

Town of Easton, Connecticut

Financial Report
June 30, 2019

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Independent Auditor's Report

To the Board of Finance
Town of Easton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

RSM VS LLP

New Haven, Connecticut
January 29, 2020

Town of Easton, Connecticut

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2019

Management of the Town of Easton, Connecticut (the Town) offers readers of these financial statements this narrative overview and analysis of the net position and financial activities of the Town for the fiscal year ended June 30, 2019.

This management's discussion and analysis provides an introduction to the basic financial statements of the Town and an analytical overview of the Town's financial position and activities for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent year by \$77,581,860 (net position). Of this amount, \$8,630,319 (unrestricted net position) may be used to meet ongoing obligations.
- The Town's total net position increased by \$1,519,973. This is a combination of expenditures that were less than expected and the continuing paydown of the Town's outstanding long term obligations.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$14,111,836.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,506,363 or 16.9% of total General Fund expenditures and transfers out.
- In the 2019/2020 General Fund budget the Town has assigned \$2,000,000 to be used for 2019/2020 appropriations.

Overview of the 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 basic financial statements. This 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 a private-sector business.

The statement of net position presents information on all of the Town's assets plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted, with the difference reported as the net position.

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

The government-wide financial statements present only governmental functions that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government services, public safety, public works, health and welfare services, education, library operations, and parks and recreation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into 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 the Town's near-term financing requirements.

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

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

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information to demonstrate compliance with this budget.

Proprietary Funds. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to 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 pension and other post-employment benefits (OPEB) and General Fund budgetary 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

The Town's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$77,581,860 as of June 30, 2019.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, infrastructure, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding.

The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net 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.

Town of Easton, Connecticut

	Summary Statement of Net Position	
	Governmental	
	Activities	
	June 30, 2019	June 30, 2018
Current assets	\$ 20,736,440	\$ 18,199,188
Capital assets	85,047,790	86,889,154
Total assets	105,784,230	105,088,342
Deferred outflows of resources	2,494,172	1,296,327
Long-term obligations outstanding	25,105,703	26,912,106
Other liabilities	4,848,651	2,956,872
Total liabilities	29,954,354	29,868,978
Deferred inflows of resources	742,188	453,804
Net position		
Net investments in capital assets	68,754,458	68,225,860
Restricted	197,083	198,093
Unrestricted	8,630,319	7,637,934
Total net position	\$ 77,581,860	\$ 76,061,887

The largest portion of the Town's net position represents its net investment in capital assets (88.6%), with the remainder classified as restricted (.3%) and unrestricted (11.1%). Capital assets for the Town decreased by \$1.8 million from the prior year. Although the Town 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.

The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Easton, Connecticut

Summary Schedule of Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 2,448,865	\$ 2,523,571
Operating grants and contributions	1,814,682	2,385,472
General revenues:		
Property taxes	40,613,295	42,914,188
Grants and contributions not restricted to specific purposes	140,965	187,470
Investment income	589,595	168,188
Loss on sale of capital assets	(406,701)	-
Total revenues	45,200,701	48,178,889
Program expenses		
General government	2,448,403	2,842,945
Public safety	4,066,284	3,298,094
Public works	3,320,877	3,019,261
Health and welfare	502,307	481,600
Education	31,447,613	32,481,638
Library	802,924	697,875
Parks and recreation	773,710	826,266
Interest expense	318,610	422,631
Total expenses	43,680,728	44,070,310
Change in net position	1,519,973	4,108,579
Net position		
Beginning,	76,061,887	71,953,308
Ending	\$ 77,581,860	\$ 76,061,887

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a Town's net resources that are available at the end of the fiscal year to meet future needs and obligations incurred.

As of June 30, 2019, the Town's governmental funds had an aggregate ending fund balance of \$14,111,836.

The General Fund is the operating fund of the Town. The unassigned fund balance was \$7,506,363. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures. The unassigned fund balance represents 16.9% of total General Fund

expenditures and transfers out, while total General Fund fund balance represents 21.4% of that same amount.

Capital Nonrecurring Projects Fund: In FY16, the Town applied and was approved for a Local Transportation Capital Improvement Program (LOTICIP) for replacement of bridge #04211 on South Park Avenue. In March 2019, the funds were received and work has started.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations of \$33,712 to the Technology, Registrar of Voters, Senior Center, Tree Warden, Town Clerk, Health and Street Light budgets. Additionally, a \$292,740 line item transfer from Police Special Service revenue to Police Salaries.

The following departments had positive budget variances as follows:

- Fringe Benefits in the amount of \$455,914 due to increased employee contributions, the election to accept "in lieu of" medical coverage with no significant event changes.
- The Public Works department in the amount of \$177,303 due to personnel vacancy, a less severe winter that saved overtime cost and the use of less highway road salt.
- Town Attorney fees in the amount of \$19,605 due to legal postponements.
- Board of Education in the amount of \$53,004, due to less than expected, special education and transportation costs.
- The Planning and Zoning department had a variance of \$32,240 due to the decreased work load of the land use consultant.
- The Library budget in the amount of \$38,040 due to personnel changes and savings on utilities due to the delay in the library expansion.
- The Pension budget in the amount of \$47,738 due to fewer employees participating in the Defined Contribution Plan and lower administration fees.
- The insurance budget in the amount of \$43,812 due to better than expected premiums based on the town's performance.

Town of Easton, Connecticut Capital Assets (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 19,859,020	\$ 19,859,020
Construction in progress	-	24,430
Land improvements	338,473	358,841
Buildings	47,569,419	48,365,014
Building improvements	1,085,789	1,128,458
Machinery and equipment	788,450	765,900
Vehicles	2,080,294	2,778,797
Infrastructure	13,326,345	13,608,694
Total	\$ 85,047,790	\$ 86,889,154

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2019 is \$85,047,790 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, and infrastructure.

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

- The additions consisted of various equipment and vehicles for Town departments.

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

Debt. At June 30, 2019, the Town had total debt outstanding of \$15,816,000. All of this debt comprises debt backed by the full faith and credit of the Town.

Town of Easton, Connecticut Outstanding General Obligation/Direct Purchase Bonds

	Governmental Activities	
	2019	2018
Bonds - Town improvements	\$ 5,320,000	\$ 6,088,000
Bonds - School improvements	10,346,000	12,284,000
Bonds - Sewer improvements	150,000	172,000
Total	\$ 15,816,000	\$ 18,544,000

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$5,195,390.

During the fiscal year, the Town made bond principal payments of \$2,728,000 against outstanding debt.

The Town's general obligation debt maintains an "AAA" credit rating from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its prior year tax collections and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$300,418,027 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term and short-term debt can be found in Notes 6.

Economic Factors and Next Year's Budget and Rates

The following are some factors that were considered in preparing the Town's budget for the 2020 fiscal year:

- The unemployment rate for the Town is currently 2.8%. This compares favorably to the state's average unemployment rate of 3.8% and the national average rate of 3.7%.
- Inflationary trends in the region compare favorably to national indices.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2020 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting, and while at the same time, providing excellent services to our residents and taxpayers.
- In the 2019/2020 General Fund budget the Town has assigned \$2,000,000 to be used for 2019/2020 appropriations.
- At June 30, 2019, the unassigned fund balance in the General Fund was \$7,506,363.

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 Chairman, Board of Finance or the Finance Director, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

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Basic Financial Statements

Town of Easton, Connecticut

**Statement of Net Position
June 30, 2019**

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 13,802,031
Investments	4,688,082
Receivables, net	2,246,327
Total current assets	20,736,440
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	19,859,020
Capital assets, being depreciated, net	65,188,770
Total capital assets	85,047,790
Total assets	105,784,230
Deferred Outflows of Resources	
Deferred pension related items	2,361,608
Deferred OPEB related items	132,564
Total deferred outflows of resources	2,494,172
Liabilities	
Accounts payable and accrued expenses	2,662,184
Due to Regional School District No. 9	835,330
Unearned revenue	1,351,137
Noncurrent liabilities:	
Due within one year	2,743,000
Due in more than one year	22,362,703
Total liabilities	29,954,354
Deferred Inflows of Resources	
Deferred pension amounts	551,887
Deferred OPEB amounts	190,301
Total deferred inflows of resources	742,188
Net Position	
Net investments in capital assets	68,754,458
Restricted	197,083
Unrestricted	8,630,319
Total net position	\$ 77,581,860

See notes to financial statements.

Town of Easton, Connecticut

**Statement of Activities
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 2,448,403	\$ 584,858	\$ 58,709	\$ -	\$ (1,804,836)
Public safety	4,066,284	662,480	-	-	(3,403,804)
Public works	3,320,877	312,260	227,835	-	(2,780,782)
Health and welfare	502,307	480,535	-	-	(21,772)
Education	31,447,613	15,537	1,528,138	-	(29,903,938)
Library	802,924	19,727	-	-	(783,197)
Park and recreation	773,710	373,468	-	-	(400,242)
Interest and fiscal charges	318,610	-	-	-	(318,610)
Total governmental activities	\$ 43,680,728	\$ 2,448,865	\$ 1,814,682	\$ -	(39,417,181)
General revenues:					
Property taxes					40,613,295
Grants and contributions not restricted to specific programs					140,965
Investment income					589,595
Loss on disposal of capital assets					(406,701)
Total general revenues					40,937,154
Change in net position					1,519,973
Net position - beginning					76,061,887
Net position - ending					\$ 77,581,860

See notes to financial statements.

Town of Easton, Connecticut

**Balance Sheet - Governmental Funds
June 30, 2019**

	General	Capital Nonrecurring Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,758,768	\$ 1,970,821	\$ 4,025,137	\$ 13,754,726
Investments	4,677,117	-	10,965	4,688,082
Receivables:				
Property taxes and accrued interest, net	1,965,728	-	-	1,965,728
Accounts	184,554		96,045	280,599
Total assets	\$ 14,586,167	\$ 1,970,821	\$ 4,132,147	\$ 20,689,135
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,114,690	\$ 638	\$ 96,847	\$ 1,212,175
Accrued liabilities	1,160,383	-	-	1,160,383
Unearned revenue	-	1,351,137	-	1,351,137
Due to Regional School District No.9	835,330	-	-	835,330
Due to other funds	150,000	-	-	150,000
Total liabilities	3,260,403	1,351,775	96,847	4,709,025
Deferred inflows of resources:				
Unavailable revenue	1,819,401	-	48,873	1,868,274
Total deferred inflows of resources	1,819,401	-	48,873	1,868,274
Fund balances:				
Restricted	-	-	1,081,149	1,081,149
Committed	-	619,046	2,948,404	3,567,450
Assigned	2,000,000	-	-	2,000,000
Unassigned	7,506,363	-	(43,126)	7,463,237
Total fund balances	9,506,363	619,046	3,986,427	14,111,836
Total liabilities, deferred inflows of resources and fund balances	\$ 14,586,167	\$ 1,970,821	\$ 4,132,147	\$ 20,689,135

See notes to financial statements.

Town of Easton, Connecticut

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2019

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

Fund balances - total governmental funds	\$ 14,111,836
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	125,214,871
Less accumulated depreciation	(40,167,081)
Net capital assets	85,047,790

Deferred pension credit - Pension Plan	(232,039)
Deferred pension credit - MERS	(319,848)
Deferred pension expense - Pension Plan	386,493
Deferred pension expense - MERS	1,975,115
Deferred other postemployment credit	(190,301)
Deferred other postemployment expense	132,564

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

Property tax and interest receivables greater than 60 days	1,819,401
Intergovernmental and other receivables	48,873

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.

(714)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds:

Bonds and notes payable	(15,816,000)
Net pension liability - Pension Plan	(2,118,696)
Net pension liability - MERS	(3,222,845)
Compensated absences	(677,645)
Total OPEB liability	(2,323,238)
Interest payable on bonds and notes	(91,607)
Unamortized bond premium	(477,332)
Heart and hypertension	(469,947)

Net position of governmental activities

\$ 77,581,860

See notes to financial statements.

Town of Easton, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019**

	General	Capital Nonrecurring Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 40,238,605	\$ -	\$ -	\$ 40,238,605
Intergovernmental	1,645,208	-	310,254	1,955,462
Charges for services	1,537,406	-	883,211	2,420,617
Investment income	527,714	3,776	58,105	589,595
Contributions	-	-	1,851	1,851
Total revenues	43,948,933	3,776	1,253,421	45,206,130
Expenditures:				
Current:				
General government	2,232,961	-	97,818	2,330,779
Public safety	3,134,836	-	80,369	3,215,205
Public works	2,352,001	-	247,791	2,599,792
Health and welfare	381,735	-	50,922	432,657
Education	28,321,385	-	262,016	28,583,401
Library	596,386	-	82,199	678,585
Parks and recreation	399,395	-	235,025	634,420
Employee benefits	2,736,131	-	-	2,736,131
Insurance	746,188	-	-	746,188
Debt service	3,237,672	-	-	3,237,672
Capital outlay	28,050	9,149	2,970	40,169
Total expenditures	44,166,740	9,149	1,059,110	45,234,999
Revenues (under) over expenditures	(217,807)	(5,373)	194,311	(28,869)
Other financing sources (uses):				
Transfers in	-	188,000	94,388	282,388
Transfers out	(234,388)	-	(48,000)	(282,388)
Total other financing (uses) sources	(234,388)	188,000	46,388	-
Change in fund balances	(452,195)	182,627	240,699	(28,869)
Fund balances:				
Beginning of year	9,958,558	436,419	3,745,728	14,140,705
End of year	\$ 9,506,363	\$ 619,046	\$ 3,986,427	\$ 14,111,836

See notes to financial statements.

Town of Easton, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are due to:

Net change in fund balances - total governmental funds	\$ (28,869)
--	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	142,831
Depreciation expense	(1,521,515)
Total	(1,378,684)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(462,680)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Miscellaneous grant receipts	26,380
Increase in property tax receivable - accrual basis change	374,892
Total	401,272

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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Principal repayments:

Capital lease payments	211,516
Amortization of bond premium	155,569
Bond and BAN principal repayments	2,728,000
Total	3,095,085

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:

Net OPEB expense	127,753
Deferred OPEB expense	132,564
Deferred OPEB credit	(48,438)
Heart and hypertension claims	18,408
Compensated absences	(92,198)
Accrued interest payable	35,493
Net pension liability - Pension Plan	(46,114)
Net pension liability - MERS	(1,296,531)
Deferred pension expense - MERS	1,244,994
Deferred pension credit - MERS	(283,602)
Deferred pension expense - Pension Plan	(179,713)
Deferred pension credit - Pension Plan	43,656
Total	(343,728)

Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments. The net revenue of the activities of the Internal Service Fund is reported with governmental activities

237,577

Change in net position of governmental activities	\$ 1,519,973
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See notes to financial statements.

Town of Easton, Connecticut

**Statement of Net Position (Deficit) - Proprietary Fund
June 30, 2019**

	Governmental Activities
	Internal Service Fund
<hr/>	
Assets	
Current assets:	
Cash	\$ 47,305
Due from other funds	150,000
Total assets	<hr/> 197,305 <hr/>
Liabilities	
Current liabilities:	
Claims payable	198,019
Total liabilities	<hr/> 198,019 <hr/>
Net position (deficit)	
Unrestricted (deficit)	<hr/> (714) <hr/>
Total net position (deficit)	<hr/> \$ (714) <hr/>

See notes to financial statements.

Town of Easton, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Fund
For the Year Ended June 30, 2019**

	Governmental Activities
	Internal Service Fund
Operating revenue:	
Premiums	\$ 2,646,617
Operating expenses:	
Claims	2,228,445
Administration	182,336
Total operating expenses	2,410,781
Net income	235,836
Nonoperating revenue:	
Investment income	1,741
Change in net position (deficit)	237,577
Net position (deficit):	
Beginning	(238,291)
Ending	\$ (714)

See notes to financial statements.

Town of Easton, Connecticut

**Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2019**

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities:	
Premiums received	\$ 2,553,844
Claim payments	(2,325,944)
Administrative payments	(182,336)
Net cash provided by operating activities	<u>45,564</u>
Cash flows from investing activities:	
Income on investments	1,741
Net increase in cash and cash equivalents	<u>47,305</u>
Cash and cash equivalents:	
Beginning of year	<u>-</u>
End of year	<u><u>\$ 47,305</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 235,836
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in:	
Claims payable	(40,272)
Cash overdraft	(57,227)
Increase in:	
Due from other funds	<u>(92,773)</u>
Net cash provided by operating activities	<u><u>\$ 45,564</u></u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2019

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,151,238	\$ 1,276,596
Other receivables	22,989	-
Prepaid	86,035	-
Investments, at fair value:		
Mutual funds	17,289,994	-
Total assets	19,550,256	1,276,596
Liability		
Accounts and other payable	-	1,276,596
Net position:		
Net position - restricted for pension benefits	\$ 19,550,256	\$ -

See notes to financial statements.

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Town of Easton, Connecticut

**Statement of Changes in Plan Net Position - Pension Trust Fund
For the Year Ended June 30, 2019**

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 520,000
Plan members	136,297
Total contributions	<u>656,297</u>
Investment income:	
Net depreciation in fair value of investments	(175,187)
Interest and dividends	1,162,675
Net investment income	<u>987,488</u>
Total net additions	<u>1,643,785</u>
Deductions:	
Benefits	1,026,309
Total deductions	<u>1,026,309</u>
Changes in net position	617,476
Net position - restricted for pension benefits:	
Beginning of year	<u>18,932,780</u>
End of year	<u>\$ 19,550,256</u>

See notes to financial statements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Town of Easton, Connecticut (the Town), was incorporated in 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, health and welfare, parks and recreation, education and library.

Accounting principles generally accepted in the United States of America (GAAP), require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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. The criteria provided in Government Accounting Standards Board (GASB) Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Town.

Basis of presentation: The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

Accounting standards adopted in the current year:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was effective for the Town beginning its year ending June 30, 2019. The objective of this Statement is to set guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The adoption of this statement did not impact the Town's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Borrowings and Direct Placements*, was effective for the Town beginning with its year ending June 30, 2019. The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this statement did not impact the Town's financial position results of operations.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 fund and fiduciary fund financial statements. Agency funds do not have a measurement focus, but are accounted for using the accrual basis of accounting. Under this basis of accounting 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 revenues 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. Under this 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, as under accrual accounting. However, debt service expenditures, pension and other post-employment benefits (OPEB) liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports the following fund types:

The **Internal Service Fund** accounts for risk financing activities for the medical insurance benefits as provided to the departments of the Town and Board of Education (BOE).

The **Pension Trust Fund** is a proprietary fund and accounts for the activities of the Town of Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The **Agency Fund** accounts for monies held on behalf of students and amounts held for performance related activities.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 Town's internal service fund are charges to customers for medical insurance benefits. Operating expenses for internal service fund include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

Assets, liabilities, deferred inflows of resources and net position:

Deposits and investments:

Cash equivalents: The Town considers all highly liquid investments and those investments with a maturity of three months or less when purchased to be cash equivalents. The Connecticut State Treasurer's Short-Term Investment Fund (STIF) is an investment pool managed by the State of Connecticut Office of the State Treasurer (Treasurer). Investments must be in instruments authorized by Connecticut General Statutes (the Statutes) 3-27c through 3-27e. The cash portfolio adheres to GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Investments: Investments for the Town are reported at fair value.

Receivables and payables:

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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Property taxes and other receivables: For the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2019, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2019, which have not been collected within 60 days of June 30, have been recorded as deferred inflows since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Allowances for doubtful accounts: Accounts and notes receivable, including property taxes receivable, are reported net of allowance for doubtful accounts of \$100,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

Compensated absences: The Town's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured. All compensated absences are paid by the General Fund.

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

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

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pension/OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (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 position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions/OPEB in the government-wide statement of net position. A deferred inflow of resources related to pensions/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner. Also, 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 property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Fund equity and net position: In the government-wide financial statements, net position is classified into the following categories:

Net investments in capital assets: The net investment in capital assets 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 those assets. 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: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This category includes amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable fund balance: This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted fund balance: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Easton Board of Finance).

Assigned fund balance: For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned fund balance: This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 judgment.

See Note 2 for additional information regarding fair value.

Estimates: The preparation of the financial statements in conformity with GAAP 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pension accounting:

Pension trust fund: The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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. The Town does not issue separate stand-alone financial statements for this Plan.

Total OPEB obligations:

Total 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 (total OPEB liability). The Town has accumulated no assets to fund the OPEB liability and therefore does not have a fiduciary fund to pay OPEB benefits. The total OPEB 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. The total OPEB liability is reported in the statement of net position. The Town does not issue separate stand-alone financial statements for this program.

Note 2. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the 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 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of STIF. This investment pool is under the control of the Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis.

Deposits:

Deposit custodial credit risk: Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$6,414,366 of the Town's bank balance of \$7,044,235 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,119,003
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	295,363
	<u>\$ 6,414,366</u>

Cash equivalents: At June 30, 2019, the Town's cash equivalents amounted to \$10,034,712. The following table provides a summary of the Town's cash equivalents.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	AAA/m

Investments: As of June 30, 2019, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 Year	1-10 Years	Over 10 Years
Interest-bearing investments:					
U.S. government:					
Agency bonds	AAA	\$ 4,683,127	\$ 649,036	\$ 1,901,843	\$ 2,132,248
Other investments:					
Equities		1,031,345			
Mutual funds		16,263,604			
Total investments		\$ 21,978,076			

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk: The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit risk-investments: As indicated above, the Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as the Statutes.

Concentration of credit risk: The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2019:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
June 30, 2019				
Investments by fair value level:				
Equities	\$ 1,031,345	\$ 1,031,345	\$ -	\$ -
Mutual funds	16,263,604	16,263,604	-	-
Debt securities:				
U.S. Treasury	4,683,127	-	4,683,127	-
Total investments by fair value level	\$ 21,978,076	\$ 17,294,949	\$ 4,683,127	\$ -

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 3. Receivables

Receivables as of the year-end for the Town's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate are as follows:

	General	Nonmajor and Other Funds	Total
Receivables:			
Interest	\$ 523,758	\$ -	\$ 523,758
Taxes	1,541,970	-	1,541,970
Accounts	184,554	96,045	280,599
Accounts receivables	2,250,282	96,045	2,346,327
Less allowance for uncollectible	(100,000)	-	(100,000)
Net receivables	\$ 2,150,282	\$ 96,045	\$ 2,246,327

Governmental funds report deferred inflow in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the various components of deferred inflows of resources relating to unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Delinquent property taxes and interest receivable	\$ 1,819,401	\$ -
Unavailable intergovernmental revenue	48,873	
Unearned intergovernmental revenue	-	1,351,137
Total deferred inflow/unearned revenue for governmental funds	\$ 1,868,274	\$ 1,351,137

Town of Easton, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 19,859,020	\$ -	\$ -	\$ -	\$ 19,859,020
Construction in progress	24,430	-	-	(24,430)	-
Total capital assets, not being depreciated	19,883,450	-	-	(24,430)	19,859,020
Capital assets, being depreciated:					
Land improvements	659,818	-	-	-	659,818
Buildings	69,711,763	-	-	24,430	69,736,193
Building improvements	1,509,057	-	-	-	1,509,057
Machinery and equipment	2,021,791	71,502	-	-	2,093,293
Vehicles	7,009,668	71,329	(1,192,175)	-	5,888,822
Infrastructure	25,468,668	-	-	-	25,468,668
Total capital assets, being depreciated	106,380,765	142,831	(1,192,175)	24,430	105,355,851
Less accumulated depreciation for:					
Land improvements	(300,977)	(20,368)	-	-	(321,345)
Buildings	(21,346,749)	(820,025)	-	-	(22,166,774)
Building improvements	(380,599)	(42,669)	-	-	(423,268)
Machinery and equipment	(1,255,891)	(48,952)	-	-	(1,304,843)
Vehicles	(4,230,871)	(307,152)	729,495	-	(3,808,528)
Infrastructure	(11,859,974)	(282,349)	-	-	(12,142,323)
Total accumulated depreciation	(39,375,061)	(1,521,515)	729,495	-	(40,167,081)
Total capital assets, being depreciated, net	67,005,704	(1,378,684)	(462,680)	24,430	65,188,770
Governmental activities capital assets, net	\$ 86,889,154	\$ (1,378,684)	\$ (462,680)	\$ -	\$ 85,047,790

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

Governmental activities:	
General government	\$ 189,853
Public safety	140,648
Public works	502,109
Education	670,040
Library	18,865
Total depreciation expense - governmental activities	<u>\$ 1,521,515</u>

Town of Easton, Connecticut

Notes to Financial Statements

Note 5. Interfund Accounts

At June 30, 2019, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 150,000
		<u>\$ 150,000</u>

Interfund receivables and payables generally represent premiums paid after year end.

Interfund transfers:

	Transfers In			
	General Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total
Transfers out:				
General Fund	\$ -	\$ 140,000	\$ 94,388	\$ 234,388
Nonmajor governmental	-	48,000	-	48,000
Total transfers out	<u>\$ -</u>	<u>\$ 188,000</u>	<u>\$ 94,388</u>	<u>\$ 282,388</u>

All transfers represent routine recurring transactions to move resources from one fund to another.

Town of Easton, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2018	Additions	Deductions	Balance Outstanding June 30, 2019	Current Portion
Bonds:									
General purpose:									
Improvement bond	\$ 1,424,000	07/15/10	07/15/25	1.0-3.75	\$ 760,000	\$ -	\$ 95,000	\$ 665,000	\$ 95,000
2017 Direct Purchase	3,994,000	12/13/17	12/15/29	2.88	3,994,000	-	333,000	3,661,000	333,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	1,334,000	-	340,000	994,000	335,000
Total general purpose					6,088,000	-	768,000	5,320,000	763,000
Schools:									
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	2,051,000	-	520,000	1,531,000	510,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	483,000	-	63,000	420,000	60,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5.0	4,475,000	-	650,000	3,825,000	645,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	4,105,000	-	540,000	3,565,000	535,000
General Obligation Bond	1,620,000	01/15/15	01/15/25	2.0	1,170,000	-	165,000	1,005,000	165,000
Total schools					12,284,000	-	1,938,000	10,346,000	1,915,000
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	172,000	-	22,000	150,000	25,000
Total bond/notes					18,544,000	-	2,728,000	15,816,000	2,703,000
Bond premium									
					632,901	-	155,569	477,332	-
Total bonds and related liabilities					19,176,901	-	2,883,569	16,293,332	2,703,000
Capital lease					211,516	-	211,516	-	-
Compensated absences					585,447	132,893	40,695	677,645	40,000
Net pension liability - Pension Plan					2,072,582	46,114	-	2,118,696	-
Net pension liability - MERS					1,926,314	1,296,531	-	3,222,845	-
Heart and hypertension					488,355	-	18,408	469,947	-
Total OPEB liability					2,450,991	-	127,753	2,323,238	-
Total general long-term obligations					\$ 26,912,106	\$ 1,475,538	\$ 3,281,941	\$ 25,105,703	\$ 2,743,000

All long-term liabilities are generally liquidated by the General Fund.

Town of Easton, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

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

	Bonds	
	Principal	Interest
Years ending June 30:		
2020	\$ 2,703,000	\$ 429,211
2021	2,693,000	339,456
2022	2,673,000	249,114
2023	1,823,000	178,799
2024	1,813,000	128,419
2025-2029	3,779,000	179,937
2030	332,000	3,785
Total	<u>\$ 15,816,000</u>	<u>\$ 1,508,721</u>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2019, which matures through 2026, amounted to \$11,615,000. The Town's share of the debt is \$5,195,390.

Heart and hypertension: The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments based on current actuarial valuation.

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 96,562,937	\$ 5,320,000	\$ 91,242,937
Schools	193,125,875	15,541,390	177,584,485
Sewers	160,938,229	150,000	160,788,229
Urban renewal	139,479,798	-	139,479,798
Pension deficit	128,750,583	-	128,750,583

The total overall statutory debt limit for the Town is equal to seven times prior year annual receipts from taxation, \$300,418,027 or seven times the base for debt limitation computation.

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.

Authorized/unissued bonds: The Town has no authorized/unissued bonds as June 30, 2019.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Fund Balance

The components of fund balance for the governmental funds at June 30, 2019, are as follows:

	General Fund	Capital Nonrecurring	Nonmajor Governmental Funds	Total
Fund balances:				
Restricted for:				
Grants and capital projects	\$ -	\$ -	\$ 1,081,149	\$ 1,081,149
	-	-	1,081,149	1,081,149
Committed to:				
General government	-	-	1,082,524	1,082,524
Capital projects	-	619,046	-	619,046
Public safety	-	-	267,766	267,766
Public works	-	-	17,309	17,309
Health and welfare	-	-	243,735	243,735
Library	-	-	1,058,282	1,058,282
Parks and recreation	-	-	278,788	278,788
	-	619,046	2,948,404	3,567,450
Assigned to:				
Subsequent year's budget	2,000,000	-	-	2,000,000
	2,000,000	-	-	2,000,000
Unassigned	7,506,363	-	(43,126)	7,463,237
Total fund balances	\$ 9,506,363	\$ 619,046	\$ 3,986,427	\$ 14,111,836

Deficit fund balance: The following funds had fund balance deficits at June 30, 2019:

Nonmajor funds:	
Senior center	\$ (24,171)
Town hall grants	(7,291)
Senior center leasing buyout	(4,817)
Senior center van	(6,847)

The fund deficits will be eliminated in the future with charges for services and contributions.

Town of Easton, Connecticut

Notes to Financial Statements

Note 8. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability, BOE liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, heart and hypertension claims, injuries to employees or acts of God. Except for medical insurance and heart and hypertension claims, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

The Easton BOE, along with the Redding BOE and the District, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No.'s 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, for public entity risk pools and for entities other than pools* and GASB Statement No. 30, *Risk Financing Omnibus—an amendment of GASB Statement No. 10 (Issued 2/96)*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Amount is reported in the statement of net position as a component of accrued expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2017-2018	\$ 190,357	\$ 2,891,343	\$ 2,843,409	\$ 238,291
2018-2019	\$ 238,291	\$ 2,285,672	\$ 2,325,944	\$ 198,019

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans

The Town of Easton Retirement Plan:

Plan description: The Town has a contributory pension plan covering substantially all full-time employees and noncertified BOE employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

Benefits provided:

Effective Date	January 1, 1970, October 1, 1984, July 1, 1995, July 1, 2003	
Anniversary Date	July 1 of each year	
Valuation Date	July 1, 2018	
Enhanced MERS	Denoted by (EM), Enhanced MERS benefits are effective July 1, 2003 for all employee groups with the exception of the BOE. Board custodians were eligible for EM benefits effective July 1, 2005.	
Compensation	Calendar year W-2 compensation	
Participation	Eligibility:	Age: No minimum Service: 1 month
	Entry Date	First day of the month coinciding with or following satisfaction of eligibility
Normal Retirement Benefit	Eligibility	Earlier of 55 years of age with 10 years of service, or 25 years of service at any age. Enhanced MERS – years of service required for retirement is 5.
	Date Payable:	First date of the month coinciding with or following satisfaction of eligibility.
Previous MERS Benefits	Amounts:	Payable from retirement to age 62 – 2% per year of service times highest three year average compensation
		Payable from age 62 for life - 1.1667% per year of service times Social Security Earnings Base plus 2% per year of service times highest three year average compensation less the Social Security Earnings Base.
		Social Security Earnings Base equals the average of the highest ten years of the lesser of compensation or the annual Social Security Taxable Wage Base.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Previous MERS Benefits	Amounts:	A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal Retirement applies
Previous MERS Benefits	COLA:	Benefits for retirees will increase at a rate determined annually by the State of Connecticut. Must be age 65 and have retired under Plan II.
Enhanced MERS Benefits	Amount:	<p>Payable from retirement to age 62 – 2% per year of service time's highest three year average compensation.</p> <p>Payable from 62 for life – 1.5% per year of service times lesser of average compensation or the Yearly Breakpoint plus 2% per year of service times final three year average compensation less the "Yearly Breakpoint".</p> <p>A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal retirement applies.</p>
Accrued Benefit		Normal Retirement Benefit based on service to date of determination.
Disability Benefits		A participant who is disabled and has completed ten (10) years of service is eligible for an immediate disability benefit equal to his accrued benefit. In no instance will a participant's benefit be more than 100% of his compensation in effect prior to his disability, reduced by any Workers Compensation and/or Social Security Disability benefits. If a disability is determined to have occurred in the course of the participant's employment, the ten year service requirement is waived.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Employee Contributions	Members will contribute 2.25% of compensation up to the Taxable Wage Base, and 5% of compensation above the Taxable Wage Base. Enhanced MERS participants will contribute an amount based on their collectively bargained or contractual agreements. We list the different rates in Section IIIB of this report. The remainder of EM participants contribute per the original MERS rates shown above.
Contribution and Interest Account	Members are always 100% vested in their contribution and interest account. Interest accumulates at 5% compounded annually, with partial year interest credited in the year of termination.

Classes of employees covered: As of July 1, 2018, the plan's membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	82
Inactive plan members entitled to benefits but not yet receiving them	13
Inactive plan members entitled to refunds of contributions only	9
Active members	61
Total	<u>165</u>

Contributions: The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission (PEBC). The PEBC Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for BOE employees to 6.58% for Highway Management employees.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2018, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Inflation	2.0%
Salary projection	3.0%, average including inflation
Mortality	RP-2014 projection with MP-2017 generationally
Actuarial valuation method	Entry Age Normal
Investments	Fair Value

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Investments: The pension plan's policy in regard to the allocation is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2019:

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 are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2018, and the final investment return assumption, are summarized in the following table:

Asset Class	Pension Funds Allocation %	Long-Term Expected Real Return	Weighted
U.S. large cap blend	30.00%	4.75%	1.4300%
U.S. small/mid cap blend	8.50%	5.50%	0.47%
International equities	14.50%	5.25%	0.76%
Emerging markets equity	6.50%	6.00%	0.39%
Real estate	1.50%	5.00%	0.08%
Fixed Income - government	16.00%	1.75%	0.28%
Fixed Income - corporate	7.00%	2.25%	0.16%
Alternatives	5.00%	5.25%	0.26%
Cash and cash equivalents	11.00%	0.50%	0.06%
	<u>100.00%</u>		
Total weighted average real return			3.89%
Long-term inflation expectation			<u>3.00%</u>
Long-term expected normal return			<u>6.89%</u>

Rate of return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability: The components of the net pension liability of the Town at June 30, 2019, were as follows:

Total pension liability	\$ 21,668,952
Plan fiduciary net position	<u>19,550,256</u>
Net pension liability	<u>\$ 2,118,696</u>

Plan fiduciary net position as a percentage of the total pension liability 90.22%

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2019, were as follows:

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 21,005,362	\$ 18,932,780	\$ 2,072,582
Changes for the year:			
Service cost	341,615	-	341,615
Interest	1,445,149	-	1,445,149
Differences between expected and actual experience	(106,865)	-	(106,865)
Contributions - employer		520,000	(520,000)
Contributions - member		136,297	(136,297)
Net investment income (including investment expenses)		987,488	(987,488)
Benefit payments, including refunds of employee contributions	(1,016,309)	(1,016,309)	-
Administrative expense		(10,000)	10,000
Net changes	663,590	617,476	46,114
Balances at June 30, 2019	\$ 21,668,952	\$ 19,550,256	\$ 2,118,696

Sensitivity analysis: The following table presents the net pension liability(asset) of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability(asset)	\$ 4,697,818	\$ 2,118,696	\$ (43,459)

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

For the year ended June 30, 2019, the Town recognized pension expense of \$525,393. As of June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 232,039
Changes of assumptions	103,539	-
Net difference between projected and actual earnings on pension plan investments	282,954	-
Total	<u>\$ 386,493</u>	<u>\$ 232,039</u>

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

Years ending June 30:	
2020	\$ 187,621
2021	(148,284)
2022	48,077
2023	67,040
2024	-
Thereafter	-

Defined contribution plan: Effective July 1, 2012, new hires can no longer participate in the Town's defined benefit plan; the Town established a 457 (b), 457 (f), 409A defined contribution plan. To be eligible to participate, employees must be at least 21 years old. The Town contributed \$51,557 and \$53,101 to the plan for the years ended June 30, 2019 and 2018, respectively.

Municipal Employees' Retirement System:

Plan description: Certain employees of the Town participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit provisions: The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15-year of active non-continuous aggregate service. In addition, compulsory retirement is at age 60 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: Life annuity.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100.

Service retirement allowance:

Condition for allowance: Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance:

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the municipality.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the municipality provided such disability has arisen out of and in the course of his/her employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of the disability.

Vesting retirement allowance:

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Death benefit:

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of deductions: Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Contributions by members: Member contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

By municipalities: Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the MERS not met by member contributions.

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

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Mortality rates: For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP- 2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

The long-term expected 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 target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table: the long-term expected rate of return on pension plan investments was determined using a lognormal 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 target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the MERS.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	20.0%	5.3%
Developed non-U.S. equities	11.0%	5.1%
Emerging markets (non-U.S.)	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market bond	5.0%	2.9%
High yield bonds	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
	<u>100.00%</u>	

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the System, calculated using the discount rate of 7.00%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (\$ thousands):

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 5,331,995	\$ 3,222,845	\$ 2,118,057

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2019, the Town reported a liability of \$3,222,845 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which was projected to forward to the measurement date of June 30, 2018, which is the date the net pension liability is calculated. Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018, the Town's proportion was 4.81%. There was no change in the proportion from the prior year.

For the year ended June 30, 2019, the Town recognized pension expense of \$765,793. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$437,783 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2018/2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 268,171
Change in proportionate share	29,360	51,677
Cumulative investment earnings	231,505	-
Changes in assumptions	1,276,467	-
Town contributions subsequent to the measurement date	437,783	-
Total	\$ 1,975,115	\$ 319,848

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

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

Years ending June 30:

2020	\$ 433,782
2021	340,984
2022	188,810
2023	253,908
2024	-
Thereafter	-

State of Connecticut Teachers' Retirement System:

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the Statutes. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

Description of system: Eligible employees within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such the Town does not have a liability.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Statutes. Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town does not have any liability for teacher pensions.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary).

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in Statutes Sections 10-1831 and 10-183z.

Participants are required to contribute 6.0% of their annual salary rate to the System as required by Statutes Section 10-183b (7).

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

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

Inflation	2.75%
Salary increases, including inflation	3.25-6.50%
Long-term investment rate of return, net of pension investment expense, including inflation	8.00%

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Real estate	7.0%	5.1%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

Pension liabilities, pension expense, and deferred inflows/outflows of resources: At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>23,815,711</u>
	<u>\$ 23,815,711</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Pension Plans (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

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

The Town recognized the total pension revenue and expense of \$2,672,893 for on-behalf payments for pension benefits paid directly to the System by the State of Connecticut.

Note 10. Other Post-Employment Benefits

Plan description and benefits provided:

Plan administration: The general administration and management of the Town. The plan does not issue separate financial statements.

Town: In addition to the pension benefits, all Town employees retiring under the Town of Easton Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town ordinance for all non- represented employees. Per contracts and ordinances, the Town pays the full cost of these benefits. Benefits provided are as follows:

Non-union employees and highway/public works employees:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

Police and fire:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

Board of Education: The BOE provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers:

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance (COBRA rates) spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65 if eligible for Medicare.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

Other Board of Education employees:

Eligibility for Medical, Dental and Life Coverage	Eligible for COBRA only. Custodians can participate in the Medicare Supplement Plan on or after age 65, at their own cost.
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Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Membership: Membership in the plan consisted of the following at July 1, 2018:

	Town of Easton Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	7
Number of active participants	160
Total	167

Description of actuarial assumptions and methods: The following is a summary of certain significant actuarial assumptions and other PERS information:

	Town of Easton Retiree Medical Benefit Plan
Actuarial valuation date	July 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3.51%, including inflation of 2.6%
Projected salary increases	N/A

Retirement: Age 55 with 5 years of service or 25 years of service.

Mortality: RP-2014 Adjusted to 2006 Blue Collar Table projected to valuation date with Scale MP-2018.

Mortality Improvement: Projected to date of decrement using Scale MP-2016 (generational).

Trend rates: 7.0% for 2018 decreasing 0.5% per year to an ultimate rate of 4.6% for 2023 and later.

Inflation rate: 2.6%

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 3.51% from the Bond Buyer GO 20 – Bond Municipal Index effective as of June 30, 2019. 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.

Total OPEB liability of the Town: The Town's total OPEB liability of \$2,323,238 was measured as of June 30, 2019, as determined by an actuarial valuation as of July 1, 2018, which was projected forward to June 30, 2019. The Town has not accumulated any assets in a fiduciary trust for payment of benefits.

Changes in the total OPEB Liability:

	Increase (Decrease) Total OPEB Liability (a)
Changes in the total OPEB liability:	
Balances at June 30, 2018	\$ 2,450,991
Changes for the year:	
Service cost	117,916
Interest	98,448
Differences between expected and actual experience	(71,038)
Changes of benefit terms	(366,297)
Changes of assumptions	143,704
Benefit payments	(50,486)
Net changes	(127,753)
Balances at June 30, 2019	\$ 2,323,238

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

Health Care Cost Trend Rates:

	1% Decrease (6.00% decreasing 3.60%)	Current (7.00% decreasing to 4.60%)	1% Increase (8.00% decreasing to 5.60%)
Total OPEB liability as of June 30, 2019	\$ 2,005,588	\$ 2,323,238	\$ 2,708,362

Sensitivity of estimates used in calculating the total OPEB liability: The following presents the total OPEB liability, calculated using the discount rate of as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Total OPEB liability as of June 30, 2019	\$ 2,611,204	\$ 2,323,238	\$ 2,073,559

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2019, the Town recognized OPEB expense of \$(166,673). At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (125,277)	\$ (125,277)
Changes of assumptions	132,564	(65,024)	67,540
	<u>\$ 132,564</u>	<u>\$ (190,301)</u>	<u>\$ (57,737)</u>

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

Years ending June 30:	
2020	\$ (11,460)
2021	(11,460)
2022	(11,460)
2023	(11,460)
2024	(11,460)
Thereafter	(437)
	<u>\$ (57,737)</u>

Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan

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

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

Note 10. Other Post-Employment Benefits (Continued)

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans.

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage: Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Eligibility: Any member that 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: 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Proratable retirement: Age 60 with 10 years of credited service

Disability retirement: 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of employment: 10 or more years of Credited Service.

Contributions:

State of Connecticut: Per Connecticut General Statutes Section 10-1832, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts): School District employers are not required to make contributions to the plan.

Employees: Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2019, 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 TRB net OPEB liability	\$ -
State's proportionate share of the TRB net OPEB liability associated with the Town	4,760,908
	<u>\$ 4,760,908</u>

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. The June 30, 2018 actuarial valuation was rolled forward to the measurement date of June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019 the Town recognized OPEB expense and (revenue) of \$(1,581,571) in on-behalf amounts for the benefits provided by the State.

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

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Health care costs trend rate	5.95% decreasing to 4.75% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will Be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 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 (0.04%).

Discount rate: The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Note 10. Other Post-Employment Benefits (Continued)

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

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

Note 11. Contingent Liabilities

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. The amount of expenditures which may be disallowed, if any, cannot be determined at this time; however, the Town's management believes any such disallowance will be immaterial.

Note 12. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Note 12. Pronouncements Issued, Not Yet Effective (Continued)

GASB Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is not an issuer of conduit debt; therefore, this Statement will have no effect on its financial statements.

Required Supplementary Information - *unaudited*

Required Supplementary Information - Unaudited
Schedule of Contributions/Investment Rate of Returns - Town of Easton Retirement Plan
Last Six Fiscal Years

Measurement Period Ended June 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 511,500	\$ 496,700	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304
Contributions in relation to the actuarially determined contribution	520,000	510,000	484,000	424,000	574,570	620,000
Contribution deficiency (excess)	\$ (8,500)	\$ (13,300)	\$ (12,181)	\$ (14,114)	\$ (229,366)	\$ (231,696)
Covered payroll	\$3,196,283	\$3,324,386	\$3,572,486	\$4,000,902	\$4,177,769	\$4,226,506
Contributions as a percentage of covered-employee payroll	16.27%	15.34%	13.55%	10.60%	13.75%	14.67%
Schedule of Investment Returns	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net if investment income	5.27%	8.11%	11.87%	-2.61%	0.34%	16.82%

Notes to schedule

Actuarial Methods Assumptions

Actuarial cost method:	Entry Age normal
Asset valuation method:	5-year smoothed market
Salary increases:	3% per annum
Investment rate of return:	7% per annum
Retirement age:	Age 65 for all active member except High Department workers, both Union and Non-union.
Mortality:	MP-2014/projected. with RP-2017 generationally.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Schedule of Changes in the Town of Easton Retirement Plan Net Pension Liability and Related Ratios
Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
Changes in Net Pension Liability						
Total Pension Liability						
Service cost	\$ 341,615	\$ 390,937	\$ 433,945	\$ 455,050	\$ 464,998	\$ 465,210
Interest on total pension liability	1,445,149	1,396,582	1,355,274	1,289,862	1,207,931	1,125,998
Difference between expected/actual experience	(106,865)	(283,728)	145,733	29,938	(462,451)	(197,279)
Effect of assumption changes or inputs	-	-	-	-	574,172	501,471
Benefit payments	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Net change in total pension liability	663,590	571,779	1,062,575	1,053,999	1,060,855	1,170,469
Total Pension Liability, beginning	21,005,362	20,433,583	19,371,008	18,317,009	17,256,154	16,085,685
Total pension liability, ending (a)	21,668,952	21,005,362	20,433,583	19,371,008	18,317,009	17,256,154
Fiduciary Net Position						
Employer contributions	520,000	510,000	484,000	424,000	574,570	620,000
Member contributions	136,297	146,965	161,500	191,745	171,338	186,906
Investment income net of investment expenses	987,488	1,420,567	1,869,399	(424,967)	(30,700)	2,396,966
Benefit payments	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Administrative expenses	(10,000)	(10,075)	(10,250)	(10,300)	(10,225)	(10,200)
Net change in plan fiduciary net position	617,476	1,135,445	1,632,272	(540,373)	(18,812)	2,468,741
Fiduciary net position, beginning	18,932,780	17,797,335	16,165,063	16,705,436	16,724,248	14,255,507
Fiduciary net position, ending (b)	19,550,256	18,932,780	17,797,335	16,165,063	16,705,436	16,724,248
Net pension liability, ending = (a) - (b)	\$ 2,118,696	\$ 2,072,582	\$ 2,636,248	\$ 3,205,945	\$ 1,611,573	\$ 531,906
Fiduciary net position as a % of total pension liability	90.22%	90.13%	87.10%	83.45%	91.20%	96.92%
Covered payroll	\$ 3,196,283	\$ 3,324,386	\$ 3,572,486	\$ 4,000,902	\$ 4,177,769	\$ 4,226,506
Net pension liability as a % of covered payroll	66.29%	62.34%	73.79%	80.13%	38.57%	12.59%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Schedule of Contributions - Connecticut Municipal Employees' Retirement System - Police and Firefighters
Last Six Fiscal Years

Measurement Period Ended June 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 437,783	\$ 416,851	\$ 375,000	\$ 377,554	\$ 355,305	\$ 350,951
Contributions in relation to the actuarially determined contribution	437,783	416,851	375,000	377,554	355,305	350,951
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	2,682,038	2,231,033	2,231,033	1,370,454	1,370,454	1,370,454
Contributions as a percentage of covered-employee payroll	16.32%	18.68%	16.81%	27.55%	25.93%	25.61%
Valuation date:	June 30, 2018					
Measurement date:	June 30, 2018					

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	23 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.50% - 10%, including inflation
Investment rate of return	7%, net of pension plan investment expense, including inflation

Changes in assumptions:

In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2018 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increases were adjusted to more closely reflect actual and anticipate experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability -
Connecticut Municipal Employees' Retirement System - Police and Firefighters
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	4.740%	4.816%	4.816%	5.035%	5.035%
Town's proportionate share of the net pension liability	\$ 3,222,845	\$ 1,926,314	\$ 2,252,354	\$ 1,540,446	\$ 1,217,299
Town's covered-employee payroll	\$ 2,682,038	\$ 2,231,033	\$ 2,231,033	\$ 1,370,454	\$ 1,370,454
Town's proportionate share of the net pension liability as a percentage of its covered payroll	120.16%	86.34%	100.96%	112.40%	88.82%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	90.13%	88.29%	92.72%	90.48%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability -
Teachers' Retirement System
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	\$ 23,815,711	\$ 22,520,802	\$ 23,599,618	\$ 20,880,564	\$ 19,299,853
Total	\$ 23,815,711	\$ 22,520,802	\$ 23,599,618	\$ 20,880,564	\$ 19,299,853
Town's covered-employee payroll	\$ 7,818,000	\$ 7,138,000	\$ 8,000,000	\$ 7,792,000	\$ 7,542,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
System fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	In 2018, inflation, real estate rate of return, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015 in combination with current economic conditions.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 percent, net of investment related expense

Required Supplementary Information - Unaudited
Schedule of the Town's Proportionate Share of the Net OPEB Liability -
Teachers' Retirement Board Health Insurance Plan
Last Two Fiscal Years

	2019	2018
Town's proportion of the net OPEB liability	0.0%	0.0%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	\$ 4,760,908	\$ 5,796,596
Total	\$ 4,760,908	\$ 5,796,596
Covered payroll	\$ 7,373,985	\$ 7,138,289
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%	0.0%
System fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Notes to Schedule of the Town's Proportionate Share of the Net OPEB Liability -
Teachers' Retirement Board Health Insurance Plan

Notes to Schedule

The Plan was amended by the Board, effective July 1, 2018, during the January 11, 2018 meeting. The Board action added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System sponsored healthcare plan for those who cancel their coverage or choose not to enroll in a healthcare coverage option on or after the effective date. These changes were communicated to retired members during the months leading up to a special open enrollment period that preceded the July 1, 2018 implementation date.

Changes in benefit terms

The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.

Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the TOL as of the June 30, 2018 measurement date.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.

The assumed age related annual percentage increases in expected annual per capita healthcare claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.

Long-term healthcare cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.

The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored healthcare plan option in the future, was updated to better reflect anticipated plan experience.

The participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.

The post-disablement mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.

The percentages of deferred vested members who will become ineligible for future healthcare benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.

Actuarial cost method
 Amortization method
 Remaining amortization period
 Asset valuation method
 Investment rate of return

Entry age
 Level percent of payroll
 30 years, open
 Market value of assets
 4.25%, net of investment related expense
 including price inflation

Required Supplementary Information - Unaudited
Schedule of Changes in the Town of Easton Total OPEB Liability and Related Ratios
Last Two Fiscal Years*

	2019	2018
Changes in Total OPEB Liability		
Total OPEB Liability		
Service cost	\$ 117,916	\$ 117,031
Interest on total OPEB liability	98,448	90,392
Difference between expected/actual experience	(71,038)	(76,116)
Changes in Benefit Terms	(366,297)	-
Effect of assumption changes or inputs	143,704	(82,840)
Benefit payments	(50,486)	(10,634)
Net change in total OPEB liability	(127,753)	37,833
Total OPEB Liability, beginning	2,450,991	2,413,158
Total OPEB liability, ending (a)	\$ 2,323,238	\$ 2,450,991
Covered payroll	\$ 12,876,988	\$ 11,550,807
Total OPEB liability as a % of covered payroll	18.04%	21.22%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Property taxes, current and prior	\$ 39,783,276	\$ 39,783,276	\$ 40,066,877	\$ 283,601
Interest and lien fees	120,000	120,000	157,207	37,207
Telephone access	14,409	14,409	14,319	(90)
Total property taxes	39,917,685	39,917,685	40,238,403	320,718
Intergovernmental:				
Educational assistance:				
Special education and education cost share	-	-	185,271	185,271
Total educational assistance	-	-	185,271	185,271
Town assistance:				
Town aid roads	-	-	227,835	227,835
Property tax relief	-	-	185	185
Property tax relief (veterans)	-	-	6,461	6,461
Miscellaneous	1,600	1,600	134,319	132,719
Total town assistance grants	1,600	1,600	368,800	367,200
Total intergovernmental	1,600	1,600	554,071	552,471
Investment income	135,000	135,000	527,714	392,714
Charges for services:				
Town clerk	200,000	200,000	250,334	50,334
Building department	110,000	110,000	122,780	12,780
660 Morehouse Road	372,000	446,038	457,022	10,984
Health department	21,000	21,000	22,388	1,388
Planning and zoning	13,000	13,000	10,786	(2,214)
Conservation commission	5,000	5,000	3,152	(1,848)
Police department	250,000	542,740	482,814	(59,926)
First Selectman	140,000	140,000	162,468	22,468

(Continued)

**Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)**

General Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Charges for services (Continued):				
Parks and recreation	\$ 24,541	\$ 24,541	\$ 6,752	\$ (17,789)
Region 9 tuition	9,200	9,200	-	(9,200)
BOE tuition	-	-	15,537	15,537
Recycling bins	-	-	140	140
Highway department	2,500	2,500	800	(1,700)
Other	75,000	75,000	2,450	(72,550)
Total charges for services	1,222,241	1,589,019	1,537,423	(51,596)
Total revenues	41,276,526	41,643,304	42,857,611	1,214,307
Other financing sources:				
Fund balance reserved for FY 18-19	2,768,824	2,768,824	-	(2,768,824)
Total other financing sources	2,768,824	2,768,824	-	(2,768,824)
Total revenues and other financing sources	\$ 44,045,350	\$ 44,412,128	42,857,611	\$ (1,554,517)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State				
Teachers' Retirement/Health System for Town teachers are not budgeted			1,091,322	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - General Fund			\$ 43,948,933	

Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General government:					
Town clerk	\$ 188,473	\$ 965	\$ 189,438	\$ 189,439	\$ (1)
First Selectman	163,022	-	163,022	161,105	1,917
Probate court	3,406	-	3,406	-	3,406
Registrar of voters	53,756	7,000	60,756	56,825	3,931
Board of finance	3,800	-	3,800	3,421	379
Auditors	42,750	-	42,750	42,700	50
Treasurer	233,403	-	233,403	220,563	12,840
Assessor	125,122	-	125,122	122,796	2,326
Board of assessment appeals	925	-	925	849	76
Tax collector	97,713	-	97,713	90,876	6,837
Town attorney	140,000	-	140,000	120,395	19,605
Planning and zoning commission	132,428	-	132,428	100,188	32,240
Zoning board of appeals	8,288	-	8,288	7,689	599
Building department	121,898	-	121,898	106,921	14,977
Technology computer	26,000	20,000	46,000	44,433	1,567
Town hall	122,851	-	122,851	119,628	3,223
Communication dispatchers	258,409	-	258,409	257,082	1,327
Commission for the elderly	61,654	-	61,654	47,050	14,604
Senior center	213,411	27,687	241,098	241,098	-
SSS building	271,072	74,038	345,110	315,013	30,097
Cemetery	1,220	2,450	3,670	3,632	38
Total general government	2,269,601	132,140	2,401,741	2,251,703	150,038
Public safety:					
Police department	1,771,554	292,740	2,064,294	2,048,194	16,100
Fire department	991,683	(20,403)	971,280	962,463	8,817
Fire marshal	39,281	-	39,281	30,216	9,065
Emergency management	14,569	-	14,569	10,593	3,976
Firehouse rent	44,380	-	44,380	44,380	-
Conservation commission	41,341	-	41,341	38,615	2,726
Total public safety	2,902,808	272,337	3,175,145	3,134,461	40,684
Public works:					
Recycling	185,732	-	185,732	173,477	12,255
Highway department	2,313,091	2,590	2,315,681	2,167,283	148,398
Street lights	500	411	911	911	-
Engineering and professional services	26,980	-	26,980	10,330	16,650
Total public works	2,526,303	3,001	2,529,304	2,352,001	177,303
Health and welfare:					
Health director	81,475	779	82,254	82,256	(2)
EMS commission	321,347	-	321,347	295,508	25,839
Welfare	4,570	-	4,570	4,346	224
Total health and welfare	407,392	779	408,171	382,110	26,061

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2019

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Education:					
Easton Board of Education:					
General instruction	\$ 7,627,450	\$ (72,612)	\$ 7,554,838	\$ 7,629,843	\$ (75,005)
Kindergarten	11,272	-	11,272	8,712	2,560
Humanities	26,228	5,952	32,180	30,477	1,703
Integrated language arts	31,027	(692)	30,335	27,892	2,443
Curriculum	65,122	(414)	64,708	55,411	9,297
Science/math technology	38,125	-	38,125	30,505	7,620
Physical education/health	5,069	898	5,967	5,635	332
Student Activity Co-curricular	15,242	-	15,242	19,892	(4,650)
Special services	35,385	-	35,385	9,654	25,731
Special education	3,871,120	(106,420)	3,764,700	3,794,294	(29,594)
Guidance	3,095	229	3,324	3,055	269
Health services	214,070	(229)	213,841	204,937	8,904
Psychological services	24,796	32,205	57,001	47,987	9,014
Speech services	10,519	-	10,519	5,599	4,920
Educational media services	82,090	-	82,090	80,936	1,154
Technology plan	352,865	(12,717)	340,148	324,110	16,038
Board of education	59,976	-	59,976	68,788	(8,812)
Central administration	580,725	-	580,725	580,725	-
Magnet School	12,000	-	12,000	6,000	6,000
School administration	1,045,998	16	1,046,014	1,038,675	7,339
Operation/maint. physical plant	1,417,587	197,488	1,615,075	1,607,072	8,003
Student transportation	910,234	(43,704)	866,530	807,036	59,494
Food service	300	-	300	56	244
Total Easton Board of Education	16,440,295	-	16,440,295	16,387,291	53,004
Regional School District No. 9	10,842,772	-	10,842,772	10,842,772	-
Total education	27,283,067	-	27,283,067	27,230,063	53,004
Library	642,478	-	642,478	604,438	38,040
Parks and recreation:					
Parks and recreation commission	466,179	(70,000)	396,179	384,009	12,170
Tree warden	14,415	971	15,386	15,386	-
Total parks and recreation	480,594	(69,029)	411,565	399,395	12,170
Employee benefits:					
Pensions	1,090,790	-	1,090,790	1,043,052	47,738
Fringe benefits	1,676,570	-	1,676,570	1,220,656	455,914
Social Security and Medicare	495,000	-	495,000	472,423	22,577
Total employee benefits	3,262,360	-	3,262,360	2,736,131	526,229
Insurance	790,000	-	790,000	746,188	43,812
Other - contingency	150,000	(76,287)	73,713	1,256	72,457

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2019

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Debt service:					
Principal retirement	\$ 2,728,000	\$ -	\$ 2,728,000	\$ 2,728,000	\$ -
Interest payments	510,179	-	510,179	509,672	507
Fiscal agent fees	750	-	750	-	750
Total debt service	3,238,929	-	3,238,929	3,237,672	1,257
Total expenditures	43,953,532	262,941	44,216,473	43,075,418	1,141,055
Other financing uses:					
Transfers out:					
Dog fund	94,388	-	94,388	94,388	-
Capital nonrecurring	-	140,000	140,000	140,000	-
Total other financing uses	94,388	140,000	234,388	234,388	-
Total expenditures and other financing uses	\$ 44,047,920	\$ 402,941	\$ 44,450,861	43,309,806	\$ 1,141,055

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State

Teachers' Retirement/Health System for Town teachers are not budgeted

1,091,322

**Total expenditures and other financing uses as reported on the
statement of revenues, expenditures and changes in fund
balances - General Fund**

\$ 44,401,128

Town of Easton, Connecticut

Note to Required Supplementary Information – Unaudited

Note 1. Stewardship, Compliance and Accountability

Budgets and budgetary accounting: The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved seven additional appropriations from fund balance. \$20,000 for Technology, \$ 7,000 for Registrar of Voters, \$ 3,586.29 for Senior Center, \$ 965.30 for Town Clerk, \$ 410.71 for Street Lights, \$779.38 for Health and \$970.63 for the Tree Warden.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**Combining and Individual
Fund Financial Statements and Other Schedules**

General Fund

Balance Sheet
General Fund
June 30, 2019

Assets

Cash and cash equivalents	\$ 7,758,768
Investments	4,677,117
Property taxes receivable, net of allowance for uncollectible amounts	1,965,728
Accounts receivable	<u>184,554</u>
Total assets	<u>\$ 14,586,167</u>

Liabilities, Deferred Inflow of Resources and Fund Balances

Liabilities:

Accounts payable	\$ 1,114,690
Accrued liabilities	1,160,383
Due to Regional School District No. 9	835,330
Due to other funds	<u>150,000</u>
Total liabilities	<u>3,260,403</u>

Deferred inflows of resources - unavailable revenue	<u>1,819,401</u>
---	------------------

Fund balances:

Assigned for subsequent year's budget	2,000,000
Unassigned	<u>7,506,363</u>
Total fund balance	<u>9,506,363</u>

Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,586,167</u>
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Town of Easton, Connecticut

Exhibit A-2

Report of Tax Collector
General Fund
For the Year Ended June 30, 2019

Grand List Year	Uncollected Taxes/Levy July 1, 2018	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Change in Overpayment Balances	Uncollected Taxes June 30, 2019
			Additions	Deletions			Taxes	Liens and Interest	Total		
2017	\$ -	\$40,326,681	\$ 32,163	\$ 96,294	\$ -	\$ 40,262,550	\$39,761,478	\$ 97,416	\$ 39,858,894	\$ 16,177	\$ 517,249
2016	530,442	-	11,881	8,457	329	533,537	179,643	40,638	220,281	(14,694)	339,200
2015	310,884	-	383	144	217	310,906	52,972	15,418	68,390	(1,719)	256,215
2014	174,621	-	-	-	2,542	172,079	4,864	2,556	7,420	(42)	167,173
2013	117,123	-	-	-	-	117,123	709	585	1,294	(42)	116,372
2012	80,590	-	-	-	-	80,590	2,363	2,311	4,674	(41)	78,186
2011	28,561	-	-	-	-	28,561	8	27	35	-	28,553
2010	6,975	-	-	-	-	6,975	-	-	-	-	6,975
2009	13,860	-	-	-	-	13,860	123	197	320	-	13,737
2008	15,788	-	-	-	-	15,788	514	853	1,367	-	15,274
2007	716	-	-	-	-	716	-	-	-	-	716
2006	696	-	-	-	-	696	-	-	-	-	696
2005	560	-	-	-	-	560	-	-	-	-	560
2004	531	-	-	-	-	531	-	-	-	-	531
2003	533	-	-	-	-	533	-	-	-	-	533
Total	\$ 1,282,368	\$40,326,681	\$ 44,427	\$ 104,895	\$ 3,088	\$ 41,545,493	40,002,674	\$ 160,001	\$ 40,162,675	\$ (361)	\$ 1,541,970

Property taxes receivable considered available:

June 30, 2018

(107,435)

June 30, 2019

154,046

Property tax revenues

\$40,049,285

Nonmajor Governmental Funds

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Town of Easton, Connecticut

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Assets				
Cash	\$ 12,115	\$ 4,559	\$ 9,108	\$ 148,100
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Total assets	\$ 12,115	\$ 4,559	\$ 9,108	\$ 148,100
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 10,508	\$ -	\$ -	\$ -
Total liabilities	10,508	-	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances (deficits):				
Restricted	1,607	-	9,108	148,100
Committed	-	4,559	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	1,607	4,559	9,108	148,100
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 12,115	\$ 4,559	\$ 9,108	\$ 148,100

Exhibit B-1

Special Revenue Funds									
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library		
\$ -	\$ 69,323	\$ 19,299	\$ 187,748	\$ 45,246	\$ 166,228	\$ (5,503)	\$ 1,058,282		
-	-	-	-	-	-	-	-		
-	-	-	-	24	-	86,478	-		
\$ -	\$ 69,323	\$ 19,299	\$ 187,748	\$ 45,270	\$ 166,228	\$ 80,975	\$ 1,058,282		
\$ 24,171	\$ -	\$ -	\$ 2,674	\$ -	\$ 3,044	\$ 14,793	\$ -		
24,171	-	-	2,674	-	3,044	14,793	-		
-	-	-	-	-	-	48,873	-		
-	-	-	-	-	-	48,873	-		
-	-	-	-	-	-	-	-		
-	69,323	19,299	185,074	45,270	163,184	17,309	1,058,282		
(24,171)	-	-	-	-	-	-	-		
(24,171)	69,323	19,299	185,074	45,270	163,184	17,309	1,058,282		
\$ -	\$ 69,323	\$ 19,299	\$ 187,748	\$ 45,270	\$ 166,228	\$ 80,975	\$ 1,058,282		

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Assets				
Cash	\$ 908,663	\$ 217,858	\$ 37,422	\$ 37,958
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Total assets	\$ 908,663	\$ 217,858	\$ 37,422	\$ 37,958
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ 16,259	\$ -	\$ -
Total liabilities	-	16,259	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances (deficits):				
Restricted	-	-	-	-
Committed	908,663	201,599	37,422	37,958
Unassigned	-	-	-	-
Total fund balances (deficits)	908,663	201,599	37,422	37,958
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 908,663	\$ 217,858	\$ 37,422	\$ 37,958

Exhibit B-1

Special Revenue Funds								
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition		
\$ 1,514	\$ 42,136	\$ -	\$ -	\$ 38,268	\$ 29,140	\$ -		
-	-	-	-	-	-	10,965		
-	-	-	-	-	-	-		
\$ 1,514	\$ 42,136	\$ -	\$ -	\$ 38,268	\$ 29,140	\$ 10,965		
\$ -	\$ -	\$ 7,291	\$ 4,817	\$ -	\$ (50)	\$ -		
-	-	7,291	4,817	-	(50)	-		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
-	-	-	-	38,268	-	-		
1,514	42,136	-	-	-	29,190	10,965		
-	-	(7,291)	(4,817)	-	-	-		
1,514	42,136	(7,291)	(4,817)	38,268	29,190	10,965		
\$ 1,514	\$ 42,136	\$ -	\$ -	\$ 38,268	\$ 29,140	\$ 10,965		

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			Capital Projects Funds	Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Bonded Capital Projects	
Assets					
Cash	\$ -	\$ 1,053	\$ 115,604	\$ 881,016	\$ 4,025,137
Investments	-	-	-	-	10,965
Accounts receivable	6,493	-	-	3,050	96,045
Total assets	\$ 6,493	\$ 1,053	\$ 115,604	\$ 884,066	\$ 4,132,147
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 13,340	\$ -	\$ -	\$ -	\$ 96,847
Total liabilities	13,340	-	-	-	96,847
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	48,873
Total deferred inflows of resources	-	-	-	-	48,873
Fund balances (deficits):					
Restricted	-	-	-	884,066	1,081,149
Committed	-	1,053	115,604	-	2,948,404
Unassigned	(6,847)	-	-	-	(43,126)
Total fund balances (deficits)	(6,847)	1,053	115,604	884,066	3,986,427
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 6,493	\$ 1,053	\$ 115,604	\$ 884,066	\$ 4,132,147

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Town of Easton, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Revenues:				
Intergovernmental	\$ 251,545	\$ -	\$ -	\$ -
Charges for services	-	-	1,810	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Total revenues	251,545	-	1,810	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	872	(48,955)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	262,016	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	2,634
Total expenditures	262,016	-	872	(46,321)
Excess (deficiency) of revenues over expenditures	(10,471)	-	938	46,321
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	(10,471)	-	938	46,321
Fund balances (deficits), beginning of year	12,078	4,559	8,170	101,779
Fund balances (deficits), end of year	<u>\$ 1,607</u>	<u>\$ 4,559</u>	<u>\$ 9,108</u>	<u>\$ 148,100</u>

Exhibit B-2

Special Revenue Funds								
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19,045	-	-	11,689	4,878	278,181	249,080	19,727	
-	1,507	656	-	-	-	-	35,188	
-	-	-	1,851	-	-	-	-	
19,045	1,507	656	13,540	4,878	278,181	249,080	54,915	
26,615	-	-	-	-	-	-	-	
-	-	-	113,634	13,532	-	-	-	
-	-	-	-	-	-	247,791	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	82,199	
-	-	-	-	-	202,991	-	-	
-	-	-	-	-	-	-	-	
26,615	-	-	113,634	13,532	202,991	247,791	82,199	
(7,570)	1,507	656	(100,094)	(8,654)	75,190	1,289	(27,284)	
-	-	-	94,388	-	-	-	-	
-	-	-	-	-	(48,000)	-	-	
-	-	-	94,388	-	(48,000)	-	-	
(7,570)	1,507	656	(5,706)	(8,654)	27,190	1,289	(27,284)	
(16,601)	67,816	18,643	190,780	53,924	135,994	16,020	1,085,566	
\$ (24,171)	\$ 69,323	\$ 19,299	\$ 185,074	\$ 45,270	\$ 163,184	\$ 17,309	\$ 1,058,282	

(Continued)

Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	161,248	-	9,930
Investment income	18,286	-	910	-
Contributions	-	-	-	-
Total revenues	18,286	161,248	910	9,930
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	1,286	-
Public works	-	-	-	-
Health and welfare	-	46,671	-	-
Education	-	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	46,671	1,286	-
Excess (deficiency) of revenues over expenditures	18,286	114,577	(376)	9,930
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	18,286	114,577	(376)	9,930
Fund balances (deficits), beginning of year	890,377	87,022	37,798	28,028
Fund balances (deficits), end of year	\$ 908,663	\$ 201,599	\$ 37,422	\$ 37,958

Exhibit B-2

Special Revenue Funds								
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition		
\$ -	\$ -	\$ 6,771	\$ -	\$ -	\$ -	\$ -	\$ -	
-	1,125	-	-	-	1,963	-	-	
-	1,096	-	-	-	-	462	-	
-	-	-	-	-	-	-	-	
-	2,221	6,771	-	-	1,963	462	-	
-	-	13,756	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	4,251	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	4,251	13,756	-	-	-	-	-	
-	(2,030)	(6,985)	-	-	1,963	462	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	(2,030)	(6,985)	-	-	1,963	462	-	
1,514	44,166	(306)	(4,817)	38,268	27,227	10,503	-	
\$ 1,514	\$ 42,136	\$ (7,291)	\$ (4,817)	\$ 38,268	\$ 29,190	\$ 10,965	-	

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects Funds	
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Bonded Projects Fund	Nonmajor Governmental Funds
Revenues:					
Intergovernmental	\$ 51,938	\$ -	\$ -	\$ -	\$ 310,254
Charges for services	-	-	88,535	36,000	883,211
Investment income	-	-	-	-	58,105
Contributions	-	-	-	-	1,851
Total revenues	51,938	-	88,535	36,000	1,253,421
Expenditures:					
Current:					
General government	57,447	-	-	-	97,818
Public safety	-	-	-	-	80,369
Public works	-	-	-	-	247,791
Health and welfare	-	-	-	-	50,922
Education	-	-	-	-	262,016
Library	-	-	-	-	82,199
Parks and recreation	-	-	32,034	-	235,025
Capital outlay	-	-	-	336	2,970
Total expenditures	57,447	-	32,034	336	1,059,110
Excess (deficiency) of revenues over expenditures	(5,509)	-	56,501	35,664	194,311
Other financing sources (uses):					
Transfers in	-	-	-	-	94,388
Transfers out	-	-	-	-	(48,000)
Total other financing sources (uses)	-	-	-	-	46,388
Net change in fund balances (deficits)	(5,509)	-	56,501	35,664	240,699
Fund balances (deficits), beginning of year	(1,338)	1,053	59,103	848,402	3,745,728
Fund balances (deficits), end of year	<u>\$ (6,847)</u>	<u>\$ 1,053</u>	<u>\$ 115,604</u>	<u>\$ 884,066</u>	<u>\$ 3,986,427</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash:				
Performance and road bonds	\$ 1,134,362	\$ 148,715	\$ 58,115	\$ 1,224,962
Student activity	62,399	56,913	67,678	51,634
Total assets	\$ 1,196,761	\$ 205,628	\$ 125,793	\$ 1,276,596
Liabilities				
Accounts payable:				
Performance and road bonds	\$ 1,134,362	\$ 148,715	\$ 58,115	\$ 1,224,962
Student activity	62,399	56,913	67,678	51,634
Total liabilities	\$ 1,196,761	\$ 205,628	\$ 125,793	\$ 1,276,596

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Other Schedules

Schedule of Debt Limitation
June 30, 2019

Total tax collections					
For the year ended June 30, 2018:					
Town of Easton					\$ 42,916,861
Reimbursement for revenue loss:					
Tax relief for elderly freeze					-
Base for debt limitation computation					\$ 42,916,861
	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 96,562,937	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	193,125,875	-	-	-
3-3/4 times base	-	-	160,938,229	-	-
3-1/4 times base	-	-	-	139,479,798	-
3 times base	-	-	-	-	128,750,583
Total debt limitation	96,562,937	193,125,875	160,938,229	139,479,798	128,750,583
Indebtedness:					
Bonds payable	5,320,000	10,346,000	150,000	-	-
Authorized, unissued debt	-	-	-	-	-
Easton portion of Regional School District No. 9 BANs	-	5,195,390	-	-	-
Net indebtedness	5,320,000	15,541,390	150,000	-	-
Debt limitation in excess of indebtedness	\$ 91,242,937	\$ 177,584,485	\$ 160,788,229	\$ 139,479,798	\$ 128,750,583

In no event shall total indebtedness exceed \$300,418,027 or seven times the base for debt limitation computation.

Capital Projects Authorizations
June 30, 2019

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2019
Capital nonrecurring:				
Wells Hill bridge/South Park	\$ 2,130,461	\$ 9,149	\$ 757,517	\$ 1,372,944
Town improvement trust fund	52,683	-	41,966	10,717
Fire truck	1,607,420	-	1,116,063	491,357
Senior Center van	163,160	-	148,604	14,556
Subdivision funds	109,151	-	-	109,151
Planning and zoning town plans	56,250	-	47,599	8,651
Town garage	122,285	-	110,981	11,304
Revaluation	543,165	-	519,939	23,226
Morehouse Road Little League Fields	105,000	-	99,695	5,305
Fire hydrants	5,266	-	4,250	1,016
Garage	26,822	-	25,368	1,454
Highway Trucks	298,700	-	283,981	14,719
Staples renovation fire suppression	455,000	-	382,051	72,949
Animal shelter	593,150	-	592,620	530
660 Morehouse Rd. lead paint	159,700	-	155,905	3,795
Morehouse Rd. repair and permanent	347,357	-	330,489	16,868
Morehouse Bathrooms	118,000	-	-	118,000
Fire radios - LOCIP	42,419	-	41,795	624
	<u>\$ 6,935,989</u>	<u>\$ 9,149</u>	<u>\$ 4,658,823</u>	<u>\$ 2,277,166</u>