

**TOWN OF EAST LYME, CONNECTICUT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of East Lyme, Connecticut

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2023, 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.

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, 2023, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of East Lyme, Connecticut, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter – Correction of Error**

As discussed in Note 13 to the financial statements, the Town of East Lyme restated fund balance and net position to correct for errors included in the June 30, 2022, financial statements, pertaining to capital assets, revenue recognition, understated liabilities, and fund classification.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of East Lyme, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Lyme, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of East Lyme, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

***Supplementary 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 combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Finance  
Town of East Lyme, Connecticut

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
July 18, 2025

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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, 2023.

**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 \$139,358,614 (net position). Of this amount, \$97,833,603 was attributable to governmental activities and \$41,525,011 to business-type activities.
- The Town's total net position increased by \$6,747,672.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$27,479,428, an increase of \$7,782,028 in comparison with the prior year.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$13,207,559 or 15.2% 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).

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

**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 \$139,358,614 at the close of the fiscal year.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022*	2023	2022*	2023	2022*
<b>Assets:</b>						
Current and Other Assets	\$ 44,485,971	\$ 42,639,334	\$ 966,167	\$ 990,944	\$ 45,452,138	\$ 43,630,278
Capital Assets, Net of						
Accumulated Depreciation	116,547,554	117,806,392	4,986,954	5,118,966	121,534,508	122,925,358
Total Assets	161,033,525	160,445,726	5,953,121	6,109,910	166,986,646	166,555,636
<b>Deferred Outflows of Resources</b>	4,420,183	6,078,895	93,294	208,749	4,513,477	6,287,644
<b>Liabilities:</b>						
Current and Other Liabilities	18,152,843	15,052,413	178,966	477,674	18,331,809	15,530,087
Long-Term Liabilities						
Outstanding	82,922,016	90,085,399	305,433	268,585	83,227,449	90,353,984
Total Liabilities	101,074,859	105,137,812	484,399	746,259	101,559,258	105,884,071
<b>Deferred Inflows of Resources</b>	10,589,349	9,954,046	163,559	386,321	10,752,908	10,340,367
<b>Net Position:</b>						
Net Investments in						
Capital Assets	32,921,426	36,653,349	4,986,954	5,118,966	37,908,380	41,772,315
Restricted	658,182	930,922	-	-	658,182	930,922
Unrestricted	20,209,892	13,848,492	411,503	67,113	20,621,395	13,915,605
Total Net Position	\$ 53,789,500	\$ 51,432,763	\$ 5,398,457	\$ 5,186,079	\$ 59,187,957	\$ 56,618,842

\*as Restated

A portion of the Town's net position (89.3%) 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, \$930,922, 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 \$6,257,484. The increase was primarily due to the addition of capital assets.

**TOWN OF EAST LYME, CONNECTICUT  
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**Financial Highlights**

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- The Town's total net position decreased by \$80,170,657 due to \$82,739,772 in restatements. Of this amount, \$46,400,840 was attributable to governmental activities and \$36,338,932 to business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$25,126,840, a decrease of \$2,453,333 in comparison with the prior year.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$13,858,366 or 16.81% of total general fund expenditures and transfers out.

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JUNE 30, 2023**

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022*	2023	2022*	2023	2022*
<b>Assets:</b>						
Current and Other Assets	\$ 44,485,971	\$ 42,639,334	\$ 966,167	\$ 990,944	\$ 45,452,138	\$ 43,630,278
Capital Assets, Net of						
Accumulated Depreciation	<u>116,547,554</u>	<u>117,806,392</u>	<u>4,986,954</u>	<u>5,118,966</u>	<u>121,534,508</u>	<u>122,925,358</u>
Total Assets	161,033,525	160,445,726	5,953,121	6,109,910	166,986,646	166,555,636
<b>Deferred Outflows of Resources</b>	4,420,183	6,078,895	93,294	208,749	4,513,477	6,287,644
<b>Liabilities:</b>						
Current and Other Liabilities	18,152,843	15,052,413	178,966	477,674	18,331,809	15,530,087
Long-Term Liabilities						
Outstanding	<u>82,922,016</u>	<u>90,085,399</u>	<u>305,433</u>	<u>268,585</u>	<u>83,227,449</u>	<u>90,353,984</u>
Total Liabilities	101,074,859	105,137,812	484,399	746,259	101,559,258	105,884,071
<b>Deferred Inflows of Resources</b>	<u>10,589,349</u>	<u>9,954,046</u>	<u>163,559</u>	<u>386,321</u>	<u>10,752,908</u>	<u>10,340,367</u>
<b>Net Position:</b>						
Net Investments in						
Capital Assets	32,921,426	36,653,349	4,986,954	5,118,966	37,908,380	41,772,315
Restricted	658,182	930,922	-	-	658,182	930,922
Unrestricted	<u>20,209,892</u>	<u>13,848,492</u>	<u>411,503</u>	<u>67,113</u>	<u>20,621,395</u>	<u>13,915,605</u>
Total Net Position	<u>\$ 53,789,500</u>	<u>\$ 51,432,763</u>	<u>\$ 5,398,457</u>	<u>\$ 5,186,079</u>	<u>\$ 59,187,957</u>	<u>\$ 56,618,842</u>

\*as Restated

A portion of the Town's net position (61.2%) 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, \$658,182, 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 \$2,356,737. 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.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

**Error! Not a valid link.**

\*as Restated

For governmental activities, 66.6% of the revenues were derived from property taxes, followed by 17.9% from grants and contributions and 12.1% for charges for services.

Major revenue factors included:

- Grants and contributions decreased by \$1.5 million due to a decrease in the revenues recognized by the Town relative to COVID-19 relief funds.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

For governmental activities, approximately 67.6% of the Town's expenses relate to education, 9.2% relate to general government, 10.1% relate to public works operations, 7.9% to public safety and the remaining 5.1% relate to interest expense, health and welfare, recreation and miscellaneous.

**Business-Type Activities**

Business-type activities (Sewer Department) increased the Town's net position by \$212,378.

**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 \$13.86 million, while total fund balance reached \$15.99 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 16.81% of total general fund expenditures and operating transfers out.

The fund balance for the Town's general fund increased by approximately \$760 thousand 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 approximately \$255 thousand due scheduled assessment receipts in excess of expenditures.

The Bonded Project Fund decreased \$884 thousand due to increased capital outlay expenditures.

The Capital Nonrecurring Fund decreased \$1.4 million due to project expenditures outpacing intergovernmental revenues.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

**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 \$5.4 million, a decrease of \$36.3 million over the prior year due to restatements of the financial statements. Unrestricted net position for the Sewer Department reflected \$412 thousand of total Net Position.

**General Fund Budgetary Highlights**

During the year, actual revenues, including transfers in, were \$80.9 million, which was greater than budgetary estimates by \$.3 million. Major contributors were:

- \$448 thousand greater due to better-than-expected aggregate tax collections.
- \$261 thousand greater combined net effect for various local fees and charges for services estimates.
- \$655 thousand in more Investment Earnings than budgeted.

Expenditures, including transfers out, were \$79.7 million, coming in \$1 million under budgetary estimates. Significant budgetary variances were as follows:

- General government expenditures were \$575 thousand under budget primarily due to conservative benefit and contingency estimates.
- Public Safety expenditures were \$203 thousand under budget.
- Board of Education expenditures were \$161 thousand under budget.

**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, 2023, amounted to \$121.5 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.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 25,242,947	\$ 25,242,947	\$ 608,210	\$ 608,210	\$ 25,851,157	\$ 25,851,157
Construction in Progress	453,779	346,213	-	-	453,779	346,213
Buildings and Improvements	61,540,127	63,318,491	14,10,463	15,37,723	62,950,590	64,856,214
Machinery and Equipment	2,789,872	2,575,146	287,081	55,814	3,076,953	2,630,960
Vehicles	3,822,949	3,689,868	-	-	3,822,949	3,689,868
Infrastructure	10,630,112	10,084,086	-	-	10,630,112	10,084,086
Water Distribution Systems	12,067,768	12,549,641	-	-	12,067,768	12,549,641
Sewer Distribution Systems	-	-	2,681,200	2,917,219	2,681,200	2,917,219
<b>Total</b>	<b>\$ 116,547,554</b>	<b>\$ 117,806,392</b>	<b>\$ 4,986,954</b>	<b>\$ 5,118,966</b>	<b>\$ 121,534,508</b>	<b>\$ 122,925,358</b>

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 \$63.985 million, all of which is backed by the full faith and credit of the Town government.

**TOWN OF EAST LYME, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
General Purpose Bonds	\$ 60,425,000	\$ 63,985,000	\$ -	\$ -	\$ 60,425,000	\$ 63,985,000
Drinking Water Notes	10,419,846	11,269,921	-	-	10,419,846	11,269,921
Total	\$ 70,844,846	\$ 75,254,921	\$ -	\$ -	\$ 70,844,846	\$ 75,254,921

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 4.41 million during the 2023 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 2023 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, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 30,169,123	\$ 908,072	\$ 31,077,195
Cash Held by Escrow Agent	3,118,400	-	3,118,400
Receivables:			
Property Taxes, Net	1,058,156	-	1,058,156
User Charges, Net	2,740,716	593,854	3,334,570
Intergovernmental	4,544,925	-	4,544,925
Lease Receivables	1,523,483	-	1,523,483
Other Receivables	715,538	12,906	728,444
Internal Balances	559,015	(559,015)	-
Other Assets	56,615	10,350	66,965
Total Current Assets	<u>44,485,971</u>	<u>966,167</u>	<u>45,452,138</u>
Noncurrent Assets:			
Capital Assets, Not Being Depreciated/Amortized	25,696,726	608,210	26,304,936
Capital Assets, Being Depreciated/Amortized, Net	<u>90,850,828</u>	<u>4,378,744</u>	<u>95,229,572</u>
Total Noncurrent Assets	<u>116,547,554</u>	<u>4,986,954</u>	<u>121,534,508</u>
Total Assets	161,033,525	5,953,121	166,986,646
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	564,275	-	564,275
Deferred Outflows Related to Pension	1,899,538	71,535	1,971,073
Deferred Outflows Related to OPEB	<u>1,956,370</u>	<u>21,759</u>	<u>1,978,129</u>
Total Deferred Outflows of Resources	4,420,183	93,294	4,513,477
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,767,568	93,843	2,861,411
Accrued Interest Payable	887,720	-	887,720
Unearned Revenue	1,930,599	45,775	1,976,374
Bond Anticipation Notes Payable	6,065,386	-	6,065,386
Current Maturities of Long-Term Obligations	<u>6,501,570</u>	<u>39,348</u>	<u>6,540,918</u>
Total Current Liabilities	18,152,843	178,966	18,331,809
Noncurrent Liabilities:			
Due in More Than One Year	<u>82,922,016</u>	<u>305,433</u>	<u>83,227,449</u>
Total Liabilities	101,074,859	484,399	101,559,258
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease Related	1,454,410	-	1,454,410
Deferred Inflows Related to Pension	2,334,766	87,925	2,422,691
Deferred Inflows Related to OPEB	<u>6,800,173</u>	<u>75,634</u>	<u>6,875,807</u>
Total Deferred Inflows of Resources	<u>10,589,349</u>	<u>163,559</u>	<u>10,752,908</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	32,921,426	4,986,954	37,908,380
Restricted for:			
Endowments:			
Nonexpendable	534	-	534
Education	631,632	-	631,632
Culture and Recreation	26,016	-	26,016
Unrestricted	<u>20,209,892</u>	<u>411,503</u>	<u>20,621,395</u>
Total Net Position	<u>\$ 53,789,500</u>	<u>\$ 5,398,457</u>	<u>\$ 59,187,957</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
General Government	\$ 8,856,602	\$ 2,097,261	\$ 248,363	\$ -	\$ (6,510,978)	\$ -	\$ (6,510,978)
Public Safety	7,598,898	324,166	12,500	-	(7,262,232)	-	(7,262,232)
Public Works	9,720,272	4,682,088	2,254,905	207,584	(2,575,695)	-	(2,575,695)
Health and Welfare	385,061	-	-	-	(385,061)	-	(385,061)
Culture and Recreation	3,177,036	882,112	5,500	-	(2,289,424)	-	(2,289,424)
Education	64,863,963	3,923,517	14,930,111	-	(46,010,335)	-	(46,010,335)
Interest and Fiscal Charges	1,364,245	-	-	-	(1,364,245)	-	(1,364,245)
Total Governmental Activities	95,966,077	11,909,144	17,451,379	207,584	(66,397,970)	-	(66,397,970)
<b>Business-Type Activities:</b>							
Sewer	2,826,931	2,434,604	-	329,032	-	(63,295)	(63,295)
Total Business-Type Activities	2,826,931	2,434,604	-	329,032	-	(63,295)	(63,295)
Total Primary Government	\$ 98,793,008	\$ 14,343,748	\$ 17,451,379	\$ 536,616	(66,397,970)	(63,295)	(66,461,265)
<b>GENERAL REVENUES AND TRANSFERS</b>							
Property Taxes					65,705,514	-	65,705,514
Grants and Contributions Not Restricted to Specific Programs					2,273,572	-	2,273,572
Unrestricted Investment Earnings					1,058,419	-	1,058,419
Miscellaneous					(7,125)	-	(7,125)
Transfers					(275,673)	275,673	-
Total General Revenues and Transfers					68,754,707	275,673	69,030,380
<b>CHANGE IN NET POSITION</b>							
					2,356,737	212,378	2,569,115
Net Position - Beginning of Year, as Restated					51,432,763	5,186,079	56,618,842
<b>NET POSITION - END OF YEAR</b>							
					\$ 53,789,500	\$ 5,398,457	\$ 59,187,957

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 19,658,672	\$ 4,375,659	\$ 951,405	\$ 600,397	\$ 2,844,929	\$ 1,548,136	\$ 29,979,198
Cash Held by Escrow Agent	-	-	3,118,400	-	-	-	3,118,400
Receivables:							
Property Taxes Receivable, Net	1,058,156	-	-	-	-	-	1,058,156
Assessment/User Charges	17,027	1,685,249	-	-	1,038,440	-	2,740,716
Intergovernmental	-	-	3,936,037	202,245	-	406,643	4,544,925
Lease receivable	1,016,656	-	-	-	506,827	-	1,523,483
Other Receivables	585,308	58,195	-	9,561	-	50,793	703,857
Due from Other Funds	5,640,802	831,807	5,400,602	1,109,204	-	2,206,766	15,189,181
Inventory	-	-	-	-	49,200	7,415	56,615
	<u>\$ 27,976,621</u>	<u>\$ 6,950,910</u>	<u>\$ 13,406,444</u>	<u>\$ 1,921,407</u>	<u>\$ 4,439,396</u>	<u>\$ 4,219,753</u>	<u>\$ 58,914,531</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accruals	\$ 1,840,110	\$ 11,559	\$ 299,151	\$ 94,525	\$ 192,985	\$ 329,238	\$ 2,767,568
Due to Other Funds	7,987,088	83,344	3,308,136	-	2,184,695	156,433	13,719,696
Unearned Revenue	180,603	-	-	-	-	1,749,996	1,930,599
Bond Anticipation Notes Payable	113,386	-	2,437,000	3,515,000	-	-	6,065,386
Total Liabilities	<u>10,121,187</u>	<u>94,903</u>	<u>6,044,287</u>	<u>3,609,525</u>	<u>2,377,680</u>	<u>2,235,667</u>	<u>24,483,249</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	903,814	-	-	-	-	-	903,814
Unavailable Revenue - Assessments	-	1,676,501	-	-	928,218	-	2,604,719
Unavailable Revenue - Grants	4,083	-	3,936,037	202,245	-	199,059	4,341,424
Unavailable Revenue - Other	75	-	-	-	-	-	75
Lease Related	964,988	-	-	-	489,422	-	1,454,410
Total Deferred Inflows of Resources	<u>1,872,960</u>	<u>1,676,501</u>	<u>3,936,037</u>	<u>202,245</u>	<u>1,417,640</u>	<u>199,059</u>	<u>9,304,442</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	49,200	7,949	57,149
Restricted	-	-	-	-	-	657,648	657,648
Committed	-	5,179,506	3,872,247	-	594,876	1,272,189	10,918,818
Assigned	2,124,108	-	-	-	-	-	2,124,108
Unassigned	13,858,366	-	(446,127)	(1,890,363)	-	(152,759)	11,369,117
Total Fund Balances	<u>15,982,474</u>	<u>5,179,506</u>	<u>3,426,120</u>	<u>(1,890,363)</u>	<u>644,076</u>	<u>1,785,027</u>	<u>25,126,840</u>
	<u>\$ 27,976,621</u>	<u>\$ 6,950,910</u>	<u>\$ 13,406,444</u>	<u>\$ 1,921,407</u>	<u>\$ 4,439,396</u>	<u>\$ 4,219,753</u>	<u>\$ 58,914,531</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,976,621</u>	<u>\$ 6,950,910</u>	<u>\$ 13,406,444</u>	<u>\$ 1,921,407</u>	<u>\$ 4,439,396</u>	<u>\$ 4,219,753</u>	<u>\$ 58,914,531</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Fund Balances - Total Governmental Funds (Exhibit III) \$ 25,126,840

Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	288,573,234
Less: Accumulated Depreciation/Amortization	<u>(172,025,680)</u>
Net Capital Assets	116,547,554

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:

Property Tax Receivables Greater Than 60 Days	903,814
Water and Sewer Assessments	2,604,719
Intergovernmental Grants	4,341,424
Charges for Services	75
Deferred Outflows Related to Pensions	1,899,538
Deferred Outflows Related to OPEB	1,956,370

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.

(708,864)

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	(70,844,846)
Financed Purchase Payables	(2,607,966)
Deferred Charge on Refunding	564,275
Unamortized Premium on Bonds Payable	(4,385,014)
Interest Payable on Bonds	(887,720)
Claims and Other	(203,478)
Total OPEB Liability	(3,034,044)
Compensated Absences	(5,313,265)
Net Pension Liability	(3,034,973)
Deferred Inflows Related to OPEB	(6,800,173)
Deferred Inflows Related to Pensions	<u>(2,334,766)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)

\$ 53,789,500

**TOWN OF EAST LYME, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes, Interest, and Lien Fees	\$ 66,304,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,304,705
Intergovernmental Revenues	11,254,059	-	-	113,669	-	6,117,773	17,485,501
Charges for Services	5,348,907	558,522	-	181,395	3,653,027	2,053,452	11,795,303
Investment Income	695,750	111,994	249,528	1,147	-	-	1,058,419
Other	-	32,888	-	136	7,895	-	40,919
Total Revenues	<u>83,603,421</u>	<u>703,404</u>	<u>249,528</u>	<u>296,347</u>	<u>3,660,922</u>	<u>8,171,225</u>	<u>96,684,847</u>
<b>EXPENDITURES</b>							
Current:							
General Government	8,210,680	-	-	-	-	57,455	8,268,135
Public Safety	5,748,651	-	-	8,500	-	1,002,227	6,759,378
Public Works	3,937,674	59,718	-	-	3,128,873	-	7,126,265
Health and Welfare	275,361	-	-	-	-	-	275,361
Parks and Recreation	1,926,427	-	-	-	-	935,718	2,862,145
Education	55,753,655	-	-	-	-	5,586,121	61,339,776
Debt Service:							
Principal Retirement	4,634,093	-	-	143,030	893,532	-	5,670,655
Interest and Other Charges	2,049,770	-	-	84,555	254,449	-	2,388,774
Capital Outlay	108,434	263,705	2,148,838	1,625,269	163,219	878,200	5,187,665
Total Expenditures	<u>82,644,745</u>	<u>323,423</u>	<u>2,148,838</u>	<u>1,861,354</u>	<u>4,440,073</u>	<u>8,459,721</u>	<u>99,878,154</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>							
	958,676	379,981	(1,899,310)	(1,565,007)	(779,151)	(288,496)	(3,193,307)
<b>OTHER FINANCING SOURCES (USES)</b>							
Financed Purchases	-	-	1,015,647	-	-	-	1,015,647
Transfers In	-	-	-	162,586	-	36,080	198,666
Transfers Out	(198,666)	(125,000)	-	-	(150,673)	-	(474,339)
Total Other Financing (Uses)	<u>(198,666)</u>	<u>(125,000)</u>	<u>1,015,647</u>	<u>162,586</u>	<u>(150,673)</u>	<u>36,080</u>	<u>739,974</u>
<b>NET CHANGE IN FUND BALANCES</b>							
	760,010	254,981	(883,663)	(1,402,421)	(929,824)	(252,416)	(2,453,333)
Fund Balances -							
Beginning of Year, as Restated	15,222,464	4,924,525	4,309,783	(487,942)	1,573,900	2,037,443	27,580,173
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 15,982,474</u>	<u>\$ 5,179,506</u>	<u>\$ 3,426,120</u>	<u>\$ (1,890,363)</u>	<u>\$ 644,076</u>	<u>\$ 1,785,027</u>	<u>\$ 25,126,840</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Governmental Funds (Exhibit IV)	\$	(2,453,333)
<p>Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the following:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlay		4,512,093
Depreciation and Amortization Expense		(5,770,931)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property Taxes Receivable - Accrual Basis Change		(599,191)
Charges for Services - Accrual Basis Change		65,798
Intergovernmental Grants - Accrual Basis Change		248,545
Changes in Deferred Outflows Related to OPEB		(120,899)
Changes in Deferred Outflows Related to Pensions		(1,456,294)
<p>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.</p>		
Principal Payments on Bonds and Notes Payable		4,410,075
Financed Purchases		(1,015,647)
Principal Payments on Financed Purchases		1,429,785
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of Deferred Charge on Refunding		(81,519)
Amortization of Premium		800,413
Change in Accrued Interest		136,430
Change in Claims Payable		746,522
Change in Compensated Absences		(348,766)
Change in Net Pension Liability		541,589
Change in Total OPEB Liability		379,854
Change in Deferred Inflows Related to OPEB		(5,269)
Change in Deferred Inflows Related to Pension		925,121
The net expense of the internal service funds is reported with governmental activities.		12,361
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit III)	\$	2,356,737

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2023**

	Business-Type Activities Enterprise Fund Sewer Department	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 908,072	\$ 189,925
Receivables:		
User Charges, Net	593,854	-
Other	12,906	11,681
Other Assets	10,350	-
Total Current Assets	1,525,182	201,606
Noncurrent Assets:		
Capital Assets, Nondepreciable	608,210	-
Capital Assets, Net of Accumulated Depreciation	4,378,744	-
Total Noncurrent Assets	4,986,954	-
Total Assets	6,512,136	201,606
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pension	71,535	
Deferred Outflows Related to OPEB	21,759	
Total Deferred Outflows of Resources	93,294	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	93,843	-
Current Portion of Compensated Absences	39,348	-
Due to Other Funds	559,015	910,470
Unearned Revenue	45,775	-
Total Current Liabilities	737,981	910,470
Noncurrent Liabilities:		
Due in More Than One Year	305,433	-
Total Liabilities	1,043,414	910,470
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pension	87,925	-
Deferred Inflows Related to OPEB	75,634	-
Total Deferred Inflows of Resources	163,559	-
<b>NET POSITION</b>		
Investment in Capital Assets	4,986,954	-
Unrestricted	411,503	(708,864)
Total Net Position (Deficit)	\$ 5,398,457	\$ (708,864)

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2023**

	<u>Business-Type Activities Enterprise Fund Sewer Department</u>	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 2,434,604	\$ 24,041
Total Operating Revenues	<u>2,434,604</u>	<u>24,041</u>
<b>OPERATING EXPENSES</b>		
Medical Claims	-	11,680
Salaries and Benefits	663,508	-
Operations and Maintenance	1,613,515	-
Contracted and Purchased Services	81,189	-
Depreciation Expense	468,719	-
Total Operating Expenses	<u>2,826,931</u>	<u>11,680</u>
<b>OPERATING INCOME (LOSS)</b>	(392,327)	12,361
<b>OTHER NONOPERATING REVENUES (EXPENSES)</b>		
Capital Contribution	329,032	-
Transfers In	275,673	-
Total Other Nonoperating Revenues (Expenses)	<u>604,705</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	212,378	12,361
Net Position - Beginning of Year, as Restated	<u>5,186,079</u>	<u>(721,225)</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u>\$ 5,398,457</u>	<u>\$ (708,864)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Fund Sewer Department	Governmental Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 2,362,559	\$ 12,360
Payments to Suppliers	(1,937,948)	-
Payments to Employees	(783,383)	-
Claims Paid and Administration	-	(164,212)
Net Cash Used by Operating Activities	<u>(358,772)</u>	<u>(151,852)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund Borrowings	80,977	-
Transfers from Other Funds	275,673	-
Net Cash Provided by Noncapital Financing Activities	<u>356,650</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to Property, Plant, and Equipment	<u>(7,675)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,675)</u>	<u>-</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(9,797)	(151,852)
Cash and Cash Equivalents - Beginning of Year	<u>917,869</u>	<u>341,777</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 908,072</u>	<u>\$ 189,925</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (392,327)	\$ 12,361
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation	468,719	-
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(68,997)	(11,681)
Other Assets	3,000	-
Deferred Outflows - Pension	57,401	-
Deferred Outflows - Other Postemployment Benefit	58,054	-
Increase (Decrease) in:		
Accounts Payable	(246,244)	-
Meter Deposits	(3,048)	-
Compensated Absences	107,977	-
Unearned Revenues	-	-
Claims Payable	-	(152,532)
Net Pension and OPEB Liability	(120,545)	-
Deferred Inflows - Pension	(37,325)	-
Deferred Inflows - Other Postemployment Benefit	(185,437)	-
Total Adjustments	<u>33,555</u>	<u>(164,213)</u>
Net Cash Used by Operating Activities	<u>\$ (358,772)</u>	<u>\$ (151,852)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Capital Assets Contributed by Capital Projects Fund	<u>\$ 329,032</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

	Pension Trust Funds	Private-Purpose Trust Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 24,717	\$ 100,332
Investments, at Fair Value:		
Mutual Funds	31,892,013	-
Total Assets	31,916,730	100,332
 <b>NET POSITION</b>		
Restricted for Pension Benefits and Other Trust Purposes	\$ 31,916,730	\$ 100,332

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUNDS  
YEAR ENDED JUNE 30, 2023**

	Pension Trust Funds	Private-Purpose Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 680,066	\$ -
Plan Members	395,023	-
Private Contributions	-	-
Total Contributions	1,075,089	-
Investment Earnings:		
Net Change in Fair Value of Investments	2,815,442	-
Interest	-	1,362
Total Investment Earnings	2,815,442	1,362
Total Additions	3,890,531	1,362
<b>DEDUCTIONS</b>		
Benefits	2,050,967	-
Administration	41,043	-
Total Deductions	2,092,010	-
<b>CHANGE IN NET POSITION</b>	1,798,521	1,362
Net Position - Beginning of Year	30,118,209	98,970
<b>NET POSITION - END OF YEAR</b>	\$ 31,916,730	\$ 100,332

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 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.

**B. 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 nonfiduciary 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.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

Government-Wide and Fund Financial Statements (Continued)

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.

**C. 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 postemployment costs, and claims and judgments which are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

The Town reports the following major governmental funds:

**General Fund**

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.

**Sewer Assessments Fund**

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

**Bonded Capital Projects Fund**

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

**Capital Nonrecurring Fund**

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

**Water Fund**

The Water fund accounts for revenues and expenditures for water usage.

The Town reports the following major proprietary fund:

**Sewer 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**

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**

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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

**Permanent Funds**

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.

**Internal Service Fund**

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

**Pension Trust Funds**

The Pension Trust Funds account for the activities of the Town's Employees' Retirement System, a defined benefits pension trust fund and the Town's Defined Contribution Trust Fund, which accumulates resources for pension benefit payments to qualified employees.

**Private-Purpose Trust Funds**

The Private-Purpose Trust Funds are used to account for resources legally held in trust for senior citizens and others. All resources of the funds, including any earnings on invested resources, may be used to support senior citizens and others. 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.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 30 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." Advances from/to other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle.

**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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets**

Capital assets are tangible and intangible 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, 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.

Land and easements and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	7 to 40 Years
Infrastructure	15 to 50 Years
Sewer Systems	15 to 25 Years
Water Systems	15 to 25 Years
Machinery, Equipment, and Vehicles	5 to 15 Years

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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 assets 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 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). Differences in investment income are expensed over five years.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

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 assets 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). 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, assessments, 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 effective 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. Net Position**

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Net Position (Continued)**

*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.

*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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**N. Fund Balance**

The classifications of fund balances are described as follows:

*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.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Balance (Continued)**

*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 an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**O. 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.

**P. Reclassifications**

During the preparation of the financial statements certain prior year items were reclassified to comply with the current year treatment.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 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.
- For the year ended June 30, 2023, the Town overspent the Assessor's Office, Human Resources, Information Technology, Maintenance of Town Buildings, and the Commission on Aging departments by, \$4,181, \$1,067, \$39,199, \$26,222,2 and \$878, respectively.
- 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. There were additional appropriations of \$35,116, and \$25,949 from fund balance and additional revenue, respectively, for the year ended June 30, 2023.
- 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. Fund Deficits**

At June 30, 2023, the Town reported deficit fund balance/net position in the following funds:

Capital and Nonrecurring Fund	\$ 1,890,363
Special Education Grants Fund	152,759
Internal Service Fund	708,864

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

**NOTE 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**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*, \$10,917,410 of the Town's bank balance of \$12,073,422 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 9,715,473
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>1,201,937</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 10,917,410</u></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.

**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, 2023, the Town's cash equivalents amounted to \$23,723,734. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations.

	<u>Standard &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There are no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**Investments**

At June 30, 2023, the Town's investments (all pension fund investments) of \$31,892,013 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.

**TOWN OF EAST LYME, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**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.

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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value (Continued)**

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, 2023:

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 31,892,013	\$ 31,892,013	\$ -	\$ -

Mutual funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**NOTE 4 RECEIVABLES**

Receivable as of year-end for the Town’s individual major funds and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are presented below.

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Water Fund	Sewer Department	Nonmajor and Other Funds	Total
Receivables:								
Property Taxes	\$ 944,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 944,521
Interest on Property Taxes	236,785	-	-	-	-	-	-	236,785
Water and Sewer Use Fees	17,027	1,825,249	-	-	1,038,440	601,354	17,000	3,499,070
Intergovernmental	-	-	3,936,037	202,245	-	-	406,643	4,544,925
Lease Receivable	1,016,656	-	-	-	506,827	-	-	1,523,483
Other Receivables	585,308	58,195	-	9,561	-	12,906	62,474	728,444
Gross Receivables	2,800,297	1,883,444	3,936,037	211,806	1,545,267	614,260	486,117	11,477,228
Less: Allowance for Uncollectible	(123,150)	(140,000)	-	-	-	(7,500)	(17,000)	(287,650)
Net Total Receivables	\$ 2,677,147	\$ 1,743,444	\$ 3,936,037	\$ 211,806	\$ 1,545,267	\$ 606,760	\$ 469,117	\$ 11,189,578

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance(1)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 25,242,947	\$ -	\$ -	\$ 25,242,947
Construction in Progress	346,213	107,566	-	453,779
Total Capital Assets Not Being Depreciated	25,589,160	107,566	-	25,696,726
Capital Assets Being Depreciated:				
Buildings and Improvements	192,357,037	905,953	-	193,262,990
Machinery and Equipment	6,838,089	800,839	-	7,638,928
Vehicles	9,736,533	974,948	-	10,711,481
Infrastructure	15,698,530	1,384,941	-	17,083,471
Water Distribution Systems	33,841,792	337,846	-	34,179,638
Total Capital Assets Being Depreciated	258,471,981	4,404,527	-	262,876,508
Total Capital Assets	284,061,141	4,512,093	-	288,573,234
Less: Accumulated Depreciation for:				
Buildings and Improvements	129,038,546	2,684,317	-	131,722,863
Machinery and Equipment	4,262,943	586,113	-	4,849,056
Vehicles	6,046,665	841,867	-	6,888,532
Infrastructure	5,614,444	838,915	-	6,453,359
Water Distribution Systems	21,292,151	819,719	-	22,111,870
Total Accumulated Depreciation	166,254,749	5,770,931	-	172,025,680
Total Capital Assets Being Depreciated, Net	92,217,232	(1,366,404)	-	90,850,828
Governmental Activities Capital Assets, Net	<u>\$ 117,806,392</u>	<u>\$ (1,258,838)</u>	<u>\$ -</u>	<u>\$ 116,547,554</u>

(1) Beginning balance was restated to correct an error in the balances of capital assets and accumulated depreciation. See Note 13.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance(1)	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 608,210	\$ -	\$ -	\$ 608,210
Total Capital Assets Not Being Depreciated	608,210	-	-	608,210
Capital Assets Being Depreciated:				
Buildings and Improvements	5,090,394	-	-	5,090,394
Machinery and Equipment	131,310	289,657	-	420,967
Sewer Distribution Systems	53,947,424	47,050	-	53,994,474
Total Capital Assets Being Depreciated	59,169,128	336,707	-	59,505,835
Total Capital Assets	59,777,338	336,707	-	60,114,045
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,552,671	127,260	-	3,679,931
Machinery and Equipment	75,496	58,390	-	133,886
Sewer Distribution Systems	51,030,205	283,069	-	51,313,274
Total Accumulated Depreciation	54,658,372	468,719	-	55,127,091
Total Capital Assets Being Depreciated, Net	4,510,756	(132,012)	-	4,378,744
Business-Type Activities				
Capital Assets, Net	<u>\$ 5,118,966</u>	<u>\$ (132,012)</u>	<u>\$ -</u>	<u>\$ 4,986,954</u>

(1) Beginning balance was restated to correct an error in the accumulated balances of capital assets and accumulated depreciation. See Note 13.

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

Governmental Activities:	
General Government	\$ 79,894
Public Safety	649,261
Public Works	2,460,825
Culture and Recreation	320,165
Education	2,260,786
Total Depreciation Expense - Governmental Activities	<u>\$ 5,770,931</u>
Business-Type Activities:	
Sewer Fund	<u>\$ 468,719</u>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 INTERFUND BALANCES AND TRANSFERS**

Interfund payables and receivables: A summary of interfund balances as of June 30, 2023, is as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 5,640,802	\$ 7,987,088
Sewer Assessment Fund	831,807	83,344
Bonded Capital Projects	5,400,602	3,308,136
Capital Nonrecurring Fund	1,109,204	-
Nonmajor Governmental Funds	2,206,766	156,433
Sewer Department	-	559,015
Water Fund	-	2,184,695
Internal Service Fund	-	910,470
Total	<u>\$ 15,189,181</u>	<u>\$ 15,189,181</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.

Interfund transfers: A summary of interfund transfers as of June 30, 2023, is as follows:

	Transfers In			Total Transfer Out
	Capital Nonrecurring Fund	Sewer Fund	Nonmajor Governmental Funds	
Transfers Out:				
General Fund	\$ 162,586	\$ -	\$ 36,080	\$ 198,666
Sewer Assessments Fund	-	125,000	-	125,000
Water Fund	-	150,673	-	150,673
Transfers In	<u>\$ 162,586</u>	<u>\$ 275,673</u>	<u>\$ 36,080</u>	<u>\$ 474,339</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 BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 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, 2023, was as follows:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
8/12/21	8/11/22	2.00%	\$ 3,922,000	\$ -	\$ 3,922,000	\$ -
8/11/22	8/10/23	4.00%	-	5,952,000	-	5,952,000
Total			<u>\$ 3,922,000</u>	<u>\$ 5,952,000</u>	<u>\$ 3,922,000</u>	<u>\$ 5,952,000</u>

**NOTE 8 CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance(1)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 63,985,000	\$ -	\$ 3,560,000	\$ 60,425,000	\$ 3,595,000
Drinking Water Notes	11,269,921	-	850,075	10,419,846	649,310
Premium on Bonds	5,185,427	-	800,413	4,385,014	-
Total Bonds, Notes, and Premiums	<u>80,440,348</u>	<u>-</u>	<u>5,210,488</u>	<u>75,229,860</u>	<u>4,244,310</u>
Other Long-Term Liabilities:					
Financed Purchases(1)	3,022,104	1,015,647	1,429,785	2,607,966	1,046,086
Claims and Other	950,000	-	746,522	203,478	-
Compensated Absences	4,964,499	1,387,376	1,038,610	5,313,265	1,144,192
Total OPEB Liability	3,413,898	-	379,854	3,034,044	66,982
Net Pension Liability	3,576,562	-	541,589	3,034,973	-
Total Other Long-Term Liabilities	<u>15,927,063</u>	<u>2,403,023</u>	<u>4,136,360</u>	<u>14,193,726</u>	<u>2,257,260</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 96,367,411</u>	<u>\$ 2,403,023</u>	<u>\$ 9,346,848</u>	<u>\$ 89,423,586</u>	<u>\$ 6,501,570</u>
<b>Business-Type Activities:</b>					
Other Long-Term Liabilities:					
Compensated Absences(2)	\$ 88,764	\$ 121,137	\$ 13,160	\$ 196,741	\$ 39,348
Total OPEB Liability	131,168	-	97,422	33,746	-
Net Pension Liability	137,417	-	23,123	114,294	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 357,349</u>	<u>\$ 121,137</u>	<u>\$ 133,705</u>	<u>\$ 344,781</u>	<u>\$ 39,348</u>

- (1) Beginning balance was restated due to the Town reassessing liabilities previously reported as lease payable and reporting them as financed purchases.
- (2) Beginning balance was restated due to the Town including compensated absences in the long-term liabilities table.

(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 BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**General Obligation Bonds**

General obligation bonds as of June 30, 2023, consisted of the following:

	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<b>Governmental Activities:</b>								
<b>General Purpose:</b>								
Refunding - General Purpose	\$ 6,930,000	7/24/2014	7/15/2030	2.0 - 4.0%	\$ 395,000	\$ -	\$ 395,000	\$ -
General Purpose	2,360,000	7/21/2016	7/15/2027	2.0 - 5.0%	1,260,000	-	250,000	1,010,000
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%	1,285,000	-	80,000	1,205,000
General Purpose	950,000	8/16/2018	8/15/2038	3.0 - 5.0%	800,000	-	50,000	750,000
Refunding - General Purpose	2,605,000	8/15/2019	7/15/2029	4.0 - 5.0%	1,830,000	-	449,000	1,381,000
General Purpose	4,700,000	8/13/2020	7/15/2040	3.0 - 5.0%	4,100,000	-	-	4,100,000
Refunding - General Purpose	325,000	8/13/2020	7/15/2040	3.0 - 5.0%	235,000	-	60,000	175,000
Refunding - General Purpose	3,605,000	6/25/2021	7/15/2036	3.0 - 4.0%	3,605,000	-	252,000	3,353,000
Refunding - General Purpose	4,719,000	6/25/2021	7/15/2035	.25% - 2.3%	4,575,000	-	71,000	4,504,000
General Purpose	2,000,000	8/25/2021	7/15/2041	3.0% - 5.0%	2,000,000	-	-	2,000,000
<b>Total General Purpose</b>					<b>23,329,000</b>	<b>-</b>	<b>1,607,000</b>	<b>21,722,000</b>
<b>Schools:</b>								
Schools	1,774,000	7/23/2015	7/15/2035	2.0 - 4.0%	-	-	-	-
Refunding - Schools	3,154,000	7/21/2016	7/15/2033	2.5 - 3.0%	390,000	-	-	390,000
Schools	1,595,000	8/31/2017	8/31/2037	2.0 - 5.0%	1,275,000	-	80,000	1,195,000
Schools	4,350,000	8/16/2018	8/15/2038	3.0 - 5.0%	3,525,000	-	150,000	3,375,000
Schools	10,000,000	8/15/2019	7/15/2039	2.5 - 5.0%	9,600,000	-	400,000	9,200,000
Refunding - Schools	1,418,000	8/15/2019	7/15/2029	4.0 - 5.0%	1,177,000	-	165,000	1,012,000
Schools	10,080,000	8/13/2020	7/15/2040	3.0 - 5.0%	10,680,000	-	-	10,680,000
Refunding - Schools	1,590,000	8/13/2020	7/15/2040	3.0 - 5.0%	1,025,000	-	565,000	460,000
Refunding - Schools	765,000	6/25/2021	7/15/2036	3.0 - 4.0%	765,000	-	53,000	712,000
Schools	8,045,000	8/25/2021	7/15/2041	3.0% - 5.0%	8,045,000	-	-	8,045,000
<b>Total Schools</b>					<b>36,482,000</b>	<b>-</b>	<b>1,413,000</b>	<b>35,069,000</b>
<b>Sewer:</b>								
Refunding - Sewers	916,000	7/24/2014	7/15/2030	2.0 - 4.0%	30,000	-	30,000	-
Refunding - Sewers	431,000	8/15/2019	7/15/2029	4.0 - 5.0%	369,000	-	45,000	324,000
Refunding - Sewers	765,000	8/13/2020	7/15/2040	3.0 - 5.0%	560,000	-	145,000	415,000
Refunding - Sewers	531,000	6/25/2021	7/15/2035	.25% - 2.3%	515,000	-	9,000	506,000
<b>Total Sewer</b>					<b>1,474,000</b>	<b>-</b>	<b>229,000</b>	<b>1,245,000</b>
<b>Water:</b>								
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%	405,000	-	20,000	385,000
Refunding - Water	2,571,000	8/15/2019	7/15/2029	4.0-5.0%	2,149,000	-	291,000	1,858,000
<b>Total Water</b>					<b>2,700,000</b>	<b>-</b>	<b>311,000</b>	<b>2,389,000</b>
<b>Total Governmental Activities</b>					<b>\$ 63,985,000</b>	<b>\$ -</b>	<b>\$ 3,560,000</b>	<b>\$ 60,425,000</b>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**General Obligation Bonds (Continued)**

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,595,000	\$ 1,922,243
2025	4,035,000	1,759,373
2026	4,085,000	1,589,057
2027	4,215,000	1,419,838
2028	4,155,000	1,255,156
2029 - 2033	18,790,000	4,276,225
2034 - 2038	14,600,000	1,875,064
2039 - 2042	6,950,000	274,172
Total	<u>\$ 60,425,000</u>	<u>\$ 14,371,128</u>

**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, 2023, 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, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Governmental Activities:								
Water:								
DWSRF/ARRA 2010-8003	\$ 401,454	12/29/2011	6/30/2031	2.06%	\$ 199,250	-	\$ 20,360	\$ 178,890
DWSRF 2012-7010	360,516	6/30/2013	12/31/2032	2.0%	205,190	-	17,740	187,450
DWSRF 2013-7022	6,526,492	6/30/2015	6/30/2034	2.0%	4,184,474	-	311,669	3,872,805
DWSRF 2017-7057	345,643	9/28/2018	3/30/2038	2.0%	280,651	-	15,314	265,337
DWSRF 2020-7082	1,578,735	9/30/2021	9/30/2040	2.0%	1,450,759	-	66,540	1,384,219
DWSRF 2020-7084	4,949,597	2/28/2022	8/31/2041	2.0%	4,949,597	-	418,452	4,531,145
Total Water					<u>\$ 11,269,921</u>	<u>\$ -</u>	<u>\$ 850,075</u>	<u>\$ 10,419,846</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 649,310	\$ 202,569
2025	662,428	189,448
2026	675,812	176,064
2027	689,466	162,411
2028	1,012,667	218,999
2029 - 2033	3,708,077	491,920
2034 - 2038	2,109,412	194,262
2039 - 2042	912,674	29,968
Total	<u>\$ 10,419,846</u>	<u>\$ 1,665,641</u>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**Financed Purchases**

Principal and interest requirements to maturity under financed purchase commitments at June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2024	\$ 1,046,086	\$ 45,376
2025	831,741	27,548
2026	456,661	15,555
2027	273,478	6,774
Total	\$ 2,607,966	\$ 95,253

**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:

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 149,445,050	\$ 26,864,996	\$ 122,580,054
Schools	298,890,099	37,972,196	260,917,903
Sewers	249,075,083	1,245,000	247,830,083
Urban Renewal	215,865,072	-	215,865,072
Pension Deficit	199,260,066	-	199,260,066

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$464,940,154.

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, 2023, the Town had authorized unissued bonds as follows:

General Purpose	\$ 1,627,996
Schools	466,196

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 FUND BALANCE**

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Sewer Assessments Fund	Bonded Capital Projects	Capital Nonrecurring Fund	Water Fund	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534	\$ 534
Inventory	-	-	-	-	49,200	7,415	56,615
Total Nonspendable	-	-	-	-	49,200	7,949	57,149
Restricted for:							
Recreation	-	-	-	-	-	26,016	26,016
Education	-	-	-	-	-	631,632	631,632
Total Restricted	-	-	-	-	-	657,648	657,648
Committed for:							
Public Works	-	5,179,506	-	-	594,876	-	5,774,382
Recreation	-	-	-	-	-	134,806	134,806
Education	-	-	-	-	-	1,105,827	1,105,827
Probate Court	-	-	-	-	-	31,556	31,556
Capital Projects	-	-	3,872,247	-	-	-	3,872,247
Total Restricted	-	5,179,506	3,872,247	-	594,876	1,272,189	10,918,818
Assigned to:							
Future Appropriations	2,000,000	-	-	-	-	-	2,000,000
Education	124,108	-	-	-	-	-	124,108
Total Assigned	2,124,108	-	-	-	-	-	2,124,108
Unassigned	13,858,366	-	(446,127)	(1,890,363)	-	(152,759)	11,369,117
Total Fund Balances	\$ 15,982,474	\$ 5,179,506	\$ 3,426,120	\$ (1,890,363)	\$ 644,076	\$ 1,785,027	\$ 25,126,840

**NOTE 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 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 RISK MANAGEMENT (CONTINUED)**

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, 2023, 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, 2020. Changes in the balance of claims liabilities during the past two years are as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2021-2022	\$ 152,531	\$ 11,680	\$ 4,568	\$ -
2022-2023	-	-	-	-

**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 \$203,478, and, therefore, have been accrued for as claims long-term liability in the governmental activities.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS**

**Pension Plan**

**A. 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.

Classes of Employees Covered

At January 1, 2023, the date of the last actuarial valuation, membership in the plan consisted of the following:

Retired Members or Beneficiaries Currently Receiving Benefits	96
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	29
Active:	
Vested	161
Nonvested	-
Total Participants	286

**B. Benefit Provisions**

Eligibility

Employees other than Police Officers and Firefighters become participants on the first month following six 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 July 1, 2005, Police Officers contribute 8% of pay. Effective July 1, 2006, Firefighters contribute increased to 5.50% 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**B. Benefit Provisions (Continued)**

Normal Retirement Benefit

*Firefighters* – 1% of three-year final average earnings times years of service prior to August 1, 1986, plus 2% of three-year final average earnings times years of service after August 1, 1986.

*Firefighter COLA* – For Retirees whose benefits start on or after July 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 1%.

*Police Officers* – 1% of three-year final average earnings times years of service prior to July 1, 1986, plus 2% of three-year final average earnings times years of service after July 1, 1986. Maximum of 80% of base pay at retirement.

*Police COLA* – For Retirees whose benefits start on or after July 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 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.

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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**B. Benefit Provisions (Continued)**

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 – 10 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 January 1, 2009, age 55)*

*Minimum Service – 10 Years (Prior to January 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**C. Contributions**

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 5.50%, 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.

**D. 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 nonpermanent 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**D. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**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.

**E. 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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Domestic Equity	31.00 %	6.05 %	1.88 %
International Equity	23.00	6.74	1.55
Fixed Income	40.00	2.40	0.96
Cash	1.00	0.74	0.01
Real Estate	5.00	4.89	0.24
Total	<u>100.00 %</u>		<u>4.64 %</u>
Long-Term Inflation Assumption			<u>2.47</u>
Long-Term Expected Nominal Rate of Return			<u>7.22 %</u>

**F. Net Pension Liability**

The components of the net pension liability of the Town at June 30, 2023, were as follows:

Total Pension Liability	\$ 32,253,000
Plan Fiduciary Net Position	<u>29,103,733</u>
Net Pension Liability (Asset)	<u>\$ 3,149,267</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.24%
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**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**G. Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2022	\$ 31,019,252	\$ 27,305,273	\$ 3,713,979
Changes for the Year:			
Service Cost	522,316	-	522,316
Interest on Total Pension Liability	2,009,179	-	2,009,179
Differences Between Expected and Actual Experience	(15,302)	-	(15,302)
Contributions - Employer	-	423,977	(423,977)
Contributions - Employee	-	219,835	(219,835)
Net Investment Income	-	2,478,114	(2,478,114)
Benefit Payments, Including Refunds of Employee Contributions	(1,282,445)	(1,282,445)	-
Administrative Expenses	-	(41,021)	41,021
Net Changes	<u>1,233,748</u>	<u>1,798,460</u>	<u>(564,712)</u>
Balances - June 30, 2023	<u>\$ 32,253,000</u>	<u>\$ 29,103,733</u>	<u>\$ 3,149,267</u>

**H. Rate of Return**

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.42%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**I. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2023
Actuarial Cost Method:	Individual Entry Age
Mortality Basis:	SOA PUBS.H-2010 for Fire, Police - SOA PUBG.H - 2010 for All Others. Scale MP-2021 for All.
Inflation:	2.47%
Salary Increases Including Inflation:	Varies by age and department
Investment Rate of Return:	6.50%

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**J. Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2022, was 6.50%. 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.

**K. 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)	\$ 7,194,674	\$ 3,149,267	\$ (251,934)

**L. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2023, the recognized pension expense is \$410,514. As of June 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,323	\$ 994,570
Changes of Assumptions	221,884	1,428,121
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,745,866	-
Total	\$ 1,971,073	\$ 2,422,691

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

**L. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (266,195)
2025	(557,702)
2026	530,663
2027	(158,384)
Total	<u>\$ (451,618)</u>

**401(a) Plan**

**A. Plan Description**

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, 2023, there were 20 plan members. The Town contributed \$256,089 in 2023 and \$264,128 in 2022.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**401(a) Plan (Continued)**

**B. Net Position**

The following schedule represents the net position held in trust for pension benefits at June 30, 2023, and the changes in net position for the year ended June 30, 2023.

	Pension Trust Funds		
	Retirement Pension Trust	Defined Contribution Trust	Total Pension Trust Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 24,717	\$ -	\$ 24,717
Investments, at Fair Value:			
Mutual Funds	29,079,016	2,812,997	31,892,013
Total Assets	<u>29,103,733</u>	<u>2,812,997</u>	<u>31,916,730</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 29,103,733</u>	<u>\$ 2,812,997</u>	<u>\$ 31,916,730</u>
	Pension Trust Funds		
	Retirement Pension Trust	Defined Contribution Trust	Total Pension Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 423,977	\$ 256,089	\$ 680,066
Plan Members	219,835	175,188	395,023
Total Contributions	<u>643,812</u>	<u>431,277</u>	<u>1,075,089</u>
Investment Earnings:			
Net Change in Fair Value of Investments	<u>2,478,114</u>	<u>337,328</u>	<u>2,815,442</u>
Total Investment Earnings	<u>2,478,114</u>	<u>337,328</u>	<u>2,815,442</u>
Total Additions	3,121,926	768,605	3,890,531
<b>DEDUCTIONS</b>			
Benefits	1,282,445	768,522	2,050,967
Administration	41,021	22	41,043
Total Deductions	<u>1,323,466</u>	<u>768,544</u>	<u>2,092,010</u>
<b>CHANGE IN NET POSITION</b>	1,798,460	61	1,798,521
Net Position - Beginning of Year	<u>27,305,273</u>	<u>2,812,936</u>	<u>30,118,209</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 29,103,733</u>	<u>\$ 2,812,997</u>	<u>\$ 31,916,730</u>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Connecticut State Teachers' Retirement System – Pension**

**A. 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](http://www.ct.gov).

**B. 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 three 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.

**C. 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Connecticut State Teachers' Retirement System – Pension (Continued)**

**C. Contributions (Continued)**

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.

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$7,888,907 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**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.

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

At June 30, 2023, 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		100,058,599
Total	\$	<u>100,058,599</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized pension expense and revenue of \$9,670,775 in Exhibit II.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Connecticut State Teachers' Retirement System – Pension (Continued)**

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increase:	3.00-6.50%, 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, 2022, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

**Cost-of-Living Allowance**

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%.

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%.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Connecticut State Teachers' Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

Long-Term Rate of Return

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

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.40 %	20.00 %
Development Market Intl. Stock Fund	6.40	11.00
Emerging Markets Intl. Stock Fund	8.60	9.00
Core Fixed Income Fund	0.80	13.00
Private Credit	6.50	5.00
Emerging Market Debt Fund	3.80	5.00
High Yield Bond Fund	3.40	3.00
Real Estate Fund	5.20	19.00
Private Equity	9.40	10.00
Alternative Investments	3.10	3.00
Liquidity Fund	(0.40)	2.00
Total		<u>100.00 %</u>

**F. 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Connecticut State Teachers' Retirement System – Pension (Continued)**

**G. 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.

**H. 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.

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS**

**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.

**A. Plan Description and Funding Policy**

The Town provides postretirement 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 postretirement 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, 2023, 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, 2022, the date of the last actuarial valuation:

Retired Members or Beneficiaries Currently Receiving Benefits	17
Active Members	<u>532</u>
Total	<u><u>549</u></u>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Town OPEB Plan (Continued)**

**B. Total OPEB Liability**

The Town's total OPEB liability of \$3,067,790 is measured as of June 30, 2023, as determined by an actuarial valuation as of July 1, 2022, which was projected forward to June 30, 2023. The Town has not accumulated any assets in a fiduciary trust for payment of benefits.

**C. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2023, 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:	3.65%, prior 3.54%
Health Care Cost Trend Rates:	Starts at 6.5% in 2022, Reduced 0.2% Per Year to an Ultimate Rate of 4.4% in 2033 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 3.65% from the Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2023. 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.

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance - of July 1, 2022	\$ 3,545,066
Changes for the Year:	
Service Cost	66,982
Interest on Total OPEB Liability	124,226
Difference Between Expected and Actual Experience	(520,187)
Changes in Assumptions or Other Inputs	59,138
Benefit Payments	(207,435)
Net Changes	<u>(477,276)</u>
Balance - June 30, 2023	<u>\$ 3,067,790</u>

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Town OPEB Plan (Continued)**

**D. Changes in the Total OPEB Liability (Continued)**

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

Discount Rate: 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

**E. 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 2.65%	Current Discount Rate 3.65%	1% Increase in Discount Rate 4.65%
Total OPEB Liability	\$ 3,324,044	\$ 3,067,790	\$ 2,835,380

**F. 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 health care cost trend rate, as well as what the Town's total OPEB liability would be if it were calculated using the current health care 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 health care 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	\$ 2,761,191	\$ 3,067,790	\$ 3,425,683

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Town OPEB Plan (Continued)**

**G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the Town recognized OPEB expense of \$(331,688). At June 30, 2023, 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	\$ 1,041,998	\$ 3,987,419
Changes of Assumptions or Other Inputs	936,131	2,888,388
Total	\$ 1,978,129	\$ 6,875,807

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

Year Ending June 30,	Amount
2024	\$ (462,264)
2025	(462,264)
2026	(462,264)
2027	(462,264)
2028	(446,023)
Thereafter	(2,602,599)
Total	\$ (4,897,678)

**Connecticut State Teacher's Retirement Plan**

**A. 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 postemployment 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](http://www.ct.gov/trb).

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher's Retirement Plan (Continued)**

**B. 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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 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.

**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 \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher's Retirement Plan (Continued)**

**C. 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 five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

**D. 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher’s Retirement Plan (Continued)**

**D. Contributions (Continued)**

Employer (School Districts)

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

For the year ended June 30, 2023, the amount of “on-behalf” contributions made by the State was \$111,580 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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.

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

At June 30, 2023, 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		8,762,838
Total		\$ 8,762,838

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the Town has a \$8,762,838 proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$528,201 in Exhibit II.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher’s Retirement Plan (Continued)**

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health Care Costs Trend Rate	Known increases until calendar year 2024 then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	2.53%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2027

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, 2022, valuation were based on the results of an actuarial experience study for the five-year period July 1, 2014, to June 30, 2019.

**Long-Term Rate of Return**

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 (0.98%).

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher's Retirement Plan (Continued)**

**F. Actuarial Assumptions (Continued)**

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

- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

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 (0.98%).

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Connecticut State Teacher's Retirement Plan (Continued)**

**G. Discount Rate (Continued)**

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**H. 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.

**I. OPEB Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at [www.ct.gov](http://www.ct.gov).

**J. 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.

**TOWN OF EAST LYME, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 RESTATEMENTS**

During the fiscal year ended June 30, 2023, the Town determined that capital assets were misstated in the prior year due to the inclusion of items that should not have been capitalized, the exclusion of items that should have been capitalized, and inconsistency in the application of capitalization and depreciation rules. Additionally, the Town reassessed the classification of funds that had been included within the General Fund in the prior year, determining that these funds were used to account for and report the proceeds of specific revenue sources and therefore should be included as special revenue funds. Finally, the Town had noted errors in the amounts reported for unavailable revenue and long-term liabilities that were restated and corrected. These restatements are included in the below table.

	Governmental Activities	Business-Type Activities	General Fund	Sewer Assessments Fund	Water Fund	Nonmajor Governmental Funds	Sewer Department Fund	Internal Service Fund
<b>NET POSITION</b>								
Balance as Previously Reported June 30, 2022	\$ 97,833,603	\$ 41,525,011	\$ 15,751,164	\$ 4,823,780	\$ -	\$ 3,082,643	\$ 41,525,011	\$ (581,053)
Adjustments:								
Correction of Capital Asset and Accumulated Depreciation Errors	(46,361,413)	(36,338,932)	-	-	-	-	(36,338,932)	-
Board of Education Special Fund Moved to Nonmajor Governmental Fund	-	-	(385,346)	-	-	385,346	-	-
Regional Probate District 32 Moved to Nonmajor Governmental Fund	-	-	(34,702)	-	-	34,702	-	-
Parks and Recreation Fund Moved to Nonmajor Governmental Fund	-	-	(108,652)	-	-	108,652	-	-
Unavailable Revenue Was Overstated in the Sewer Assessments Fund	100,745	-	-	100,745	-	-	-	-
The Water Fund is Now Classified as a Major Fund	-	-	-	-	1,573,900	(1,573,900)	-	-
A Long-Term Liability was Identified Relating to a Prior Year	(140,172)	-	-	-	-	-	-	(140,172)
Balance as Restated July 1, 2022	<u>\$ 51,432,763</u>	<u>\$ 5,186,079</u>	<u>\$ 15,222,464</u>	<u>\$ 4,924,525</u>	<u>\$ 1,573,900</u>	<u>\$ 2,037,443</u>	<u>\$ 5,186,079</u>	<u>\$ (721,225)</u>

**NOTE 14 SUBSEQUENT EVENTS**

On August 10, 2023, the Town issued \$3,920,000 of general obligation bonds and \$6,557,000 of bond anticipation notes to fund various capital projects. The coupon interest rate on the bonds and notes is 5%. The bonds mature on August 1, 2026-2038. The maturity date for the notes is August 8, 2024.

On August 8, 2024, the Town issued \$19,327,000 of bond anticipation notes to fund various capital projects. The coupon interest rate on the notes is 4.15%. The bonds mature on August 1, 2026-2038. The maturity date for the notes is August 8, 2025.

On September 1, 2023, the Town entered into a financing arrangement for \$1,408,300 to purchase various equipment with interest at 4.876% and payments through September 1, 2027.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF EAST LYME, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property Taxes:				
Current Taxes	\$ 65,069,259	\$ 65,069,259	\$ 65,386,596	\$ 317,337
Prior Taxes	475,000	475,000	443,981	(31,019)
Interest, Lien Fees, and Other	312,500	312,500	474,128	161,628
Total Property Taxes	<u>65,856,759</u>	<u>65,856,759</u>	<u>66,304,705</u>	<u>447,946</u>
Intergovernmental:				
Education Cost-Sharing	6,076,507	6,076,507	6,095,293	18,786
State Grant - DUI	10,000	10,000	-	(10,000)
Town Aid Road	337,458	337,458	337,291	(167)
Pequot Fund	270,204	270,204	270,204	-
PILOT: Tiered Reimbursement	1,031,375	1,031,375	816,258	(215,117)
Municipal Revenue Sharing MRSA	-	-	589,172	589,172
Tax Relief for Disabled	1,420	1,420	1,393	(27)
Civil Preparedness Grant	60,558	60,558	106,233	45,675
Tax Relief - Telephone Taxes	42,000	42,000	45,037	3,037
Youth Service Bureau	24,802	24,802	46,066	21,264
Municipal Stabilization Grant	524,097	524,097	524,097	-
Tax Relief for Veterans	8,980	8,980	11,176	2,196
Nuclear Safety Emergency Prep	-	25,949	61,272	35,323
Other Grants	-	-	-	-
Total Intergovernmental	<u>8,387,401</u>	<u>8,413,350</u>	<u>8,903,492</u>	<u>490,142</u>
Charges for Services:				
Licenses and Permits:				
Building Permits	455,000	455,000	535,281	80,281
Pistol, Fire, and Lodging	20,830	20,830	12,955	(7,875)
ZBA and Planning Commission	5,290	5,290	6,444	1,154
Conveyance Tax	285,000	285,000	449,489	164,489
Dog Licenses	-	-	13,418	13,418
Town Clerk Fees	138,000	138,000	128,220	(9,780)
Zoning Fees	25,000	25,000	47,949	22,949
Solid Waste License	500	500	400	(100)
Shellfish Permits	500	500	-	(500)
Mooring Permit Fees	7,000	7,000	-	(7,000)
TC Fish and Game Fees	200	200	170	(30)
Wetland Fees	6,550	6,550	10,758	4,208
Park Vendors	1,000	1,000	2,050	1,050
P & R Athletic Lights	1,500	1,500	-	(1,500)
Total Licenses and Permits	<u>946,370</u>	<u>946,370</u>	<u>1,207,134</u>	<u>260,764</u>

**TOWN OF EAST LYME, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**GENERAL FUND (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES (CONTINUED)</b>				
Charges for Services (Continued):				
Fine and Forfeits:				
Parking Fees	\$ 3,500	\$ 3,500	\$ 3,160	\$ (340)
Extra Duty - Police and Fire	53,000	53,000	74,576	21,576
Total Fine and Forfeits	<u>56,500</u>	<u>56,500</u>	<u>77,736</u>	<u>21,236</u>
Charges for Services:				
MSW Container	7,500	7,500	15,180	7,680
Tuition - Other District	2,800,000	2,800,000	2,783,450	(16,550)
Tipping Fees - Commercial	182,000	182,000	210,620	28,620
Recycling - Other	62,125	62,125	73,996	11,871
Miscellaneous Other	2,000	2,000	72,896	70,896
BOE Miscellaneous	1,000	1,000	4,053	3,053
Rent - Cini Park	16,000	16,000	17,932	1,932
Selectman's Office	25	25	200	175
Assessor	375	375	321	(54)
Landfill Deposits	220,000	220,000	182,547	(37,453)
Police	2,025	2,025	2,537	512
Commission on Aging - Program	1,500	1,500	3,005	1,505
Financial Department	81,500	81,500	101,082	19,582
Miscellaneous Fire Marshall	1,000	1,000	1,325	325
Insurance Rebate	27,500	27,500	-	(27,500)
Dog Revenue	49,181	49,181	83,927	34,746
Tax Collector	100	100	32	(68)
EI Ambulance Subsidy FF	211,921	211,921	214,801	2,880
Water and Sewer Services	-	-	-	-
Total Charges for Services	<u>3,665,752</u>	<u>3,665,752</u>	<u>3,767,904</u>	<u>102,152</u>
Total Charges for Services	4,668,622	4,668,622	5,052,774	384,152
Investment Income:				
Interest on Deposits	20,000	20,000	695,750	675,750
Other:				
Miscellaneous Income	-	-	-	-
Total Revenues	<u>78,932,782</u>	<u>78,958,731</u>	<u>80,956,721</u>	<u>1,997,990</u>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of Fund Balance	1,300,000	1,300,000	-	(1,300,000)
Transfers In:				
Capital Projects	387,230	387,230	-	(387,230)
Regional Probate	9,622	9,622	-	(9,622)
Park and Rec	10,000	10,000	-	(10,000)
Total Other Financing Sources	<u>1,706,852</u>	<u>1,706,852</u>	<u>-</u>	<u>(1,706,852)</u>
Total Revenues and Other Financing Sources	<u>\$ 80,639,634</u>	<u>\$ 80,665,583</u>	<u>\$ 80,956,721</u>	<u>\$ 291,138</u>

**TOWN OF EAST LYME, CONNECTICUT  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –  
 BUDGET AND ACTUAL – BUDGETARY BASIS  
 GENERAL FUND (CONTINUED)  
 YEAR ENDED JUNE 30, 2023**

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf pension contributions	\$ 1,781,868
State of Connecticut on-behalf OPEB contributions	416,621
The Town does not budget for certain police private duty revenues	247,471
The Town budgets for certain lease revenue when received, rather than in accordance with GASB 87 for GAAP purposes	51,668
The Town budgets for excess cost grant revenues as an offset to education expenditures, rather than revenue	197,115
The Town does not budget for certain GAAP revenue adjustments	<u>(48,043)</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	<u><u>\$ 83,603,421</u></u>
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**TOWN OF EAST LYME, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
General Government:				
First Selectman	\$ 198,056	\$ 222,881	\$ 218,505	\$ 4,376
Assessor's Office	223,855	228,727	232,908	(4,181)
Tax Collector	191,047	199,805	198,503	1,302
Building Official	264,801	253,746	252,860	886
Town Engineer	228,740	226,340	225,195	1,145
Human Resources	111,650	116,416	117,483	(1,067)
Town Clerk	150,975	161,935	158,000	3,935
Health Department	141,516	141,516	141,516	-
Information Technology	422,325	385,915	425,114	(39,199)
Registrars	110,150	126,878	126,302	576
Maintenance of Town Buildings	833,265	841,288	867,510	(26,222)
General Government and Benefits	4,605,587	4,577,364	4,051,415	525,949
Community Services	26,751	26,751	26,751	-
Zoning Commission	109,117	112,245	111,284	961
Planning Department	81,125	83,370	81,390	1,980
Finance Department	323,335	385,850	384,443	1,407
Contingency Funds	548,162	135,606	57,039	78,567
Board of Finance	42,560	42,560	41,069	1,491
Board of Assessment Appeals	4,575	4,575	470	4,105
Zoning Board of Appeals	780	780	483	297
Inland Wetlands Agency	35,494	39,564	34,594	4,970
Waterford / East Lyme Shellfish Commission	3,500	3,500	3,500	-
Brookside Farm Museum Commission	13,420	15,252	12,275	2,977
Town Building Committee	750	750	76	674
Harbor Management Commission	6,650	9,606	124	9,482
Conservation of Natural Resources Commission	1,145	1,145	845	300
Historic Properties Commission	10,267	10,267	9,638	629
Total General Government	8,689,598	8,354,632	7,779,292	575,340

**TOWN OF EAST LYME, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**GENERAL FUND (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Safety:				
Emergency Management	168,431	171,958	170,712	1,246
Dispatch	651,340	682,960	639,522	43,438
Police Department	2,974,987	3,104,226	3,090,908	13,318
Niantic Fire Department	776,199	777,849	755,163	22,686
Flanders Fire Department	574,598	630,218	551,529	78,689
Fire Marshall	176,670	174,970	145,075	29,895
Emergency Management				-
Animal Control	100,907	118,306	104,468	13,838
Total Public Safety	5,423,132	5,660,487	5,457,377	203,110
Public Works:				
Highway and Sanitation	3,892,832	3,949,612	3,937,676	11,936
Health and Welfare:				
Commission on Aging	\$ 258,892	\$ 267,329	\$ 268,207	\$ (878)
Community Services	9,750	9,750	7,150	2,600
Total Health and Welfare	268,642	277,079	275,357	1,722
Culture and Recreation:				
Culture and Recreation	1,151,695	1,151,695	1,151,695	-
Parks and Recreation	778,025	809,861	774,734	35,127
Total Culture and Recreation	1,929,720	1,961,556	1,926,429	35,127
Board of Education	54,108,478	54,108,478	53,947,458	161,020
Debt Service:				
Redemption of Debt - Principal	3,578,409	3,578,409	3,577,860	549
Interest Payments	2,095,883	2,096,434	2,064,770	31,664
Total Debt Service	5,674,292	5,674,843	5,642,630	32,213
Capital Outlay:				
Town - Capital Improvement Plan	636,860	636,860	629,490	7,370
Other	-	61,072	61,072	-
Total Capital Outlay	636,860	697,932	690,562	7,370
Total Expenditures	80,623,554	80,684,619	79,656,781	1,027,838

**TOWN OF EAST LYME, CONNECTICUT  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –  
 BUDGET AND ACTUAL – BUDGETARY BASIS  
 GENERAL FUND (CONTINUED)  
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>OTHER FINANCING USES</b>				
Transfers Out:				
Regional Probate District 32	16,080	16,080	16,080	-
CNRE				-
Total Other Financing Uses	16,080	16,080	16,080	-
Total Expenditures and Other Financing Uses	\$ 80,639,634	\$ 80,700,699	\$ 79,672,861	\$ 1,027,838

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf pension contributions	1,781,868
State of Connecticut on-behalf OPEB contributions	416,621
The Town does not budget for certain police private duty expenditures	291,277
The Town does not budget for certain lawsuit settlements	483,669
The Town budgets for excess cost grant revenues as an offset to education expenditures, rather than revenue	197,115

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

**\$ 82,843,411**

**TOWN OF EAST LYME, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**PENSION PLAN**  
**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service Cost	\$ 522,316	\$ 535,796	\$ 669,485	\$ 662,172	\$ 680,281	\$ 707,948	\$ 665,420	\$ 619,574	\$ 620,611	\$ 607,102
Interest on Total Pension Liability	2,009,179	2,001,722	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	(15,302)	(1,168,903)	(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	(1,282,445)	(1,199,694)	(1,110,211)	(846,569)	(820,928)	(689,013)	(513,255)	(409,749)	(270,218)	(254,567)
<b>Net Change in Total Pension Liability</b>	<b>1,233,748</b>	<b>168,921</b>	<b>(753,253)</b>	<b>713,817</b>	<b>2,540,250</b>	<b>1,807,134</b>	<b>2,160,038</b>	<b>1,209,360</b>	<b>1,635,649</b>	<b>1,869,400</b>
<b>Total Pension Liability - Beginning</b>	<b>31,019,252</b>	<b>30,850,331</b>	<b>31,603,584</b>	<b>30,889,767</b>	<b>28,349,517</b>	<b>26,542,383</b>	<b>24,382,345</b>	<b>23,172,985</b>	<b>21,537,336</b>	<b>19,667,936</b>
<b>Total Pension Liability - Ending</b>	<b>32,253,000</b>	<b>31,019,252</b>	<b>30,850,331</b>	<b>31,603,584</b>	<b>30,889,767</b>	<b>28,349,517</b>	<b>26,542,383</b>	<b>24,382,345</b>	<b>23,172,985</b>	<b>21,537,336</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - Employer	423,977	636,903	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	219,835	156,489	154,688	157,729	141,872	147,853	140,290	132,826	172,854	133,430
Net Investment Income	2,478,114	(4,063,169)	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	(1,282,445)	(1,199,694)	(1,110,211)	(846,569)	(820,928)	(689,013)	(513,255)	(409,749)	(270,218)	(254,567)
Administrative Expense	(41,021)	(53,968)	(40,550)	(19,500)	(28,300)	(38,800)	(26,550)	(13,850)	(39,500)	(2,900)
Other	-	-	-	-	-	-	-	(517,746)	-	-
<b>Net Change In Plan Fiduciary Net Position</b>	<b>1,798,460</b>	<b>(4,523,439)</b>	<b>5,957,742</b>	<b>1,256,963</b>	<b>1,931,698</b>	<b>1,949,603</b>	<b>2,925,956</b>	<b>81,218</b>	<b>1,160,308</b>	<b>2,944,693</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>27,305,273</b>	<b>31,828,712</b>	<b>25,870,970</b>	<b>24,614,007</b>	<b>22,682,309</b>	<b>20,732,706</b>	<b>17,806,750</b>	<b>17,725,532</b>	<b>16,565,224</b>	<b>13,620,531</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>29,103,733</b>	<b>27,305,273</b>	<b>31,828,712</b>	<b>25,870,970</b>	<b>24,614,007</b>	<b>22,682,309</b>	<b>20,732,706</b>	<b>17,806,750</b>	<b>17,725,532</b>	<b>16,565,224</b>
<b>Net Pension Liability (Asset) - Ending</b>	<b>\$ 3,149,267</b>	<b>\$ 3,713,979</b>	<b>\$ (978,381)</b>	<b>\$ 5,732,614</b>	<b>\$ 6,275,760</b>	<b>\$ 5,667,208</b>	<b>\$ 5,809,677</b>	<b>\$ 6,575,595</b>	<b>\$ 5,447,453</b>	<b>\$ 4,972,112</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>90.24%</b>	<b>88.03%</b>	<b>103.17%</b>	<b>81.86%</b>	<b>79.68%</b>	<b>80.01%</b>	<b>78.11%</b>	<b>73.03%</b>	<b>76.49%</b>	<b>76.91%</b>
<b>Covered Payroll</b>	<b>\$ 9,943,100</b>	<b>\$ 9,391,728</b>	<b>\$ 8,867,209</b>	<b>\$ 8,545,049</b>	<b>\$ 8,151,781</b>	<b>\$ 9,159,153</b>	<b>\$ 9,173,650</b>	<b>\$ 8,524,401</b>	<b>\$ 8,573,798</b>	<b>\$ 8,559,474</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>31.67%</b>	<b>39.55%</b>	<b>-11.03%</b>	<b>67.09%</b>	<b>76.99%</b>	<b>61.87%</b>	<b>63.33%</b>	<b>77.14%</b>	<b>63.54%</b>	<b>58.09%</b>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution*	\$ 530,440	\$ 969,999	\$ 1,401,531	\$ 1,401,531	\$ 1,276,988	\$ 1,110,149	\$ 1,074,721	\$ 938,749	\$ 1,076,823	\$ 1,050,824
Contributions in Relation to the Actuarially Determined Contribution	<u>423,977</u>	<u>636,903</u>	<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>
Contribution Deficiency (Excess)	<u>\$ 106,463</u>	<u>\$ 333,096</u>	<u>\$ 2,681,703</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>
Covered Payroll	\$ 9,943,100	\$ 9,391,728	\$ 8,867,209	\$ 8,545,049	\$ 8,151,781	\$ 9,159,153	\$ 9,173,650	\$ 8,524,401	\$ 8,573,798	\$ 8,559,474
Contributions as a Percentage of Covered Payroll	4.26%	6.78%	-14.44%	-14.98%	13.43%	12.29%	11.16%	10.87%	12.56%	12.05%

Notes to Schedule:

Valuation Date: January 1, 2023  
 Measurement Date: June 30, 2023

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 20-year period, gains and losses over a five-year period, and assumption/method changes over a 10-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: Varies by age and department

Investment Rate of Return: 6.50%

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-2021 for all.

Mortality (Disabled Participants): SOA PUBS.H-2010 for fire, police - SOA PUBG.H-2010 for all others. Scale MP-2021 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 TEN FISCAL YEARS\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.42%	-12.84%	21.87%	2.17%	6.75%	6.74%	12.70%	-0.21%	1.30%	14.90%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00%	0.00%	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>100,058,599</u>	<u>78,432,437</u>	<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>\$ 100,058,599</u>	<u>\$ 78,432,437</u>	<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	\$ 22,525,129	\$ 22,061,415	\$ 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%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule:

Changes in Benefit Terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Closed, Grading to a Level Dollar Amortization Method for the June 30, 2024 Valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, Net of Investment-Related Expense

\* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

\*\* The measurement date is one year earlier than the employer's reporting date



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

	<u>2023</u>	<u>2022</u>	<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%	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>8,762,838</u>	<u>8,545,070</u>	<u>14,770,298</u>	<u>13,858,875</u>	<u>13,697,495</u>	<u>17,971,073</u>
Total	<u>\$ 8,762,838</u>	<u>\$ 8,545,070</u>	<u>\$ 14,770,298</u>	<u>\$ 13,858,875</u>	<u>\$ 13,697,495</u>	<u>\$ 17,971,073</u>
Town's Covered Payroll	\$ 22,525,129	\$ 22,061,415	\$ 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%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.46%	6.10%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule:

Changes in Benefit Terms

There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

Changes of Assumptions

Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022; expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; the assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated; long-term health care cost trend rates were updated; and the percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

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

2.50%

\* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

\*\* The measurement date is one year earlier than the employer's reporting date

**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  
COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2023**

	General Fund	Performance Bonds Fund	Eliminate Interfund Receivables	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 18,922,147	\$ 736,525	\$ -	\$ 19,658,672
Receivables:				
Property Taxes Receivable, Net	1,058,156	-	-	1,058,156
Assessment and User Charges	17,027	-	-	17,027
Lease Receivable	1,016,656	-	-	1,016,656
Other Receivables	585,308	-	-	585,308
Due from Other Funds	5,888,357	-	(247,555)	5,640,802
	<u>\$ 27,487,651</u>	<u>\$ 736,525</u>	<u>\$ (247,555)</u>	<u>\$ 27,976,621</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accruals	\$ 1,351,140	\$ 488,970	\$ -	\$ 1,840,110
Due to Other Funds	7,987,088	247,555	(247,555)	7,987,088
Unearned Revenue	180,603	-	-	180,603
Bond Anticipation Notes Payable	113,386	-	-	113,386
Total Liabilities	<u>9,632,217</u>	<u>736,525</u>	<u>(247,555)</u>	<u>10,121,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	903,814	-	-	903,814
Unavailable Revenue - Grants	4,083	-	-	4,083
Unavailable Revenue - Other	75	-	-	75
Lease Related	964,988	-	-	964,988
Total Deferred Inflows of Resources	<u>1,872,960</u>	<u>-</u>	<u>-</u>	<u>1,872,960</u>
<b>FUND BALANCES</b>				
Assigned	2,124,108	-	-	2,124,108
Unassigned	13,858,366	-	-	13,858,366
Total Fund Balances	<u>15,982,474</u>	<u>-</u>	<u>-</u>	<u>15,982,474</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,487,651</u>	<u>\$ 736,525</u>	<u>\$ (247,555)</u>	<u>\$ 27,976,621</u>

**TOWN OF EAST LYME, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**GENERAL FUND**  
**YEAR ENDING JUNE 30, 2023**

	General Fund	Performance Bonds Fund	Eliminate Interfund Transfers	Totals
<b>REVENUES</b>				
Property Taxes, Interest, and Lien Fees	\$ 66,304,705	\$ -	\$ -	\$ 66,304,705
Intergovernmental Revenues	11,254,059	-	-	11,254,059
Charges for Services	5,348,907	-	-	5,348,907
Investment Income	695,750	-	-	695,750
Total Revenues	<u>83,603,421</u>	<u>-</u>	<u>-</u>	<u>83,603,421</u>
<b>EXPENDITURES</b>				
Current:				
General Government	8,210,680	-	-	8,210,680
Public Safety	5,748,651	-	-	5,748,651
Public Works	3,937,674	-	-	3,937,674
Health and Welfare	275,361	-	-	275,361
Culture and Recreation	1,926,427	-	-	1,926,427
Education	55,753,655	-	-	55,753,655
Debt Service:				
Principal Retirement	4,634,093	-	-	4,634,093
Interest and Other Charges	2,049,770	-	-	2,049,770
Capital Outlay	108,434	-	-	108,434
Total Expenditures	<u>82,644,745</u>	<u>-</u>	<u>-</u>	<u>82,644,745</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	958,676	-	-	958,676
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out to Other Funds	<u>(198,666)</u>	<u>-</u>	<u>-</u>	<u>(198,666)</u>
Total Other Financing Uses	<u>(198,666)</u>	<u>-</u>	<u>-</u>	<u>(198,666)</u>
<b>NET CHANGE IN FUND BALANCES</b>	760,010	-	-	760,010
Fund Balances - Beginning of Year	<u>15,222,464</u>	<u>-</u>	<u>-</u>	<u>15,222,464</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 15,982,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,982,474</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.

American Rescue Fund – is used to account for American Rescue Plan receipts and related expenditures.

Harbor Management Fund – is used to account for revenues and expenditures related to the maintenance and oversight of the town's harbor and mooring operations.

Board of Education Special Fund – is used to account for revenues and expenditures supporting specific school programs and services.

Regional Probate District 32 Fund – is used to account for the revenues and expenditures of costs associated with operating the regional probate court.

Parks and Recreation Fund – is used to account for program fees and related expenditures for community recreation and park maintenance activities.

Pool Fund – is used to account for activity for the pool managed by third party.

Student Activity Fund – is used to receive student funds and promote the educational and student activities of students.

### **Permanent Funds**

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, 2023**

	Special Revenue Funds										Permanent Fund	Total
	School Lunch Fund	Special Education Grants Fund	Historic Preservation Fund	American Rescue Fund	Harbor Management Fund	Board of Education Special Fund	Regional Probate District 32	Parks and Recreation Fund	Pool Fund	Student Activity Fund	McCook Point Memorial Fund	
<b>ASSETS</b>												
Cash and Cash Equivalents	\$ 423,716	\$ 25,963	\$ -	\$ -	\$ -	\$ 505,272	\$ -	\$ -	\$ 37,458	\$ 555,193	\$ 534	\$ 1,548,136
Receivables, Net:												
Intergovernmental	251,413	155,230	-	-	-	-	-	-	-	-	-	406,643
Other Receivables	12,673	-	-	-	-	-	26,320	-	11,800	-	-	50,793
Due from Other Funds	-	-	41,772	1,970,656	9,127	-	6,066	179,145	-	-	-	2,206,766
Inventory	7,415	-	-	-	-	-	-	-	-	-	-	7,415
<b>Total Assets</b>	<b>\$ 695,217</b>	<b>\$ 181,193</b>	<b>\$ 41,772</b>	<b>\$ 1,970,656</b>	<b>\$ 9,127</b>	<b>\$ 505,272</b>	<b>\$ 32,386</b>	<b>\$ 179,145</b>	<b>\$ 49,258</b>	<b>\$ 555,193</b>	<b>\$ 534</b>	<b>\$ 4,219,753</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
<b>LIABILITIES</b>												
Accounts Payable	\$ 9,870	\$ 8,000	\$ 15,756	\$ 237,420	\$ 3,147	\$ -	\$ 830	\$ 50,319	\$ 3,896	\$ -	\$ -	\$ 329,238
Due to Other Funds	-	156,433	-	-	-	-	-	-	-	-	-	156,433
Unearned Revenue	-	16,760	-	1,733,236	-	-	-	-	-	-	-	1,749,996
<b>Total Liabilities</b>	<b>9,870</b>	<b>181,193</b>	<b>15,756</b>	<b>1,970,656</b>	<b>3,147</b>	<b>-</b>	<b>830</b>	<b>50,319</b>	<b>3,896</b>	<b>-</b>	<b>-</b>	<b>2,235,667</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable Revenue - Grants	46,300	152,759	-	-	-	-	-	-	-	-	-	199,059
<b>Total Deferred Inflows of Resources</b>	<b>46,300</b>	<b>152,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,059</b>
<b>FUND BALANCES</b>												
Nonspendable	7,415	-	-	-	-	-	-	-	-	-	534	7,949
Restricted	631,632	-	26,016	-	-	-	-	-	-	-	-	657,648
Committed	-	-	-	-	5,980	505,272	31,556	128,826	45,362	555,193	-	1,272,189
Unassigned	-	(152,759)	-	-	-	-	-	-	-	-	-	(152,759)
<b>Total Fund Balances</b>	<b>639,047</b>	<b>(152,759)</b>	<b>26,016</b>	<b>-</b>	<b>5,980</b>	<b>505,272</b>	<b>31,556</b>	<b>128,826</b>	<b>45,362</b>	<b>555,193</b>	<b>534</b>	<b>1,785,027</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 695,217</b>	<b>\$ 181,193</b>	<b>\$ 41,772</b>	<b>\$ 1,970,656</b>	<b>\$ 9,127</b>	<b>\$ 505,272</b>	<b>\$ 32,386</b>	<b>\$ 179,145</b>	<b>\$ 49,258</b>	<b>\$ 555,193</b>	<b>\$ 534</b>	<b>\$ 4,219,753</b>

**TOWN OF EAST LYME, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds										Permanent Fund	Total
	School Lunch Fund	Special Education Grants Fund	Historic Preservation Fund	American Rescue Fund	Harbor Management Fund	Board of Education Special Fund	Regional Probate District 32	Parks and Recreation Fund	Pool Fund	Student Activity Fund	McCook Point Memorial Fund	
<b>REVENUES</b>												
Intergovernmental Revenues	\$ 1,266,908	\$ 1,609,984	\$ 5,500	\$ 1,917,614	\$ -	\$ 1,317,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,117,773
Charges for Services	188,542	-	9,049	-	17,889	-	26,320	864,180	202,472	745,000	-	2,053,452
Total Revenues	1,455,450	1,609,984	14,549	1,917,614	17,889	1,317,767	26,320	864,180	202,472	745,000	-	8,171,225
<b>EXPENDITURES</b>												
Current:												
General Government	-	-	-	-	11,909	-	45,546	-	-	-	-	57,455
Public Safety	-	-	-	1,002,227	-	-	-	-	-	-	-	1,002,227
Parks and Recreation	-	-	34,525	57,187	-	-	-	844,006	-	-	-	935,718
Education	1,712,345	1,762,671	-	-	-	1,197,841	-	-	174,135	739,129	-	5,586,121
Capital Outlay	-	-	-	878,200	-	-	-	-	-	-	-	878,200
Total Expenditures	1,712,345	1,762,671	34,525	1,937,614	11,909	1,197,841	45,546	844,006	174,135	739,129	-	8,459,721
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(256,895)	(152,687)	(19,976)	(20,000)	5,980	119,926	(19,226)	20,174	28,337	5,871	-	(288,496)
<b>OTHER FINANCING USES</b>												
Transfers In	-	-	-	20,000	-	-	16,080	-	-	-	-	36,080
<b>NET CHANGE IN FUND BALANCES</b>	(256,895)	(152,687)	(19,976)	-	5,980	119,926	(3,146)	20,174	28,337	5,871	-	(252,416)
Fund Balances - Beginning of Year, as Restated	895,942	(72)	45,992	-	-	385,346	34,702	108,652	17,025	549,322	534	2,037,443
<b>FUND BALANCES - END OF YEAR</b>	\$ 639,047	\$ (152,759)	\$ 26,016	\$ -	\$ 5,980	\$ 505,272	\$ 31,556	\$ 128,826	\$ 45,362	\$ 555,193	\$ 534	\$ 1,785,027

## **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.

**TOWN OF EAST LYME, CONNECTICUT  
COMBINING STATEMENT OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2023**

	<u>N. Parahus Senior Citizens Fund</u>	<u>Clarence A. Haynes Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 97,206	\$ 3,126	\$ 100,332
<b>NET POSITION</b>			
Restricted for Individuals and Organizations	<u>\$ 97,206</u>	<u>\$ 3,126</u>	<u>\$ 100,332</u>

**TOWN OF EAST LYME, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
YEAR ENDED JUNE 30, 2023**

	N. Parahus Senior Citizens Fund	Clarence A. Haynes Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Investment Earnings:			
Interest	\$ 1,362	\$ -	\$ 1,362
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Additions	1,362	-	1,362
<b>CHANGE IN NET POSITION</b>	1,362	-	1,362
Net Position - Beginning of Year	<u>95,844</u>	<u>3,126</u>	<u>98,970</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 97,206</u>	<u>\$ 3,126</u>	<u>\$ 100,332</u>

## **OTHER SCHEDULES**

**TOWN OF EAST LYME, CONNECTICUT  
PROPERTY TAXES LEVIED, COLLECTED, AND OUTSTANDING  
YEAR ENDED JUNE 30, 2023**

Grand List of October 1,	Uncollected Taxes June 30, 2022	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Tax Levy	Collections			Uncollected Taxes June 30, 2023
			Additions	Deletions			Taxes	Interest Liens and Other Fees	Total	
2007	\$ 6,442	\$ -	\$ -	\$ -	\$ 5,578	\$ 864	\$ -	\$ -	\$ -	\$ 864
2008	6,810	-	-	-	5,947	863	-	-	-	863
2009	14,715	-	-	-	6,060	8,655	2,226	4,915	7,141	6,429
2010	13,897	-	-	-	6,036	7,861	3,118	5,403	8,521	4,743
2011	20,017	-	-	-	6,712	13,305	3,372	5,474	8,846	9,933
2012	17,991	-	-	-	6,879	11,112	3,435	5,132	8,567	7,677
2013	19,788	-	-	-	7,080	12,708	3,508	4,786	8,294	9,200
2014	19,881	-	-	-	7,280	12,601	3,582	4,414	7,996	9,019
2015	21,201	-	-	-	7,472	13,729	3,652	4,011	7,663	10,077
2016	21,768	-	-	-	8,341	13,427	3,739	3,599	7,338	9,688
2017	23,669	-	-	-	8,721	14,948	4,318	3,438	7,756	10,630
2018	40,105	-	-	-	8,988	31,117	10,839	5,751	16,590	20,278
2019	163,667	-	1,158	600	55,922	108,303	69,643	22,016	91,659	38,660
2020	585,423	-	16,852	9,154	9,090	584,031	345,606	61,411	407,017	238,425
Total Prior Years	975,374	-	18,010	9,754	150,106	833,524	457,038	130,350	587,388	376,486
2021	-	66,264,349	46,779	325,541	1,639	65,983,948	65,415,913	188,662	65,604,575	568,035
Total All Years	<u>\$ 975,374</u>	<u>\$ 66,264,349</u>	<u>\$ 64,789</u>	<u>\$ 335,295</u>	<u>\$ 151,745</u>	<u>\$ 66,817,472</u>	<u>\$ 65,872,951</u>	<u>\$ 319,012</u>	<u>\$ 66,191,963</u>	<u>\$ 944,521</u>

**TOWN OF EAST LYME, CONNECTICUT  
STATEMENT OF DEBT LIMITATION  
YEAR ENDED JUNE 30, 2023**

Total Tax Collections, (Including Interest and Lien Fees)  
for the Prior Fiscal Year Ended June 30, 2022 \$ 66,420,022

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2.25 Times Base	\$ 149,445,050	\$ -	\$ -	\$ -	\$ -
4.50 Times Base	-	298,890,099	-	-	-
3.75 Times Base	-	-	249,075,083	-	-
3.25 Times Base	-	-	-	215,865,072	-
3 Times Base	-	-	-	-	199,260,066
7 Times Base	-	-	-	-	-
Total Debt Limitation	<u>149,445,050</u>	<u>298,890,099</u>	<u>249,075,083</u>	<u>215,865,072</u>	<u>199,260,066</u>
Indebtedness:					
Bonds and Notes Payable	21,722,000	35,069,000	1,245,000	-	-
Bonds Anticipation Notes (Short-Term)	3,515,000	2,437,000	-	-	-
Bonds Authorized and Unissued	1,627,996	466,196	-	-	-
Total Indebtedness	<u>26,864,996</u>	<u>37,972,196</u>	<u>1,245,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 122,580,054</u></u>	<u><u>\$ 260,917,903</u></u>	<u><u>\$ 247,830,083</u></u>	<u><u>\$ 215,865,072</u></u>	<u><u>\$ 199,260,066</u></u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 464,940,154
2. There is no overlapping debt for the Town of East Lyme
3. Water related debt has been excluded from the calculation. \$ 2,389,000



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