Total capital assets not being depreciated	<u>623,015</u>	<u>-</u>	<u>-</u>	<u>623,015</u>
Capital assets being depreciated:				
Buildings and improvements	5,090,394			5,090,394
Machinery and equipment	786,158			786,158
Sewer distribution systems	59,438,349	14,469		59,452,818
Total capital assets being depreciated	<u>65,314,901</u>	<u>14,469</u>	<u>-</u>	<u>65,329,370</u>
Total capital assets	<u>65,937,916</u>	<u>14,469</u>	<u>-</u>	<u>65,952,385</u>
Less accumulated depreciation for:				
Buildings and improvements	2,383,493	91,627		2,475,120
Machinery and equipment	618,190	10,617		628,807
Sewer distribution systems	19,887,859	715,439		20,603,298
Total accumulated depreciation	<u>22,889,542</u>	<u>817,683</u>	<u>-</u>	<u>23,707,225</u>
Total capital assets being depreciated, net	<u>42,425,359</u>	<u>(803,214)</u>	<u>-</u>	<u>41,622,145</u>
Business-Type Activities Capital Assets, Net	<u>\$ 43,048,374</u>	<u>\$ (803,214)</u>	<u>\$ -</u>	<u>\$ 42,245,160</u>

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

Governmental activities:	
General government	\$ 2,177,265
Public safety	361,697
Public works	1,044,014
Culture and recreation	78,463
Education	<u>2,889,715</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,551,154</u>
Business-type activities:	
Sewer Fund	<u>\$ 817,683</u>

**TOWN OF EAST LYME, CONNECTICUT
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6. INTERFUND BALANCES AND TRANSFERS

Interfund payables and receivables: A summary of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Due From Other Funds</u>	<u>Due From Other Funds</u>
General fund	\$ 2,842,979	\$ 3,222,847
Sewer assessment fund	644,400	-
Bonded capital projects	309,868	1,570,190
Capital nonrecurring fund	426,631	4,458
Nonmajor governmental funds	2,800,483	843,903
Sewer department	121,907	594,400
Internal service fund	15,918	926,388
Total	\$ <u>7,162,186</u>	\$ <u>7,162,186</u>

The outstanding balances between funds result mainly 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.

\$471,294 due to the Sewer Assessments Fund from the Bonded Capital Project Fund is a long-term advance, as it will not be paid in the short term.

Interfund transfers: A summary of interfund transfers as of June 30, 2021 is as follows:

	<u>Transfers In</u>					<u>Total Transfer Out</u>
	<u>General Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Fund</u>	<u>Sewer Fund</u>	<u>Internal Service Fund</u>	
Transfers Out:						
General Fund	\$ 10,000	\$	\$ 123,500	\$	\$ -	\$ 133,500
Sewer Assessments Fund				20,851		20,851
Capital nonrecurring fund	44,195					44,195
Bonded Capital Projects	90,000					90,000
Nonmajor Governmental Funds		50,000		60,477		110,477
Transfers In	\$ <u>144,195</u>	\$ <u>50,000</u>	\$ <u>123,500</u>	\$ <u>81,328</u>	\$ <u>-</u>	\$ <u>399,023</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. Transfers out from the General Fund are various capital improvements for capital nonrecurring items and board of education capital items. The General Fund also transfers amounts to the Sewer Fund for operating costs.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

7. SHORT-TERM OBLIGATIONS

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

Short-term obligation activity for the year ended June 30, 2021 was as follows:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
8/15/19	8/13/20	2.00%	\$ 10,045,000	\$	\$ 10,045,000	\$ -
8/13/20	8/12/21	2.00%	-	11,420,000		11,420,000
				-		-
			<u>\$ 10,045,000</u>	<u>\$ 11,420,000</u>	<u>\$ 10,045,000</u>	<u>\$ 11,420,000</u>

The Town is using interim funding during the construction of the Clean Water Project prior to the issuance of the notes at the completion of the project.

Short-term obligation activity for the year ended June 30, 2021 was as follows:

<u>Date Issued</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
11/1/19	2.00%	\$ 1,292,645	\$	\$ 1,292,645	\$ -
5/22/20	2.00%	716,369	4,827,864	716,369	4,827,864
		<u>\$ 2,009,014</u>	<u>\$ 4,827,864</u>	<u>\$ 2,009,014</u>	<u>\$ 4,827,864</u>

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 46,800,000	\$ 26,985,000	\$ 16,255,000	\$ 57,530,000	\$ 3,590,000
Drinking water notes	5,600,001		380,055	5,219,946	358,000
Premium on bonds	3,030,301	3,285,335	629,529	5,686,107	338,409
Total bonds, notes and premiums	<u>55,430,302</u>	<u>30,270,335</u>	<u>17,264,584</u>	<u>68,436,053</u>	<u>4,286,409</u>
		-			
Other long-term liabilities:					
Bond anticipation notes	14,780,000	-	14,780,000	-	-
Capital lease	2,493,095	1,772,825	1,234,542	3,031,378	1,068,678
Landfill post-closure costs	13,940		13,940	-	-
Retainage	221,440		221,440	-	-
Claims and other	750,000	200,000	-	950,000	-
Compensated absences	5,187,591	271,638	597,551	4,861,678	1,149,264
Total OPEB liability	9,474,698		5,590,601	3,884,097	-
Net pension liability	5,732,614		5,732,614	-	-
Total other long-term liabilities	<u>38,653,378</u>	<u>2,244,463</u>	<u>28,170,688</u>	<u>12,727,153</u>	<u>2,217,942</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 94,083,680</u>	<u>\$ 32,514,798</u>	<u>\$ 45,435,272</u>	<u>\$ 81,163,206</u>	<u>\$ 6,504,351</u>
Business-Type Activities:					
Other long-term liabilities:					
Total OPEB liability	\$	\$ 149,322	\$ -	\$ 149,322	\$ -
Total Business-Type Activities Long-Term Liabilities	<u>\$ -</u>	<u>\$ 149,322</u>	<u>\$ -</u>	<u>\$ 149,322</u>	<u>\$ -</u>

All long-term liabilities for the governmental activities are generally liquidated by the General Fund except for a portion that is liquidated by the Water Fund.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

General Obligation Bonds

General obligation bonds as of June 30, 2021 consisted of the following:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Governmental Activities:								
General purpose:								
Refunding - general purpose	\$ 918,000	2/10/2010	7/15/2026	2.0 - 5.0%	\$ 385,000	\$ -	\$ 385,000	\$ -
Refunding - general purpose	6,930,000	7/24/2014	7/15/2030	2.0 - 4.0%	5,625,000	-	4,840,000	785,000
General purpose	5,120,000	7/23/2015	7/15/2035	2.0 - 4.0%	4,576,000	-	4,305,000	271,000
General purpose	2,360,000	7/21/2016	7/15/2027	2.0 - 5.0%	1,735,000	-	225,000	1,510,000
Refunding - general purpose	3,244,000	7/21/2016	7/15/2033	2.5 - 3.0%	3,244,000	-	-	3,244,000
General purpose	1,605,000	8/31/2017	8/31/2037	2.0 - 5.0%	1,445,000	-	80,000	1,365,000
General purpose	950,000	8/16/2018	8/15/2038	3.0 - 5.0%	900,000	-	50,000	850,000
Refunding - general purpose	2,605,000	8/15/2019	7/15/2029	4.0 - 5.0%	2,605,000	-	375,000	2,230,000
General purpose	4,700,000	8/13/2020	7/15/2040	3.0 - 5.0%	-	4,700,000	-	4,700,000
Refunding - general purpose	325,000	8/13/2020	7/15/2040	3.0 - 5.0%	-	295,000	-	295,000
Refunding - general purpose	3,605,000	6/25/2021	7/15/2036	3.0 - 4.0%	-	3,605,000	-	3,605,000
Refunding - general purpose	4,719,000	6/25/2021	7/15/2035	.25% - 2.3%	-	4,719,000	-	4,719,000
Total general purpose					<u>20,515,000</u>	<u>13,319,000</u>	<u>10,260,000</u>	<u>23,574,000</u>
Schools:								
Refunding - schools	7,785,000	2/10/2010	7/15/2024	2.0 - 5.0%	2,315,000	-	2,315,000	-
Schools	1,774,000	7/23/2015	7/15/2035	2.0 - 4.0%	964,000	-	910,000	54,000
Refunding - schools	3,154,000	7/21/2016	7/15/2033	2.5 - 3.0%	913,000	-	523,000	390,000
Schools	1,595,000	8/31/2017	8/31/2037	2.0 - 5.0%	1,435,000	-	80,000	1,355,000
Schools	4,350,000	8/16/2018	8/15/2038	3.0 - 5.0%	4,025,000	-	200,000	3,825,000
Schools	10,000,000	8/15/2019	7/15/2039	2.5 - 5.0%	10,000,000	-	-	10,000,000
Refunding - schools	1,418,000	8/15/2019	7/15/2029	4.0 - 5.0%	1,418,000	-	127,000	1,291,000
Schools	10,080,000	8/13/2020	7/15/1940	3.0 - 5.0%	-	10,080,000	-	10,080,000
Refunding - schools	1,590,000	8/13/2020	7/15/1940	3.0 - 5.0%	-	1,590,000	-	1,590,000
Refunding - schools	765,000	6/25/2021	7/15/1936	3.0 - 4.0%	-	765,000	-	765,000
Total schools					<u>21,070,000</u>	<u>12,435,000</u>	<u>4,155,000</u>	<u>29,350,000</u>
Sewer:								
Refunding - sewers	2,182,000	2/10/2010	7/15/2026	2.0 - 5.0%	905,000	-	905,000	-
Refunding - sewers	916,000	7/24/2014	7/15/2030	2.0 - 4.0%	590,000	-	530,000	60,000
Refunding - sewers	776,000	7/21/2016	7/15/2021	2.5 - 3.0%	147,000	-	147,000	-
Refunding - sewers	431,000	8/15/2019	7/15/2029	4.0 - 5.0%	431,000	-	34,000	397,000
Refunding - sewers	765,000	8/13/2020	7/15/1940	3.0 - 5.0%	-	700,000	-	700,000
Refunding - sewers	531,000	6/25/2021	7/15/1935	.25% - 2.3%	-	531,000	-	531,000
Total sewer					<u>2,073,000</u>	<u>1,231,000</u>	<u>1,616,000</u>	<u>1,688,000</u>
Water:								
Refunding - water	146,000	7/21/2016	7/18/2028	2.0-4.0%	146,000	-	-	146,000
Water	425,000	8/15/2019	7/15/2039	2.5 - 5.0%	425,000	-	-	425,000
Refunding - water	2,571,000	8/15/2019	7/15/2029	4.0-5.0%	2,571,000	-	224,000	2,347,000
Total water					<u>3,142,000</u>	<u>-</u>	<u>224,000</u>	<u>2,918,000</u>

The annual debt service requirements of general obligation bonds are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,590,000	\$ 1,878,821
2023	3,560,000	1,821,013
2024	3,595,000	1,662,843
2025	3,585,000	1,511,223
2026	3,635,000	1,363,406
2027-2031	17,895,000	4,742,427
2032-2036	13,450,000	2,184,092
2037-2041	8,220,000	543,334
	<u>\$ 57,530,000</u>	<u>\$ 15,707,159</u>

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

General Obligation Refunding Bonds

On August 4, 2020, the Town issued \$2,585,000 of general obligation refunding bonds with interest rate of 4.10%. The bonds were issued to refund outstanding principal amounts of various outstanding bonds. The net proceeds of \$2,848,557 were deposited in an irrevocable trust fund under an escrow agreement dated August 4, 2020 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. The Town refunded the above bonds to reduce total debt service payments over the next 5 years by \$227,378 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$220,143. As of June 30, 2021, there is no defeased debt outstanding from this refunding. This amount is removed from the governmental activities column of the statement of net position.

On June 25, 2021, the Town issued \$9,620,000 of general obligation refunding bonds with interest rate of 3.11%. The bonds were issued to refund outstanding principal amounts of various outstanding bonds. The net proceeds of \$10,140,840 (after payment of \$129,279 issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated June 25, 2021 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. The Town refunded the above bonds to reduce total debt service payments over the next 10 years by \$755,729 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$727,493. As of June 30, 2021, there is no defeased debt outstanding from this refunding. This amount is removed from the governmental activities column of the statement of net position.

Notes Payable - Direct Borrowings

The Town has six State of Connecticut Drinking Water Fund serial notes outstanding. These loans were issued to finance improvements to the water distribution infrastructure. A schedule of notes payable at June 30, 2021 is presented below:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Governmental Activities:								
Water:								
DWSRF/ARRA 2010-8003	\$ 401,454	12/29/2011	6/30/2031	2.0%	\$ 237,432	\$ -	\$ 18,236	\$ 219,196
DWSRF 2012-7010	360,516	6/30/2013	12/31/2032	2.0%	239,624	-	17,045	222,579
DWSRF 2013-7022	6,526,492	6/30/2015	6/30/2034	2.0%	4,812,568	-	322,591	4,489,977
DWSRF 2017-7057	345,643	9/28/2018	3/30/2038	2.0%	310,377	-	22,183	288,194
Total Water					\$ 5,600,001	\$ -	\$ 380,055	\$ 5,219,946

The annual debt service requirements of notes payable are as follows:

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 358,000	\$ 101,255
2023	365,237	94,017
2024	372,622	86,633
2025	380,157	79,098
2026	387,842	71,413
2027-2031	2,060,056	236,219
2032-2036	1,270,391	43,606
2037-2041	25,641	343
	<u>\$ 5,219,946</u>	<u>\$ 712,584</u>

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 139,463,534	\$ 29,364,900	\$ 110,098,634
Schools	278,927,069	40,101,196	238,825,873
Sewers	232,439,224	1,688,000	230,751,224
Urban renewal	201,447,327	-	201,447,327
Pension deficit	185,951,379	-	185,951,379

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$433,886,551.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Water system related debt has been excluded from the calculation.

Authorized/unissued bonds

At June 30, 2021, the Town had authorized unissued bonds as follows:

General purpose	\$ 1,624,522
Schools	466,196
Water	589,056

Capital Lease Commitments

At June 30, 2021, the Town and the Board of Education are committed under leases for vehicles and miscellaneous instruments. These lease agreements qualify as capital leases for accounting purposes (title transfers at the beginning of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The equipment is carried at \$12,032,867, with \$8,431,319 in accumulated depreciation.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Future minimum lease payments under the capital lease are as follows:

	Governmental Activities
2022	\$ 1,116,325
2023	997,791
2024	619,246
2025	387,074
Total minimum lease payments	<u>3,120,436</u>
Less amount for interest	<u>(89,058)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,031,378</u>

9. FUND BALANCE

As of June 30, 2021, fund balances are composed of the following:

	<u>General Fund</u>	<u>Sewer Assessments Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Permanent fund principal	\$	\$	\$	\$	\$ 534	\$ 534
Inventory					53,761	53,761
Total nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,295</u>	<u>54,295</u>
Restricted for:						
General government					27,664	27,664
Recreation					34,468	34,468
Education					303,811	303,811
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,943</u>	<u>365,943</u>
Committed for:						
Public works		4,058,874			1,924,355	5,983,229
Capital projects				2,418,840		2,418,840
Total restricted	<u>-</u>	<u>4,058,874</u>	<u>-</u>	<u>2,418,840</u>	<u>1,924,355</u>	<u>8,402,069</u>
Assigned to:						
General government	1,827,610					1,827,610
Education	206,384					206,384
Total assigned	<u>2,033,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,033,994</u>
Unassigned	<u>10,028,481</u>	<u>-</u>	<u>(10,673,027)</u>	<u>-</u>	<u>(30,734)</u>	<u>(675,280)</u>
Total Fund Balances	<u>\$ 12,062,475</u>	<u>\$ 4,058,874</u>	<u>\$ (10,673,027)</u>	<u>\$ 2,418,840</u>	<u>\$ 2,313,859</u>	<u>\$ 10,181,021</u>

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners' and contractors' protective liability.

The Workers Compensation program is fully insured and the Town does not retain any risk of loss. The coverage is as follows: Part One-Workers Compensation Insurance – policy applies to the Workers Compensation Law of Connecticut. Part Two – Employers Liability – limits are Bodily Injury by Accident.

\$1,000,000 Each Accident, Bodily Injury by Disease \$1,000,000 Each Employee and Bodily Injury by Disease \$1,000,000 Policy Limit. The Town pays an annual premium for its coverage. The Town had no claims in excess of coverage amounts during the year.

The Town purchases commercial insurance for all other risks of loss other than employee health insurance, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in insurance coverage from the amounts held in prior years.

Previously, the Town had established the Health Insurance Fund, an Internal Service Fund, to account for its health and dental coverage programs. Due to the Town and Board of Education experiencing significant increases in claims payments over prior fiscal years, the Town converted to a fully insured plan for health insurance. As of July 1, 2019, the Town participates in the State of Connecticut Partnership 2.0 Plan.

At June 30, 2021, The Town has estimated a liability for claims incurred but not reported (IBNR) based on actual claims paid subsequent to year-end but related to claims incurred prior to July 1, 2019. Changes in the balance of claims liabilities during the past two years are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2019-2020	\$ 896,421	\$ -	\$ 739,322	\$ 157,099
2020-2021	157,099	-	4,568	152,531

Contingent Liabilities

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town has been named as defendant in several claims and legal actions. The Town's management, based upon consultation with legal counsel, estimates that the potential losses against the Town are approximately \$750,000, and therefore have been accrued for as claims long-term liability in the governmental activities.

11. EMPLOYEE RETIREMENT PLANS

A. Pension Plan

Plan Description

Summary

The Town is the administrator of a single employer defined benefit Public Employee Retirement System (PERS) established by Town Ordinance and administered by the Town to provide pension benefits for its employees. Plan provisions are determined by the various union contracts. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The PERS does not issue a stand-alone report.

**TOWN OF EAST LYME, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Classes of employees covered: At January 1, 2021, the date of the last actuarial valuation, membership in the plan consisted of the following:

Retired members or beneficiaries currently receiving benefits	88
Vested terminated members entitled to but not yet receiving benefits	20
Active	
Vested	167
Nonvested	0
	<hr/>
Total Participants	<u>275</u>

Benefit provisions:

Eligibility Employees other than Police Officers and Firefighters become participants on the first month following 6 months of service and age 25. Police Officers and Firefighters become participants on the first of the month after hire if they make contributions.

Effective 7/1/2005, Police Officers contribute 8% of pay. Effective 7/1/2006 Firefighters contribute increased to 6.0% of pay effective July 1, 2019 and they will increase to 6.25% and 6.50% respectively effective July 1, 2020 and July 1, 2021.

Normal retirement date For Firefighters, the later of age 50 or the completion of 25 years

of service. For Police Officers, the later of age 50 or the completion of 25 years of service. For other participants, age 65 or, if later, 10 years of service. However, in no event will any Participant's Normal Retirement Date be greater than age 71.

Normal retirement benefit:

Firefighters: 1% of three-year final average earnings times years of service prior to 8/1/1986, plus 2% of three-year final average earnings times years of service after 8/1/1986.

Firefighter COLA: For Retirees whose benefits start on or after 7/1/2010, as of the date, which is one year following a Participant's retirement date, his retirement benefit shall be subject to an annual cost of living adjustment of one percent (1%).

Police officers: 1% of three-year final average earnings times years of service prior to 7/1/1986, plus 2% of three-year final average earnings times years of service after 7/1/1986. Maximum of 80% of base pay at retirement.

Police COLA: For Retirees whose benefits start on or after 7/1/2006, as of the date, which is one year following a Participant's retirement date, his retirement benefit shall be subject to an annual cost of living adjustment of one percent (1%).

Other participants: 1% of five-year final average earnings times years of service.

Accrued benefit Normal Retirement Benefit based on earnings and service to date.

Normal form of benefit Life Annuity.

**TOWN OF EAST LYME, CONNECTICUT
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Delayed retirement Upon the death of a participant after his NRD but before his actual retirement date, it will be presumed he had retired at his NRD and elected a benefit payable for 120 months certain and life thereafter.

Normal form of benefits Single life annuity.

Accrued benefit Normal Retirement Benefit assuming service to NRD multiplied by the number of years of continuous service at termination divided by service projected to NRD.

Continuous service A Participant's employment with the Employer from the date he most recently entered such service until the date such service ends due to a Participant's retirement, death or of service.

Eligible employee An employee who is classified as a regular full-time employee with one year of Continuous Service. This excludes temporary employees, part-time employees, and any seasonal employee whose customary employment is for less than five months a year.

Benefit accrual service All Continuous Service while an employee computed as whole years and 1/12th fraction for each completed month of Continuous Service.

Early retirement benefit: Minimum Age: 55

Minimum service 15 Years

Benefit amount Accrued Benefit, reduced by 1/15 for each of the first five years and 1/30 for each of the next five years by which early retirement precedes normal retirement.

Participants age 62 with 15 years of service or age 55 with 25 years of service are eligible for an unreduced benefit.

Pre-retirement death benefit: Minimum Age: 45 (Prior to 1/1/2009, age 55)

Minimum service 10 Years (Prior to 1/1/2009, 15 Years)

It will be assumed that an eligible participant, who dies before his NRD, had retired on the day prior to death and elected a 100% (50% prior to January 2009) Joint & Survivor Annuity.

Contribution requirements of the plan members and the Town are established and may be amended by the Board of Selectmen. Policemen and firemen are required to contribute 8% and 6%, respectively, of their annual salary to the Plan. All other plan members do not contribute to the Plan. The Town is required to annually contribute an actuarially determined amount to fund benefits. Administrative costs are financed through investment earnings.

The Town's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from January 1, 2019, as a level percentage of pay.

**TOWN OF EAST LYME, CONNECTICUT
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Summary of significant accounting policies and plan asset matters:

Basis of accounting: The Retirement Pension Trust's financial statements are accounted for using the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits, administration, and refunds) are recognized when they are due and payable in accordance with the terms of the plan. There are no stand-alone financial statements issued for the Plan.

Investments: The Retirement Pension Trust's policy in regard to the allocation of invested assets is established and may be amended by the Town of East Lyme. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are reported at fair value.

Plan administration: The Retirement Pension Trust is separately administered by its own respective pension board. The First Selectman serves as a permanent member on the pension board. The non-permanent Pension Board members are appointed by the First Selectman and must include at least one union member. The remaining members of the committee are town residents with pension plan administration experience. The pension board typically meet monthly or as needed to review retirement/disability requests and/or investment recommendations. The pension board meets at least quarterly with the Town's Investment Advisor to review and modify investments accordingly. Changes in investments are not effective until voted favorably by each of the pension board.

Investment concentrations: The Town does have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Assumed Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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 the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

**TOWN OF EAST LYME, CONNECTICUT
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	Target Allocation		Long-Term Expected Real Rate of Return		Weighting
Domestic equity	35.00	%	5.59	%	1.96 %
International equity	20.00		6.41		1.28
Fixed income	35.00		1.12		0.39
Cash	10.00		-0.32		(0.03)
	<u>100.00</u>	%			
Total					3.60 %
Long-term inflation assumption					<u>2.16 %</u>
Long-term expected nominal rate of return					<u>5.76 %</u>

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2021 were as follows:

Total pension liability	\$ 30,850,331
Plan fiduciary net position	<u>31,828,712</u>
Net Pension Liability (Asset)	\$ <u>(978,381)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.17%

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2020	\$ 31,603,584	\$ 25,870,970	\$ 5,732,614
Changes for the year:			
Service cost	669,485		669,485
Interest on total pension liability	2,220,915		2,220,915
Differences between expected and actual experience	(161,569)		(161,569)
Changes of assumptions	(2,371,873)		(2,371,873)
Contributions - employer		1,280,172	(1,280,172)
Contributions - employee		154,688	(154,688)
Net investment income		5,673,643	(5,673,643)
Benefit payments, including refunds of employee contributions	(1,110,211)	(1,110,211)	-
Administrative expenses		(40,550)	40,550
Net changes	<u>(753,253)</u>	<u>5,957,742</u>	<u>(6,710,995)</u>
Balances as of June 30, 2021	<u>\$ 30,850,331</u>	<u>\$ 31,828,712</u>	<u>\$ (978,381)</u>

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 21.87%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2021
Actuarial Cost Method	Individual Entry Age
Mortality basis	SOA PUBS.H-2010 for fire, police - SOA PUBG.H - 2010 for all others. Scale MP-2020 for all.
Inflation	2.16%
Salary increases including inflation	4.50%
Investment rate of return	7.00%

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension Plan, calculated using the current discount rate of as well as what the Pension Plan's net pension liability would be 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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 3,056,021	\$ (978,381)	\$ (4,359,241)

**TOWN OF EAST LYME, CONNECTICUT
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For the fiscal year ended June 30, 2021, the recognized pension expense is \$(402,026). As of June 30, 2021, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,649	\$ 733,941
Changes of assumptions	530,056	2,536,851
Net difference between projected and actual earning on pension plan investments	<u> </u>	<u>2,319,855</u>
Total	<u>\$ 588,705</u>	<u>\$ 5,590,647</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending June 30

2022	\$ (1,132,086)
2023	(1,065,208)
2024	(1,085,400)
2025	(1,376,907)
2026	(342,341)
Thereafter	-

Plan Description - 401(a) Plan

Summary

On July 1, 2001, the Town established the Town of East Lyme 401(a) Plan, a single employer defined contribution plan to provide pension benefits for all Town employees not covered by a collective bargaining agreement between the Town and the employees. The Plan, its provisions and contribution requirements, was established and can be amended by the Board of Selectmen.

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate after one year of service. Participants are not required to contribute to the Plan. The Town's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service. Under the Plan's provisions, the Town is required to contribute 5%. At June 30, 2021, there were 27 plan members. The Town contributed \$228,877 in 2021 and \$203,011 in 2020.

**TOWN OF EAST LYME, CONNECTICUT
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JUNE 30, 2021**

The following schedule represents the net position held in trust for pension benefits at June 30, 2021 and the changes in net position for the year ended June 30, 2021.

	Pension Trust Funds		
	Retirement Pension Trust	Defined Contribution Trust	Total Pension Trust Funds
Assets:			
Investments, at fair value:			
Mutual funds	\$ 31,828,712	\$ 3,554,698	\$ 35,383,410
Total assets	<u>31,828,712</u>	<u>3,554,698</u>	<u>35,383,410</u>
Net Position:			
Restricted for Pension Benefits	\$ <u>31,828,712</u>	\$ <u>3,554,698</u>	\$ <u>35,383,410</u>
	Pension Trust Funds		
	Retirement Pension Trust	Defined Contribution Trust	Total Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ 1,280,172	\$ 228,877	\$ 1,509,049
Plan members	<u>154,688</u>	<u>119,346</u>	<u>274,034</u>
Total contributions	<u>1,434,860</u>	<u>348,223</u>	<u>1,783,083</u>
Investment earnings:			
Net change in fair value of investments	<u>5,673,643</u>	<u>840,823</u>	<u>6,514,466</u>
Total investment earnings	<u>5,673,643</u>	<u>840,823</u>	<u>6,514,466</u>
Total additions	<u>7,108,503</u>	<u>1,189,046</u>	<u>8,297,549</u>
Deductions:			
Benefits	1,110,211	10,503	1,120,714
Administration	<u>40,550</u>		<u>40,550</u>
Total deductions	<u>1,150,761</u>	<u>10,503</u>	<u>1,161,264</u>
Change in Net Position	5,957,742	1,178,543	7,136,285
Net Position at Beginning of Year	<u>25,870,970</u>	<u>2,376,155</u>	<u>28,247,125</u>
Net Position at End of Year	\$ <u>31,828,712</u>	\$ <u>3,554,698</u>	\$ <u>35,383,410</u>

B. Connecticut State Teachers' Retirement System - Pension

Plan Description

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

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 employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. 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.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the Town	<u>99,029,795</u>
Total	<u>\$ 99,029,795</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021 the Town recognized pension expense and revenue of \$14,185,548 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

For teachers who retired prior to September 1, 1992, pension benefit adjustments 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%.

**TOWN OF EAST LYME, CONNECTICUT
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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%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>		<u>Standard Deviation</u>	
Public Equity - US Equity	8.10	%	20.00	%	17.00	%
Public Equity - International Developed Equity	8.50		11.00		19.00	
Public Equity - Emerging Markets Equity	10.40		9.00		24.00	
Fixed Income - Core Fixed Income	4.60		16.00		7.00	
Fixed Income - Inflation Linked Bonds	3.60		5.00		7.00	
Fixed Income - High Yield	6.50		6.00		11.00	
Fixed Income - Emerging Market Debt	5.20		5.00		11.00	
Private Equity	9.80		10.00		23.00	
Real Estate	7.00		10.00		15.00	
Alternative Investments - Real Assets	8.20		4.00		17.00	
Alternative Investments - Hedge Funds	5.40		3.00		7.00	
Liquidity Fund	2.90		1.00		1.00	
Total			<u>100.00</u>	%		

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

12. OTHER POST-EMPLOYMENT BENEFITS PLANS

A. Town OPEB Plan

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Plan Description and Funding Policy

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single employer defined benefit plan. The latest actuarial valuation was made July 1, 2020. The post-retirement plan does not issue stand-alone financial reports.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2021, no assets are accumulated in a trust which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

Membership in the plan consisted of the following at July 1, 2020, the date of the last actuarial valuation:

Retired members or beneficiaries currently receiving benefits	33
Active members	<u>537</u>
Total	<u><u>570</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$4,033,419 is measured as of June 30, 2021, as determined by an actuarial valuation as of July 1, 2020, which was projected forward to June 30, 2021. The Town has not accumulated any assets in a fiduciary trust for payment of benefits.

**TOWN OF EAST LYME, CONNECTICUT
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Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Salary increases	2.40%
Discount rate	2.16%
Healthcare cost trend rates	Starts at 6.5% in 2020, reduced 0.2% per year to an ultimate rate of 4.4% in 2031 and beyond.
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

The discount rate used to measure the total OPEB liability was 2.16% from the Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed the town will cover payments for current active and inactive employees on a pay-as-you-go basis.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2020	\$ 9,474,698
Changes for the year:	
Service cost	232,786
Interest on total OPEB liability	212,810
Difference between expected and actual experience	(4,319,825)
Changes in assumptions or other inputs	(1,409,998)
Benefit payments	(157,052)
Net changes	<u>(5,441,279)</u>
Balances as of June 30, 2021	\$ <u>4,033,419</u>

Changes of assumptions and other inputs reflect a change in the following:

Discount rate: 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Inflation 2.60% as of June 30, 2020 to 2.40% as of June 30, 2021.

Mortality: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

**TOWN OF EAST LYME, CONNECTICUT
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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town using the current discount rate, 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 or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 1.16%	Current Discount Rate 2.16%	1% Increase in Discount Rate 3.16%
Total OPEB Liability	\$ 4,423,325	\$ 4,033,419	\$ 3,689,004

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town using the current healthcare cost trend rate, as well as what the Town's total OPEB liability would be if it were calculated using the current healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 3.40%) or 1 percentage point higher (7.50% decreasing to 5.40%) than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Total OPEB Liability	\$ 3,605,147	\$ 4,033,419	\$ 4,535,022

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$5,381. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,309,178	\$ 4,161,463
Changes of assumptions or other inputs	<u>1,081,647</u>	<u>3,099,247</u>
Total	<u>\$ 2,390,825</u>	<u>\$ 7,260,710</u>

**TOWN OF EAST LYME, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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

<u>Year Ending June 30</u>	
2022	\$ (394,733)
2023	(394,733)
2024	(394,733)
2025	(394,733)
2026	(394,733)
Thereafter	(2,896,220)

B. Connecticut State Teacher’s Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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, and any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute and has not increased since July 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.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**TOWN OF EAST LYME, CONNECTICUT
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Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of Credited Service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

**TOWN OF EAST LYME, CONNECTICUT
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Employees/Retirees

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>14,770,298</u>
Total	<u>\$ 14,770,298</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$682,276 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating 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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that 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 annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**TOWN OF EAST LYME, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. RESTATEMENT

The Town previously reported the activities of the Student Activity Fund, Performance Bonds Fund and the Pool Fund as fiduciary funds. As a result of implementation of GASB No. 84, Fiduciary Activities, as of July 1, 2020, the Town made the following reporting changes: The activities of the Performance Bonds Fund will now be reported in the General Fund and Student Activity Fund and Pool Fund are now reported as special revenue funds. These funds are reported as special revenue funds. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance	General Fund Balance
Governmental Funds:			
Balance as previously reported June 30, 2020	\$ 71,034,232	\$ 1,394,570	\$ 10,125,154
Adjustments			
Student Activity Fund now reported as a Special Revenue Fund	463,108	463,108	
Performance Bonds Fund now reported as a Special Revenue Fund	483,783		483,783
Pool Fund now reported as a Special Revenue Fund	8,688	8,688	
Balance as restated July 1, 2020	\$ <u>71,989,811</u>	\$ <u>1,866,366</u>	\$ <u>10,608,937</u>

Required Supplementary Information

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
Revenues:				
Property taxes	\$ 62,702,369	\$ 62,702,369	\$ 63,399,987	\$ 697,618
Intergovernmental revenues	7,560,663	7,560,663	7,547,808	(12,855)
Charges for services	4,820,716	4,820,716	5,886,664	1,065,948
Investment income	55,000	55,000	35,972	(19,028)
Total revenues	<u>75,138,748</u>	<u>75,138,748</u>	<u>76,870,431</u>	<u>1,731,683</u>
Expenditures:				
Current:				
General government	8,055,538	8,055,538	7,654,999	400,539
Public safety	4,865,403	4,865,403	4,704,550	160,853
Public works	3,723,044	3,723,044	3,687,212	35,832
Health and welfare	254,350	254,350	214,900	39,450
Culture and recreation	1,937,206	1,937,206	1,933,213	3,993
Education	50,873,071	50,873,071	50,871,306	1,765
Debt service:				
Principal retirement	3,677,504	3,677,504	3,977,032	(299,528)
Interest and other charges	2,140,001	2,140,001	1,770,781	369,220
Capital outlay	525,279	525,279	702,545	(177,266)
Total expenditures	<u>76,051,396</u>	<u>76,051,396</u>	<u>75,516,538</u>	<u>534,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(912,648)</u>	<u>(912,648)</u>	<u>1,353,893</u>	<u>2,266,541</u>
Other Financing Sources (Uses):				
Appropriation of fund balance	900,000	900,000		(900,000)
Transfers in	152,325	152,325	151,768	(557)
Transfers out	<u>(139,677)</u>	<u>(139,677)</u>	<u>(139,677)</u>	<u>-</u>
Total other financing sources (uses)	<u>912,648</u>	<u>912,648</u>	<u>12,091</u>	<u>(900,557)</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,365,984</u>	<u>\$ 1,365,984</u>
Budget to GAAP Reconciliation:				
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses		
Balance, budgetary basis	\$ 77,022,199	\$ 75,656,215		
Impact of GASB 54 compliance	1,116,206	1,071,190		
Change in encumbrances		(56,951)		
State Teachers' Retirement:				
OPEB Expense (Revenue)	153,294	153,294		
Pension Expense	<u>6,351,938</u>	<u>6,351,938</u>		
Balance, GAAP Basis	<u>\$ 84,643,637</u>	<u>\$ 83,175,686</u>		

TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLAN
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 669,485	\$ 662,172	\$ 680,281	\$ 707,948	\$ 665,420	\$ 619,574	\$ 620,611	\$ 607,102
Interest on total pension liability	2,220,915	2,179,507	2,003,839	1,883,816	1,735,683	1,651,380	1,541,759	1,516,865
Changes of benefit terms								
Differences between expected and actual experience	(161,569)	(418,655)	(315,256)	(95,617)	272,190	(651,845)	(256,503)	
Changes of assumptions	(2,371,873)	(862,638)	992,314					
Benefit payments, including refunds of member contributions	<u>(1,110,211)</u>	<u>(846,569)</u>	<u>(820,928)</u>	<u>(689,013)</u>	<u>(513,255)</u>	<u>(409,749)</u>	<u>(270,218)</u>	<u>(254,567)</u>
Net change in total pension liability	(753,253)	713,817	2,540,250	1,807,134	2,160,038	1,209,360	1,635,649	1,869,400
Total pension liability - beginning	<u>31,603,584</u>	<u>30,889,767</u>	<u>28,349,517</u>	<u>26,542,383</u>	<u>24,382,345</u>	<u>23,172,985</u>	<u>21,537,336</u>	<u>19,667,936</u>
Total pension liability - ending	<u>30,850,331</u>	<u>31,603,584</u>	<u>30,889,767</u>	<u>28,349,517</u>	<u>26,542,383</u>	<u>24,382,345</u>	<u>23,172,985</u>	<u>21,537,336</u>
Plan fiduciary net position:								
Contributions - employer	1,280,172	1,428,532	1,094,494	1,125,805	1,023,637	926,720	1,076,823	1,031,092
Contributions - members	154,688	157,729	141,872	147,853	140,290	132,826	172,854	133,430
Net investment income	5,673,643	536,771	1,544,560	1,403,758	2,301,834	(36,983)	220,349	2,037,638
Benefit payments, including refunds of member contributions	(1,110,211)	(846,569)	(820,928)	(689,013)	(513,255)	(409,749)	(270,218)	(254,567)
Administrative expense	(40,550)	(19,500)	(28,300)	(38,800)	(26,550)	(13,850)	(39,500)	(2,900)
Other						(517,746)		
Net change in plan fiduciary net position	5,957,742	1,256,963	1,931,698	1,949,603	2,925,956	81,218	1,160,308	2,944,693
Plan fiduciary net position - beginning	<u>25,870,970</u>	<u>24,614,007</u>	<u>22,682,309</u>	<u>20,732,706</u>	<u>17,806,750</u>	<u>17,725,532</u>	<u>16,565,224</u>	<u>13,620,531</u>
Plan fiduciary net position - ending	<u>31,828,712</u>	<u>25,870,970</u>	<u>24,614,007</u>	<u>22,682,309</u>	<u>20,732,706</u>	<u>17,806,750</u>	<u>17,725,532</u>	<u>16,565,224</u>
Net Pension Liability (Asset) - Ending	\$ <u>(978,381)</u>	\$ <u>5,732,614</u>	\$ <u>6,275,760</u>	\$ <u>5,667,208</u>	\$ <u>5,809,677</u>	\$ <u>6,575,595</u>	\$ <u>5,447,453</u>	\$ <u>4,972,112</u>
Plan fiduciary net position as a percentage of the total pension liability	103.17%	81.86%	79.68%	80.01%	78.11%	73.03%	76.49%	76.91%
Covered payroll	\$ 8,867,209	\$ 8,545,049	\$ 8,151,781	\$ 9,159,153	\$ 9,173,650	\$ 8,524,401	\$ 8,573,798	\$ 8,559,474
Net pension liability as a percentage of covered payroll	-11.03%	67.09%	76.99%	61.87%	63.33%	77.14%	63.54%	58.09%

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

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution*	\$ 1,401,531	\$ 1,401,531	\$ 1,276,988	\$ 1,110,149	\$ 1,074,721	\$ 938,749	\$ 1,076,823	\$ 1,050,824	\$ 953,049	\$ 835,942
Contributions in relation to the actuarially determined contribution	<u>1,280,172</u>	<u>(1,280,172)</u>	<u>1,094,494</u>	<u>1,125,805</u>	<u>1,023,637</u>	<u>926,720</u>	<u>1,076,823</u>	<u>1,031,092</u>	<u>953,049</u>	<u>835,942</u>
Contribution Deficiency (Excess)	<u>\$ 121,359</u>	<u>\$ 2,681,703</u>	<u>\$ 182,494</u>	<u>\$ (15,656)</u>	<u>\$ 51,084</u>	<u>\$ 12,029</u>	<u>\$ -</u>	<u>\$ 19,732</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,867,209	\$ 8,545,049	\$ 8,151,781	\$ 9,159,153	\$ 9,173,650	\$ 8,524,401	\$ 8,573,798	\$ 8,559,474	\$ 8,484,665	\$ 7,920,142
Contributions as a percentage of covered payroll	14.4%	-15.0%	13.43%	12.29%	11.16%	10.87%	12.56%	12.05%	11.23%	10.55%

Notes to Schedule

Valuation date: January 1, 2021
Measurement date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal, Level Percentage of Pay
Amortization method	Level dollar amortization, closed
Remaining amortization period	Initial liability and subsequent plan amendments over a twenty-year period, gains and losses over a five-year period and assumption/method changes over a ten-year period.
Asset valuation method	Market value of plan assets adjusted to phase in gains and losses over a five-year period at a rate of 20% per year. Assets are further limited to a 20% corridor around market value.
Salary increases	4.50%
Investment rate of return	7.00%
Retirement age	Police and Firefighter: Age 50 and 25 years of service, all others age 65 and 10 years of service
Mortality (healthy participants)	SOA PUBS.H-2010 for fire, police - SOA PUBG.H - 2010 for all others. Scale MP-2020 for all.
Mortality (disabled participants)	SOA PUBS.H-2010 for fire, police - SOA PUBG.H - 2010 for all others. Scale MP-2020 for all.

* Contribution amounts for fiscal year ending June 30, 2014 and prior are Annual Required Contribution (ARC) under GASB 27.

**TOWN OF EAST LYME, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 PENSION PLAN
 LAST EIGHT FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense:	21.87%	2.17%	6.75%	6.74%	12.70%	-0.21%	1.30%	14.90%

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

TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SEVEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>99,029,795</u>	<u>88,864,208</u>	<u>68,519,467</u>	<u>69,820,814</u>	<u>73,661,444</u>	<u>57,467,120</u>	<u>53,116,835</u>
Total	<u>\$ 99,029,795</u>	<u>\$ 88,864,208</u>	<u>\$ 68,519,467</u>	<u>\$ 69,820,814</u>	<u>\$ 73,661,444</u>	<u>\$ 57,467,120</u>	<u>\$ 53,116,835</u>
Town's covered payroll	\$ 21,059,881	\$ 20,448,889	\$ 22,494,064	\$ 22,130,699	\$ 21,330,799	\$ 20,059,000	\$ 20,060,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00% - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 232,786	\$ 171,714	\$ 275,567	\$ 266,546
Interest	212,810	286,353	327,749	307,734
Changes of benefit terms				
Differences between expected and actual experience	(4,319,825)	(179,057)	1,709,948	(13,313)
Changes of assumptions and other inputs	(1,409,998)	1,281,953	(2,126,250)	(268,150)
Benefit payments	<u>(157,052)</u>	<u>(144,296)</u>	<u>(638,756)</u>	<u>(222,902)</u>
Net change in total OPEB liability	(5,441,279)	1,416,667	(451,742)	69,915
Total OPEB liability - beginning	<u>9,474,698</u>	<u>8,058,031</u>	<u>8,509,773</u>	<u>8,439,858</u>
Total OPEB Liability - Ending	<u>\$ 4,033,419</u>	<u>\$ 9,474,698</u>	<u>\$ 8,058,031</u>	<u>\$ 8,509,773</u>
Covered-employee payroll	\$ 35,519,161	\$ 34,215,844	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	11.36%	27.69%	N/A	N/A

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

Notes to Schedule

Changes of assumptions The trend rates were updated to better reflect anticipated future experience. The discount rate was decreased from 3.51% to 2.21%.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>14,770,298</u>	<u>13,858,875</u>	<u>13,697,495</u>	<u>17,971,073</u>
Total	<u>\$ 14,770,298</u>	<u>\$ 13,858,875</u>	<u>\$ 13,697,495</u>	<u>\$ 17,971,073</u>
Town's covered payroll	\$ 21,059,881	\$ 20,448,889	\$ 22,494,064	\$ 22,130,699
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;</p> <p>Long-term health care cost trend rates were updated;</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and,</p> <p>The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:</p> <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Price inflation	2.75%

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

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES-
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes:				
Current taxes	\$ 61,939,669	\$ 61,939,669	\$ 62,282,496	\$ 342,827
Prior Taxes	450,000	450,000	627,791	177,791
Interest, lien fees and other	312,700	312,700	489,700	177,000
	<u>62,702,369</u>	<u>62,702,369</u>	<u>63,399,987</u>	<u>697,618</u>
Intergovernmental:				
Education Cost Sharing	6,076,507	6,076,507	5,944,635	(131,872)
State grant - DUI	10,000	10,000	-	(10,000)
Town aid road	340,144	340,144	338,656	(1,488)
PILOT - state owned property	192,581	192,581	192,581	-
Pequot fund	270,204	270,204	270,204	-
Tax relief for disabled	1,345	1,345	1,492	147
Civil preparedness grant	34,671	34,671	42,376	7,705
Tax relief - telephone taxes	43,250	43,250	45,367	2,117
Youth service bureau	24,802	24,802	30,592	5,790
PILOT - hospitals and colleges	28,062	28,062	28,062	-
Municipal stabilization grant	524,097	524,097	524,097	-
Tax relief for veterans	15,000	15,000	12,819	(2,181)
Other grants	-	-	116,927	116,927
Total Intergovernmental	<u>7,560,663</u>	<u>7,560,663</u>	<u>7,547,808</u>	<u>(12,855)</u>
Charges for services:				
Licenses and permits:				
Building permits	361,855	361,855	600,424	238,569
Pistol, fire and lodging	10,500	10,500	21,330	10,830
Beach and recreation town funds	-	-	-	-
ZBA and planning commission	5,290	5,290	6,998	1,708
Conveyance tax	250,000	250,000	531,456	281,456
Dog licenses	-	-	4,614	4,614
Town clerk fees	138,000	138,000	207,141	69,141
Zoning fees	25,000	25,000	36,327	11,327
Solid waste license	500	500	700	200
Shellfish permits	500	500	-	(500)
Mooring permit fees	7,250	7,250	7,450	200
TC fish and game fees	250	250	96	(154)
Wetland fees	2,000	2,000	12,184	10,184
Park vendors	1,000	1,000	2,900	1,900
P & R athletic lights	2,000	2,000	-	(2,000)
Total licenses and permits	<u>804,145</u>	<u>804,145</u>	<u>1,431,620</u>	<u>627,475</u>

(Continued on next page)

TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES-
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fine and forfeits:				
Parking fees	\$ 4,000	\$ 4,000	\$ 2,073	\$ (1,927)
Extra duty - police and fire	40,000	40,000	70,941	30,941
Total licenses and permits	<u>44,000</u>	<u>44,000</u>	<u>73,014</u>	<u>29,014</u>
Charges for services:				
MSW container	5,000	5,000	12,304	7,304
Tuition - other district	3,100,000	3,100,000	3,388,727	288,727
Transportation subsidy	40,000	40,000	41,317	1,317
Tipping fees - commercial	225,225	225,225	184,905	(40,320)
Recycling - other	40,500	40,500	60,632	20,132
Miscellaneous other	1,500	1,500	68,110	66,610
BOE miscellaneous	-	-	39,421	39,421
Rent - Cini park	16,000	16,000	16,066	66
Selectman's office	50	50	40	(10)
Assessor	900	900	251	(649)
Landfill deposits	177,250	177,250	211,988	34,738
Police	1,800	1,800	2,040	240
Commission on aging - program	1,500	1,500	1,005	(495)
Financial department	79,500	79,500	89,043	9,543
Smith harris	-	-	-	-
Miscellaneous fire marshall	2,500	2,500	1,020	(1,480)
Insurance rebate	57,500	57,500	29,268	(28,232)
Dog revenue	63,500	63,500	61,515	(1,985)
Tax collector	150	150	1,005	855
EL Ambulance subsidy FF	159,696	159,696	173,373	13,677
Water and sewer services	-	-	-	-
Total charges for services	<u>3,972,571</u>	<u>3,972,571</u>	<u>4,382,030</u>	<u>409,459</u>
Total charges for services	<u>4,820,716</u>	<u>4,820,716</u>	<u>5,886,664</u>	<u>1,065,948</u>
Investment income:				
Interest on deposits	<u>55,000</u>	<u>55,000</u>	<u>35,972</u>	<u>(19,028)</u>
Total revenues	<u>75,138,748</u>	<u>75,138,748</u>	<u>76,870,431</u>	<u>1,731,683</u>
Other financing sources:				
Appropriation of fund balance	900,000	900,000	-	(900,000)
Transfers in:				
Capital Projects	134,195	134,195	134,195	-
Regional probate	8,130	8,130	7,573	(557)
Park and rec	10,000	10,000	10,000	-
Total other financing sources	<u>1,052,325</u>	<u>1,052,325</u>	<u>151,768</u>	<u>(900,557)</u>
Total revenues and other financing sources	<u>\$ 76,191,073</u>	<u>\$ 76,191,073</u>	<u>\$ 77,022,199</u>	<u>\$ 831,126</u>

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
First selectman	\$ 194,963	\$ 194,963	\$ 177,437	\$ 17,526
Assessor's office	214,249	214,249	210,325	3,924
Tax collector	185,980	185,980	183,799	2,181
Building official	214,734	214,734	229,425	(14,691)
Town engineer	235,182	235,182	234,102	1,080
Human resources	50,053	50,053	53,227	(3,174)
Town clerk	150,044	150,044	146,967	3,077
Health department	137,414	137,414	137,414	-
Information technology	246,577	246,577	390,413	(143,836)
Registrars	126,814	126,814	124,453	2,361
Maintenance of town buildings	701,406	701,406	677,718	23,688
General government and benefits	4,831,174	4,831,174	4,491,029	340,145
Community services	16,901	16,901	16,901	-
Zoning commission	106,835	106,835	105,636	1,199
Planning department	78,879	78,879	75,727	3,152
Finance department	268,232	268,232	261,953	6,279
Contingency funds	183,000	183,000	44,717	138,283
Board of finance	49,100	49,100	41,021	8,079
Board of assessment appeals	1,910	1,910	896	1,014
Zoning board of appeals	780	780	446	334
Inland wetlands agency	24,083	24,083	20,712	3,371
Waterford / East Lyme Shellfish Commission	1,250	1,250	1,250	-
Brookside Farm Museum Commission	15,210	15,210	14,608	602
Town building committee	1,800	1,800	1,299	501
Harbor management commission	6,650	6,650	3,848	2,802
Conservation of natural resources commission	1,050	1,050	648	402
Historic properties commission	11,268	11,268	9,028	2,240
Total general government	8,055,538	8,055,538	7,654,999	400,539
Public safety:				
Emergency management	135,458	135,458	126,714	8,744
Dispatch	505,315	505,315	536,119	(30,804)
Police department	2,753,570	2,753,570	2,608,312	145,258
Niantic fire department	691,847	691,847	685,127	6,720
Flanders fire department	520,848	520,848	499,043	21,805
Emergency management	161,450	161,450	165,782	(4,332)
Animal control	96,915	96,915	83,453	13,462
Total public safety	4,865,403	4,865,403	4,704,550	160,853
Public works:				
Highway and sanitation	3,723,044	3,723,044	3,687,212	35,832
Health and welfare:				
Commission on aging	244,802	244,802	210,234	34,568
Community services	9,548	9,548	4,666	4,882
Total commissions	254,350	254,350	214,900	39,450
Culture and recreation:				
East Lyme public library	1,175,534	1,175,534	1,175,534	-
Parks and recreation	761,672	761,672	757,679	3,993
Total culture and recreation	1,937,206	1,937,206	1,933,213	3,993
Board of Education	50,873,071	50,873,071	50,871,306	1,765

(Continued on next page)

**TOWN OF EAST LYME, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt service:				
Redemption of debt - principal	\$ 3,677,504	\$ 3,677,504	\$ 3,977,032	\$ (299,528)
Interest payments	2,140,001	2,140,001	1,770,781	369,220
Total debt service	<u>5,817,505</u>	<u>5,817,505</u>	<u>5,747,813</u>	<u>69,692</u>
Capital outlay:				
Town - Capital improvement plan	525,279	525,279	526,360	(1,081)
Other	-	-	176,185	(176,185)
Total capital outlay	<u>525,279</u>	<u>525,279</u>	<u>702,545</u>	<u>(177,266)</u>
Total expenditures	<u>76,051,396</u>	<u>76,051,396</u>	<u>75,516,538</u>	<u>534,858</u>
Other Financing Uses:				
Transfers out:	-	-	-	-
Regional Probate District 32	16,177	16,177	16,177	-
CNRE	123,500	123,500	123,500	-
Health Insurance Fund	-	-	-	-
Total other financing sources (uses)	<u>139,677</u>	<u>139,677</u>	<u>139,677</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 76,191,073</u>	<u>\$ 76,191,073</u>	<u>\$ 75,656,215</u>	<u>\$ 534,858</u>

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

School Lunch Fund – is used to account for operations of the school lunch program, including the receipt and expenditure of related federal and state funding.

Special Education Grant Fund – is used to account for U.S. Department of Education and Connecticut Department of Education grants, as well as local grants relating to education.

Historic Preservation Fund – is used to account for land record receipts earmarked for preservation of Town documents.

Water Department Fund – accounts for revenues for water usage.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

McCook Point Memorial Fund – is used to account for a donation to support Town projects.

**TOWN OF EAST LYME, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds				
	School Lunch Fund	Special Education Grants Fund	Historic Preservation Fund	Water Fund	American Rescue Fund
ASSETS					
Cash and cash equivalents	\$ 139,001	\$ 24,802		\$ 2,050,653	
Receivables, net					
Assessments / User Charges				1,019,317	
Intergovernmental	236,653	458,355			
Other receivables	8,831				
Due from other funds			34,468	34,095	2,731,920
Inventory	6,161			47,600	
Total Assets	\$ 390,646	\$ 483,157	\$ 34,468	\$ 3,151,665	\$ 2,731,920
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 80,674	\$ 46,375		\$ 508,163	
Due to other funds		461,170		382,733	
Unearned revenue		6,346			2,731,920
Total liabilities	80,674	513,891	-	890,896	2,731,920
Deferred Inflows of Resources:					
Unavailable revenue - assessments				765,608	
Fund Balances:					
Nonspendable	6,161			47,600	
Restricted	303,811		34,468		
Committed				1,447,561	
Unassigned		(30,734)			
Total fund balances	309,972	(30,734)	34,468	1,495,161	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 390,646	\$ 483,157	\$ 34,468	\$ 3,151,665	\$ 2,731,920

**TOWN OF EAST LYME, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Pool Fund</u>	<u>Student Activity Fund</u>	<u>Permanent Fund McCook Point Memorial Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 41,755	\$ 476,794	\$ 534	\$ 2,733,539
Receivables, net				
Assessments / User Charges				1,019,317
Intergovernmental				695,008
Other receivables				8,831
Due from other funds				2,800,483
Inventory				53,761
Total Assets	<u>\$ 41,755</u>	<u>\$ 476,794</u>	<u>\$ 534</u>	<u>\$ 7,310,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,091	\$	\$	\$ 649,303
Due to other funds				843,903
Unearned revenue				2,738,266
Total liabilities	<u>14,091</u>	<u>-</u>	<u>-</u>	<u>4,231,472</u>
Deferred Inflows of Resources:				
Unavailable revenue - assessments				765,608
Fund Balances:				
Nonspendable			534	54,295
Restricted	27,664			365,943
Committed		476,794		1,924,355
Unassigned				(30,734)
Total fund balances	<u>27,664</u>	<u>476,794</u>	<u>534</u>	<u>2,313,859</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 41,755</u>	<u>\$ 476,794</u>	<u>\$ 534</u>	<u>\$ 7,310,939</u>

**TOWN OF EAST LYME, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds				
	School Lunch Fund	Special Education Grants Fund	Historic Preservation Fund	Water Fund	American Rescue Fund
Revenues:					
Intergovernmental revenues	\$ 867,938	\$ 1,391,419	\$ 5,500	\$	\$
Charges for services	52,219		17,318	3,397,458	
Investment income					
Other				10,310	
Total revenues	<u>920,157</u>	<u>1,391,419</u>	<u>22,818</u>	<u>3,407,768</u>	<u>-</u>
Expenditures:					
Current:					
Public works				2,423,774	
Parks and recreation			7,413		
Education	880,265	1,422,153			
Debt service:					
Principal retirement				258,749	
Interest and other charges				212,852	
Capital outlay				11,648	
Total expenditures	<u>880,265</u>	<u>1,422,153</u>	<u>7,413</u>	<u>2,907,023</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>39,892</u>	<u>(30,734)</u>	<u>15,405</u>	<u>500,745</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out				(110,477)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,477)</u>	<u>-</u>
Net Change in Fund Balances	39,892	(30,734)	15,405	390,268	-
Fund Balances at Beginning of Year, as restated	<u>270,080</u>	<u>-</u>	<u>19,063</u>	<u>1,104,893</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 309,972</u>	<u>\$ (30,734)</u>	<u>\$ 34,468</u>	<u>\$ 1,495,161</u>	<u>\$ -</u>

**TOWN OF EAST LYME, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Pool Fund</u>	<u>Student Activity Fund</u>	<u>Permanent Fund McCook Point Memorial Fund</u>	<u>Total</u>
Revenues:				
Intergovernmental revenues	\$	\$	\$	\$ 2,264,857
Charges for services	156,931	81,217		3,705,143
Investment income		8,172		8,172
Other				10,310
Total revenues	<u>156,931</u>	<u>89,389</u>	<u>-</u>	<u>5,988,482</u>
Expenditures:				
Current:				
Public works				2,423,774
Parks and recreation				7,413
Education	137,955	75,703		2,516,076
Debt service:				
Principal retirement				258,749
Interest and other charges				212,852
Capital outlay				11,648
Total expenditures	<u>137,955</u>	<u>75,703</u>	<u>-</u>	<u>5,430,512</u>
Excess (Deficiency) of Revenues over Expenditures	<u>18,976</u>	<u>13,686</u>	<u>-</u>	<u>557,970</u>
Other Financing Sources (Uses):				
Transfers out				(110,477)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,477)</u>
Net Change in Fund Balances	18,976	13,686	-	447,493
Fund Balances at Beginning of Year, as restated	<u>8,688</u>	<u>463,108</u>	<u>534</u>	<u>1,866,366</u>
Fund Balances at End of Year	<u>\$ 27,664</u>	<u>\$ 476,794</u>	<u>\$ 534</u>	<u>\$ 2,313,859</u>

Fiduciary Funds

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Private-purpose trust funds: A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in a pension trust fund or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency funds: Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Student activity fund is used to receive student funds and promote the educational and student activities of students.

Performance bonds is used to account for performance bonds held by the Town until such time the bonds are released.

Pool fund: is used to account for activity for the pool managed by third party.

**TOWN OF EAST LYME, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2021**

	N. Parahus Senior Citizens Fund	Clarence A. Haynes Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 104,789	\$ 3,124	\$ 107,913
Total assets	<u>104,789</u>	<u>3,124</u>	<u>107,913</u>
Net Position:			
Restricted for individuals and organizations	\$ <u>104,789</u>	\$ <u>3,124</u>	\$ <u>107,913</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST LYME, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	N. Parahus Senior Citizens Fund	Clarence A. Haynes Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Private contributions	\$ 241	\$	\$ 241
Total contributions	<u>241</u>	<u>-</u>	<u>241</u>
Investment earnings:			
Interest	613	2	615
Total investment earnings	<u>613</u>	<u>2</u>	<u>615</u>
Total additions	854	2	856
Net Position at Beginning of Year	<u>103,935</u>	<u>3,122</u>	<u>107,057</u>
Net Position at End of Year	<u>\$ 104,789</u>	<u>\$ 3,124</u>	<u>\$ 107,913</u>

The accompanying notes are an integral part of the financial statements

Other Schedules

**TOWN OF EAST LYME, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List of October 1,	Uncollected Taxes July 1, 2020	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Tax Levy	Collections			Uncollected Taxes June 30, 2021	
			Additions	Deletions			Taxes	Interest Liens and Other Fees	Total		
2005	\$ 7,065	\$	\$	\$ 2,257	\$	\$ 4,808	\$	\$	\$ -	\$ 4,808	
2006	12,076			-	1,727	10,349	4,224	63	4,287	6,125	
2007	17,797			-	4,047	13,750	4,436	1,262	5,698	9,314	
2008	22,755				5,439	17,316	4,537	1,450	5,987	12,779	
2009	43,449				7,448	36,001	12,384	16,025	28,409	23,617	
2010	68,636				1,827	66,809	13,489	14,190	27,679	53,320	
2011	67,376				2,141	65,235	15,651	18,566	34,217	49,584	
2012	89,326				1,240	88,086	17,408	20,038	37,446	70,678	
2013	121,282				1,740	119,542	31,999	26,476	58,475	87,543	
2014	143,481				2,037	141,444	30,001	25,324	55,325	111,443	
2015	180,127			252	2,218	177,657	37,713	26,749	64,462	139,944	
2016	226,834			-	1,248	225,586	63,617	32,361	95,978	161,969	
2017	327,950			-	1,264	325,336	111,366	48,391	159,757	213,970	
2018	632,203			-	835	624,623	302,648	69,616	372,264	321,975	
Total Prior Years	1,960,357	-		2,610	13,214	33,211	1,916,542	649,473	300,511	949,984	1,267,069
2019	-	63,142,345	29,505	258,370	2,941	62,910,539	62,188,123	178,017	62,366,140	722,416	
Total All Years	\$ 1,960,357	\$ 63,142,345	\$ 32,115	\$ 271,584	\$ 36,152	\$ 64,827,081	\$ 62,837,596	\$ 478,528	\$ 63,316,124	\$ 1,989,485	

**TOWN OF EAST LYME, CONNECTICUT
STATEMENT OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2021**

Total Tax Collections, (Including Interest and Lien Fees)
For the year ended June 30, 2020 \$ 61,983,793

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total</u>
Debt Limitation:						
2.25 times base	\$ 139,463,534					\$ 139,463,534
4.50 times base		278,927,069				278,927,069
3.75 times base			232,439,224			232,439,224
3.25 times base				201,447,327		201,447,327
3 times base					185,951,379	185,951,379
7 times base						433,886,551
Total debt limitation	<u>139,463,534</u>	<u>278,927,069</u>	<u>232,439,224</u>	<u>201,447,327</u>	<u>185,951,379</u>	<u>1,038,228,533</u>
Indebtedness:						
Bonds and notes payable	23,574,000	29,350,000	1,688,000			54,612,000
Bonds anticipation notes (short term)	1,135,000.00	240,000.00				1,375,000
Bonds anticipation notes (bonded in 21/22)	11,420,000					11,420,000
Capital leases	3,031,378					3,031,378
Bonds authorized and unissued	<u>1,624,522</u>	<u>466,196</u>				<u>2,090,718</u>
Total indebtedness	<u>40,784,900</u>	<u>30,056,196</u>	<u>1,688,000</u>	<u>-</u>	<u>-</u>	<u>72,529,096</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 98,678,634</u>	<u>\$ 248,870,873</u>	<u>\$ 230,751,224</u>	<u>\$ 201,447,327</u>	<u>\$ 185,951,379</u>	<u>\$ 965,699,437</u>

Notes:

- In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 433,886,551
- There is no overlapping debt for the Town of East Lyme
- Water related debt has been excluded from the calculation.

**TOWN OF EAST LYME, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2021**

	General Fund	Board of Education Special Fund	Regional Probate District 32	Parks and Recreation Fund	Performance Bonds Fund	Eliminate Interfund Receivables	Totals
ASSETS							
Cash and cash equivalents	\$ 12,343,442	\$ 174,014	\$ -	\$ -	\$ 710,326	\$ -	\$ 13,227,782
Receivables:							
Property taxes receivable, net	2,975,055						2,975,055
Assessment/User charges	26,792						26,792
Intergovernmental	48,681						48,681
Other receivables	435,621			1,580			437,201
Due from other funds	<u>2,842,979</u>		<u>32,817</u>	<u>146,659</u>		<u>(179,476)</u>	<u>2,842,979</u>
Total Assets	<u>\$ 18,672,570</u>	<u>\$ 174,014</u>	<u>\$ 32,817</u>	<u>\$ 148,239</u>	<u>\$ 710,326</u>	<u>\$ (179,476)</u>	<u>\$ 19,558,490</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accruals	\$ 1,364,715	\$ -	\$ 447	\$ 69,930	\$ -	\$ -	\$ 1,435,092
Due to other funds	3,161,367		-	-	240,956	(179,476)	3,222,847
Unearned revenue	3,382		-	-	-		3,382
Deferred Revenue	<u>22,634</u>						<u>22,634</u>
Total liabilities	<u>4,552,098</u>	<u>-</u>	<u>447</u>	<u>69,930</u>	<u>240,956</u>	<u>(179,476)</u>	<u>4,683,955</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	2,806,794						2,806,794
Unavailable revenue - property taxes	5,191						5,191
Unavailable revenue	<u>75</u>			<u>-</u>	<u>-</u>		<u>75</u>
Total deferred inflows of resources	<u>2,812,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,812,060</u>
Fund balances:							
Assigned	-	174,014	32,370	-	469,370	-	675,754
Unassigned	<u>11,308,412</u>	<u>-</u>	<u>-</u>	<u>78,309</u>	<u>-</u>	<u>-</u>	<u>11,386,721</u>
Total fund balances	<u>11,308,412</u>	<u>174,014</u>	<u>32,370</u>	<u>78,309</u>	<u>469,370</u>	<u>-</u>	<u>12,062,475</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,672,570</u>	<u>\$ 174,014</u>	<u>\$ 32,817</u>	<u>\$ 148,239</u>	<u>\$ 710,326</u>	<u>\$ (179,476)</u>	<u>\$ 19,558,490</u>

TOWN OF EAST LYME, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Board of Education Special Fund	Regional Probate District 32	Parks and Recreation Fund	Performance Bonds Fund	Totals
Revenues:						
Property taxes, interest and lien fees	\$ 63,399,987	\$	\$	\$	\$	\$ 63,399,987
Intergovernmental revenues	14,053,040					14,053,040
Charges for services	5,886,664	621,748	26,476	475,555		7,010,443
Investment income	35,972				88	36,060
Other	-				4,000	4,000
Total revenues	<u>83,375,663</u>	<u>621,748</u>	<u>26,476</u>	<u>475,555</u>	<u>4,088</u>	<u>84,503,530</u>
Expenditures:						
Current:						
General government	7,495,748		29,108			7,524,856
Public safety	4,704,550					4,704,550
Public works	3,687,212					3,687,212
Health and welfare	214,900				18,501	233,401
Culture and recreation	1,933,213			377,843		2,311,056
Education	57,376,538	680,416				58,056,954
Debt service:						
Principal retirement	3,977,032					3,977,032
Interest and other charges	1,770,781					1,770,781
Capital outlay	794,845					794,845
Total expenditures	<u>81,954,819</u>	<u>680,416</u>	<u>29,108</u>	<u>377,843</u>	<u>18,501</u>	<u>83,060,687</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,420,844</u>	<u>(58,668)</u>	<u>(2,632)</u>	<u>97,712</u>	<u>(14,413)</u>	<u>1,442,843</u>
Other Financing Sources (Uses):						
Transfers in from other funds	151,768		(7,573)		-	144,195
Transfers out to other funds	(139,677)		16,177	(10,000)	-	(133,500)
Total other financing (uses)	<u>12,091</u>	<u>-</u>	<u>8,604</u>	<u>(10,000)</u>	<u>-</u>	<u>10,695</u>
Net Change in Fund Balances	1,432,935	(58,668)	5,972	87,712	(14,413)	1,453,538
Fund Balances at Beginning of Year, as restated	<u>9,875,477</u>	<u>232,682</u>	<u>26,398</u>	<u>(9,403)</u>	<u>483,783</u>	<u>10,608,937</u>
Fund Balances at End of Year	<u>\$ 11,308,412</u>	<u>\$ 174,014</u>	<u>\$ 32,370</u>	<u>\$ 78,309</u>	<u>\$ 469,370</u>	<u>\$ 12,062,475</u>