

**Annual Financial Report**  
**of the**  
**Town of Easton, Connecticut**  
**For the Year Ended June 30, 2020**

**Town of Easton, Connecticut**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

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# Introductory Section

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## **Town of Easton, Connecticut**

### **Principal Officials June 30, 2020**

#### **Board of Selectmen**

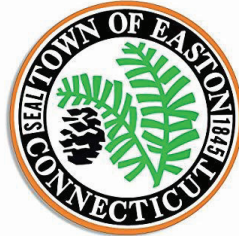
David Bindelglass  
Kristi Sogofsky  
Robert H. Lessler

#### **Board of Finance**

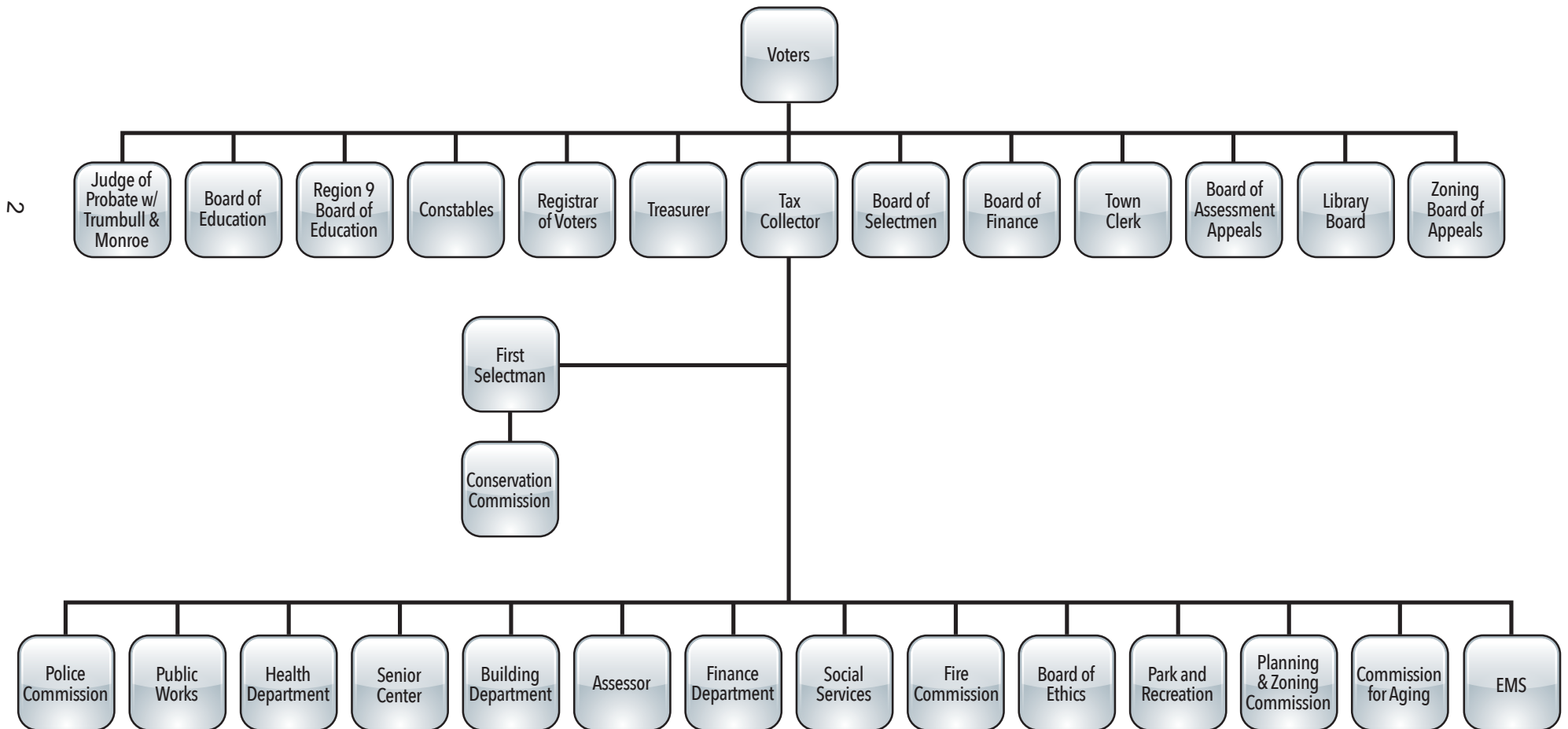
Paul Skrtich  
Michael P. Kot  
Andrew Kachele  
Matthew P. Gachi  
Arthur Laske III  
Paul Lindoerfer

#### **Administration**

Finance Director/Treasurer	Christine Calvert
Tax Collector	Krista A. Kot
Town Clerk	Christine Halloran
Building Official	Anthony Ballaro
Chief of Police	Richard Doyle
Public Works Director	Edward Nagy
Park and Recreation Director	Danielle Alves
Tax Assessor	Rachel Maciulewski
Social Services	Alison Witherbee
Library	Lynn Zaffino



# Town of Easton, Connecticut Organizational Chart



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## Financial Section

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## **Independent Auditors' Report**

**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 ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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 auditor considers 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.

**Board of Finance  
Town of Easton, Connecticut**

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

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and 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 introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Board of Finance  
Town of Easton, Connecticut**

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The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
January 26, 2021



# Town of Easton

TOWN HALL - 225 CENTER ROAD, P.O. BOX 61  
EASTON, CONNECTICUT 06612

TELEPHONE (203) 268-6291  
FAX (203) 268-4928

## Management's Discussion and Analysis For the Year Ended June 30, 2020

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As management of the Town of Easton, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements immediately following this section.

### Financial highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

Change in net position	\$ 4,775,751
Total net position	82,257,208
Unrestricted net position	9,744,879

- The significant factors for the increase are as follows:

➤ positive operations of the general fund of	1,035,772
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#### Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	513,998
➤ change in property tax revenues - accrual basis change of	368,613
➤ net principal debt activity of	2,703,000
➤ change in pension liability of	(983,608)
➤ change in OPEB liability of	(480,429)
➤ change in heart and hypertension of	337,667
➤ amortization of pension and OPEB deferred outflows of resources of	824,736
➤ amortization of pension and OPEB deferred inflows of resources of	(209,523)
➤ net revenue (expense) of the internal service fund of	618,831

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,079,444, an increase of \$1,163,594 in comparison with the prior year. This increase is primarily a result of the positive operations in the general fund of \$1,035,772 due to spending savings of \$2,656,996, offset by revenue being less than budgeted by \$1,621,224 as a result of an appropriation of fund balance of \$2,035,060.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,221,149, a decrease of \$285,214 in comparison with the prior year. This unassigned fund balance represents 17.39% of total budgetary general fund expenditures and transfers out.
- The Town's long-term debt decreased by \$2,703,000 during the current fiscal year due to scheduled principal payments.

### **Overview of the basic financial statements**

This discussion and analysis is intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others

### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are 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 the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and park 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.

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 and capital nonrecurring projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements.

### **Proprietary funds**

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for risk financing activities for the medical and dental insurance benefits provided to the departments on a cost reimbursement basis. Because these services predominantly benefit governmental rather than business-type functions, they have 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to 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.

### **Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the general fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

**Other information**

Other required schedules and the combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

**Government-wide financial analysis**

The analysis below focuses on the net position and the changes in net position.

**Summary Statement of Net Position  
June 30**

	2020	2019 (as restated)
Current and other assets	\$ 22,095,253	\$ 20,540,454
Capital assets (net)	<u>85,728,878</u>	<u>85,214,880</u>
Total assets	<u>107,824,131</u>	<u>105,755,334</u>
Deferred outflows of resources	<u>3,408,993</u>	<u>2,494,172</u>
Current liabilities outstanding	6,055,636	7,591,651
Long-term liabilities outstanding	<u>21,767,866</u>	<u>22,434,210</u>
Total liabilities	<u>27,823,502</u>	<u>30,025,861</u>
Deferred inflows of resources	<u>1,152,414</u>	<u>742,188</u>
Net position:		
Net investment in capital assets	72,303,227	68,921,548
Restricted	209,102	197,083
Unrestricted	<u>9,744,879</u>	<u>8,362,826</u>
Total net position	<u>\$ 82,257,208</u>	<u>\$ 77,481,457</u>

By far, the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery and equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (0.25%) represents resources that are subject to external restrictions on how they may be used of \$209,102. The remaining balance of unrestricted net position is \$9,744,879, which increased by \$1,382,053 from the prior year.

Net position may serve over time as a useful indicator of the Town's financial position. The Town's total net position increased by \$4,775,751.

**Statement of Changes in Net Position  
For the Years Ended June 30**

	2020	2019 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 2,336,316	\$ 2,448,865
Operating grants and contributions	3,064,902	3,107,098
Capital grants and contributions	1,383,642	227,835
General revenues:		
Property taxes	40,353,047	40,613,295
Grants and contributions not restricted to specific programs	136,962	140,965
Income from investments	414,219	589,595
Other	91,014	-
Total revenues	<u>47,780,102</u>	<u>47,127,653</u>
Expenses:		
General government	2,805,947	2,346,050
Public safety	4,758,434	4,066,284
Public works	3,410,030	3,320,877
Health and welfare	622,891	573,008
Education	29,536,632	33,374,565
Library	824,588	802,924
Park and recreation	781,305	805,362
Interest	264,524	318,610
Total expenses	<u>43,004,351</u>	<u>45,607,680</u>
Change in net position	4,775,751	1,519,973
Net position - July 1 (as restated)	77,481,457	76,061,887
Restatements	<u>-</u>	<u>(100,403)</u>
Net position - June 30	<u><u>\$ 82,257,208</u></u>	<u><u>\$ 77,481,457</u></u>



Key elements of the change in net position are as follows:

### Revenues

The significant changes in revenues for the fiscal year were as follows:

- Capital grants and contributions increased by \$1,155,807 primarily due to the LOTCIP grant for the South Park Avenue Bridge project of \$1,146,211.

### Expenses

The significant changes in expenses for the fiscal year were as follows:

- General government expenses increased by \$459,897 due to an increase in employee benefit expenses.
- Public safety expenses increased by \$692,150 due to an increase in pension expense of approximately \$214,000 and OPEB expense of approximately \$329,000.
- Education expenses decreased by \$3,837,933 due to Regional School District No. 9 expenses decreased by \$1,432,461 from the prior year and Easton Board of Education expenses decreased by \$280,648 as a result of school closures related to the pandemic. Additionally, employee benefit costs for medical and dental decreased as a result of the pandemic and there was a loss on disposal of school buses of \$406,701 in the prior year.

### **Financial analysis of the Town's funds**

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

### **Governmental funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,079,444, an increase of \$1,163,594 in comparison with the prior year. The unassigned fund balance was \$7,176,078.

The components of fund balance were as follows:

Restricted	\$ 209,102
Committed	4,569,264
Assigned	3,125,000
Unassigned	<u>7,176,078</u>
Total	<u><u>\$ 15,079,444</u></u>

The total fund balance increased by \$1,163,594 to \$15,079,444. This increase is a result of the following fund activity:

**General fund.** The general fund is the operating fund of the Town. At the end of the current fiscal year, of the \$10,346,149 total fund balance of the general fund, \$7,221,149 was unassigned. During the current fiscal year, the fund balance of the Town's general fund increased by \$1,035,772. The increase was substantially attributable to revenues lower than the budget by \$1,621,224 and the expenditure budget was underspent by \$2,656,996.

The most significant functions that were underspent were as follows:

- Education by \$1,504,135 due to the pandemic and school closures
- General government by \$356,121, due to the town attorney line item under budget by \$102,384 due to closures related to the pandemic and \$92,705 for the SSS building operating costs related to the pandemic causing utilities to be under budget by \$30,341, equipment and maintenance under budget by \$35,139, and part-time and overtime wages under budget by \$22,544
- Employee benefits by \$320,895 due to the budget being set before receiving the actual increase from the State

**Capital nonrecurring projects fund.** The capital nonrecurring projects fund's net change in fund balance was a decrease of \$7,098 for the fiscal year, resulting in a fund balance at the end of the year of \$611,948.

### **Proprietary funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund, the internal service fund used for medical and dental claims.

**Internal service fund.** The internal service fund is used to account for medical and dental self-insurance claims. The fund had an increase in net position of \$618,831 due to increased funding and a decrease in claims due to the pandemic. The internal service fund had an unrestricted net position of \$546,610 at year end.

### **General fund budgetary highlights**

The significant budget transfers during the year were as follows:

- Police department charges for services revenue and expenditures were increased by \$238,653.
- Transfers out to the capital nonrecurring fund budget was increased by \$350,000, which included transfers from other departments as detailed below:

➤ Highway department	\$	200,000
➤ Fire department		150,000
- Additional details on budget transfers can be found in RSI-1A and 1B.

## **Capital assets and debt administration**

### **Capital assets**

The Town's investment in capital assets amounts to \$85,728,878 (net of accumulated depreciation). This investment in capital assets is as follows:

<b>Capital Assets</b> <b>(Net of Accumulated Depreciation)</b> <b>June 30</b>		
	2020	2019 (as restated)
Land	\$ 19,873,628	\$ 19,873,628
Construction in progress	1,506,276	-
Land improvements	360,183	362,902
Buildings	46,798,764	47,618,789
Building improvements	1,035,420	1,011,990
Machinery and equipment	841,067	788,450
Vehicles	2,267,942	2,233,167
Infrastructure	13,045,598	13,325,954
Total	<u>\$ 85,728,878</u>	<u>\$ 85,214,880</u>

The capital assets (net of depreciation) increased in the current year by \$513,998. The increase is due to capital additions exceeding depreciation expense. Major capital asset activity during the current fiscal year included the following:

- Construction in progress:
  - Bridge replacement \$ 1,146,211
  - Fire truck 260,061
  - Morehouse bathrooms 100,004
- Machinery and equipment:
  - Digital radio 79,000
- Vehicles:
  - Public works 203,812
  - Public safety 32,645

Additional information on the Town's capital assets can be found in Note III D.

### **Long-term debt**

At the end of the fiscal year, the Town had total long-term debt outstanding of \$13,113,000. All debt is backed by the full faith and credit of the Town.

#### **Long-Term Debt June 30**

	<b>2020</b>	<b>2019</b>
General obligation bonds	\$ 4,557,000	\$ 5,320,000
School bonds	8,431,000	10,346,000
Sewer bonds	125,000	150,000
Total	<u>\$ 13,113,000</u>	<u>\$ 15,816,000</u>

During the current fiscal year, the Town's total debt decreased by \$2,703,000 due to scheduled principal payments.

The Town maintains a "AAA" credit rating from Standard and Poor's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$281,138,725, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III F.

### **Economic factors and next year's budgets and rates**

As of June 2020, the unemployment rate for the Town was at 7.7%, which is lower than the State average unemployment rate of 10.1% and a national unemployment rate of 11.1%.

The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the interest rate reduction program and the payment deferral program. For the collection period ended July 31, 2020, collections were in line with the prior year.

These factors were considered in preparing the Town's budget for the 2020-2021 fiscal year.

### **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**

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Town of Easton, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2020

Assets

Current assets:	
Cash	\$ 2,526,703
Investments	16,095,945
Receivables (net):	
Property taxes	959,156
Intergovernmental	14,299
Other	186,068
	<hr/>
Total current assets	19,782,171
	<hr/>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	242,013
Investments	793,338
	<hr/>
Total restricted assets	1,035,351
	<hr/>
Receivables (net):	
Property taxes	1,277,731
	<hr/>
Capital assets (net of accumulated depreciation):	
Land	19,873,628
Construction in progress	1,506,276
Land improvements	360,183
Buildings	46,798,764
Building improvements	1,035,420
Machinery and equipment	841,067
Vehicles	2,267,942
Infrastructure	13,045,598
	<hr/>
Total capital assets (net of accumulated depreciation)	85,728,878
	<hr/>
Total noncurrent assets	88,041,960
	<hr/>
Total assets	107,824,131
	<hr/>

Deferred Outflows of Resources

Pension related	2,930,671
OPEB related	478,322
	<hr/>
Total deferred outflows of resources	3,408,993
	<hr/>

(Continued)

The notes to financial statements are an integral part of this statement.

Town of Easton, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2020

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 978,045
Regional School District No. 9 payable	481,425
Accrued payroll and related liabilities	1,152,621
Retainage payable	20,027
Unearned revenue	219,145
Accrued interest payable	91,601
Overpayments	48,922
Other	12,480
Bonds and notes payable	2,693,000
Compensated absences	184,692
Claims payable	173,678

Total current liabilities	<u>6,055,636</u>
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Noncurrent liabilities:

Performance bonds	1,035,351
Bonds, notes and related liabilities	10,732,651
Compensated absences	738,768
Heart and hypertension	132,280
Net pension liability	6,325,149
OPEB liability	2,803,667

Total noncurrent liabilities	<u>21,767,866</u>
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Total liabilities	<u>27,823,502</u>
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Deferred Inflows of Resources

Advance property tax collections	110,618
Pension related	868,777
OPEB related	173,019

Total deferred inflows of resources	<u>1,152,414</u>
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Net Position

Net investment in capital assets	72,303,227
Restricted for:	
General government	149,515
Health and welfare	59,587
Unrestricted	9,744,879
Total net position	<u>\$ 82,257,208</u>

(Concluded)

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

**Statement of Activities**  
**Governmental Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,805,947	\$ 832,502	\$ 17,728	\$ -	\$ (1,955,717)
Public safety	4,758,434	626,312	9,999	-	(4,122,123)
Public works	3,410,030	522,719	-	1,383,642	(1,503,669)
Health and welfare	622,891	32,338	49,197	-	(541,356)
Education	29,536,632	59,822	2,987,978	-	(26,488,832)
Library	824,588	9,769	-	-	(814,819)
Park and recreation	781,305	252,854	-	-	(528,451)
Interest	264,524	-	-	-	(264,524)
<b>Total</b>	<b>\$ 43,004,351</b>	<b>\$ 2,336,316</b>	<b>\$ 3,064,902</b>	<b>\$ 1,383,642</b>	<b>(36,219,491)</b>
General revenues:					
Property taxes					40,353,047
Grants and contributions not restricted to specific programs					136,962
Income from investments					414,219
Other					91,014
<b>Total general revenues</b>					<b>40,995,242</b>
Change in net position					4,775,751
Net position - July 1, 2019 (as restated)					77,481,457
Net position - June 30, 2020					<b>\$ 82,257,208</b>

The notes to financial statements are an integral part of this statement.



Town of Easton, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Capital Nonrecurring Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 2,026	\$ 1,051,430	\$ 2,098,602	\$ 3,152,058
Restricted cash	242,013	-	-	242,013
Investments	13,142,180	162,916	2,073,550	15,378,646
Restricted investments	793,338	-	-	793,338
Receivables (net):				
Property taxes	2,236,887	-	-	2,236,887
Intergovernmental	14,299	-	-	14,299
Other	96,777	-	87,552	184,329
Total assets	<u>\$ 16,527,520</u>	<u>\$ 1,214,346</u>	<u>\$ 4,259,704</u>	<u>\$ 22,001,570</u>
<u>Liabilities</u>				
Cash overdraft	\$ 561,737	\$ -	\$ 64,868	\$ 626,605
Accounts payable	534,830	377,445	65,770	978,045
Regional School District No. 9 payable	481,425	-	-	481,425
Accrued payroll and related liabilities	1,152,621	-	-	1,152,621
Retainage payable	-	20,027	-	20,027
Unearned revenue	6,500	204,926	7,719	219,145
Performance bonds	1,035,351	-	-	1,035,351
Overpayments	48,922	-	-	48,922
Other	12,480	-	-	12,480
Total liabilities	<u>3,833,866</u>	<u>602,398</u>	<u>138,357</u>	<u>4,574,621</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue:				
Property taxes	2,236,887	-	-	2,236,887
Advance property tax collections	110,618	-	-	110,618
Total deferred inflows of resources	<u>2,347,505</u>	<u>-</u>	<u>-</u>	<u>2,347,505</u>
<u>Fund Balances</u>				
Restricted	-	-	209,102	209,102
Committed	-	611,948	3,957,316	4,569,264
Assigned	3,125,000	-	-	3,125,000
Unassigned	7,221,149	-	(45,071)	7,176,078
Total fund balances	<u>10,346,149</u>	<u>611,948</u>	<u>4,121,347</u>	<u>15,079,444</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,527,520</u>	<u>\$ 1,214,346</u>	<u>\$ 4,259,704</u>	<u>\$ 22,001,570</u>

(Continued)

The notes to financial statements are an integral part of this statement.

Town of Easton, Connecticut

Reconciliation of Fund Balance  
to Net Position of Governmental Activities  
June 30, 2020

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	\$ 15,079,444
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	85,214,880
Current year additions (net of construction in progress)	1,939,349
Depreciation expense	(1,425,351)

Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:

Deferred outflows related to pensions	2,930,671
Deferred outflows related to OPEB	478,322

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

Property taxes - accrual basis change	2,236,887
---------------------------------------	-----------

Internal service funds are used by management to charge the cost of medical and dental insurance premiums to individual departments:

The assets and liabilities of the internal service funds are included in the statement of net position	546,610
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Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(13,113,000)
Premium	(312,651)
Compensated absences	(923,460)
Heart and hypertension	(132,280)
Net pension liability	(6,325,149)
OPEB liability	(2,803,667)
Accrued interest payable	(91,601)
Deferred inflows related to pensions	(868,777)
Deferred inflows related to OPEB	(173,019)

Net position (Exhibit A)	<u>\$ 82,257,208</u>
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(Concluded)

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<u>General</u>	<u>Capital Nonrecurring Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 39,935,561	\$ -	\$ -	\$ 39,935,561
Intergovernmental	2,923,710	1,146,211	498,520	4,568,441
Charges for services	1,485,392	769	899,028	2,385,189
Income from investments	382,153	2,463	29,603	414,219
Contributions	-	-	17,065	17,065
Other	<u>82,454</u>	<u>8,560</u>	<u>-</u>	<u>91,014</u>
Total revenues	<u>44,809,270</u>	<u>1,158,003</u>	<u>1,444,216</u>	<u>47,411,489</u>
Expenditures:				
Current:				
General government	2,148,896	-	11,287	2,160,183
Public safety	3,137,902	-	36,087	3,173,989
Public works	2,359,491	8,825	313,739	2,682,055
Health and welfare	412,675	-	72,187	484,862
Education	27,918,838	-	471,863	28,390,701
Library	589,392	-	4,252	593,644
Park and recreation	361,810	-	235,574	597,384
Employee benefits	2,889,321	-	-	2,889,321
Insurance	622,962	-	-	622,962
Debt service	3,132,211	-	-	3,132,211
Capital outlay	<u>-</u>	<u>1,506,276</u>	<u>14,307</u>	<u>1,520,583</u>
Total expenditures	<u>43,573,498</u>	<u>1,515,101</u>	<u>1,159,296</u>	<u>46,247,895</u>
Excess (deficiency) of revenues over expenditures	<u>1,235,772</u>	<u>(357,098)</u>	<u>284,920</u>	<u>1,163,594</u>
Other financing sources (uses):				
Transfers in	150,000	350,000	-	500,000
Transfers out	<u>(350,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>(500,000)</u>
Net other financing sources (uses)	<u>(200,000)</u>	<u>350,000</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	1,035,772	(7,098)	134,920	1,163,594
Fund balances - July 1, 2019 (as restated)	<u>9,310,377</u>	<u>619,046</u>	<u>3,986,427</u>	<u>13,915,850</u>
Fund balances - June 30, 2020	<u><u>\$ 10,346,149</u></u>	<u><u>\$ 611,948</u></u>	<u><u>\$ 4,121,347</u></u>	<u><u>\$ 15,079,444</u></u>

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to Statement of Activities  
For the Year Ended June 30, 2020**

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,163,594
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,939,349
Depreciation expense	(1,425,351)
Total	513,998

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

Change in property tax - accrual basis change	368,613
-----------------------------------------------	---------

The issuance of long-term debt (e.g., bonds, notes) 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 these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:	
General obligation bonds	2,703,000

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

Amortization of premium	164,681
Change in:	
Compensated absences	(245,815)
Heart and hypertension	337,667
Net pension liability	(983,608)
OPEB liability	(480,429)
Accrued interest payable	6
Amortization of deferred outflows related to pension	478,978
Amortization of deferred inflows related to pension	(226,805)
Amortization of deferred outflows related to OPEB	345,758
Amortization of deferred inflows related to OPEB	17,282
Total	(592,285)

The net revenue (expense) of the activities of the internal service funds is reported with governmental activities

	618,831
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Change in net position (Exhibit B)	\$ 4,775,751
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The notes to the financial statements are an integral part of this statement.

## Town of Easton, Connecticut

Statement of Net Position  
 Proprietary Funds  
 June 30, 2020

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 1,250
Investments	717,299
Accounts receivable	<u>1,739</u>
Total assets	<u>720,288</u>
<u>Liabilities</u>	
Current liabilities:	
Claims payable	<u>173,678</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 546,610</u></u>

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	<u>\$ 2,929,185</u>
Operating expenses:	
Claims	1,977,395
Administration	205,835
HSA contributions	<u>131,233</u>
Total operating expenses	<u>2,314,463</u>
Operating income (loss)	614,722
Nonoperating revenues (expenses):	
Income from investments	<u>4,109</u>
Change in net position	618,831
Total net position - July 1, 2019 (as restated)	<u>(72,221)</u>
Total net position - June 30, 2020	<u><u>\$ 546,610</u></u>

The notes to financial statements are an integral part of this statement.

**Town of Easton, Connecticut**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<u>Internal Service Fund</u>
Cash flows from (used in) operating activities:	
Cash received for premiums	\$ 3,077,446
Claims paid	(2,073,243)
Administration paid	(205,835)
HSA contributions paid	<u>(131,233)</u>
Net cash from (used in) operating activities	667,135
Cash flows from (used in) investing activities:	
Income from investments	<u>4,109</u>
Net increase (decrease) in cash	671,244
Cash and cash equivalents - July 1, 2019	<u>47,305</u>
Cash and cash equivalents - June 30, 2020	<u><u>\$ 718,549</u></u>
Reconciliation to Exhibit F - Cash:	
Cash and cash equivalents per above	\$ 718,549
Cash and cash equivalents reported as investments	<u>(717,299)</u>
Cash - Exhibit F	<u><u>\$ 1,250</u></u>
	(Continued)

The notes to financial statements are an integral part of this statement.

**Town of Easton, Connecticut**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<u>Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 614,722
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	(1,739)
Due from other funds	150,000
Increase (decrease) in:	
Claims payable	<u>(95,848)</u>
Net cash from (used in) operating activities	<u><u>\$ 667,135</u></u>
	(Concluded)

The notes to financial statements are an integral part of this statement.



**Town of Easton, Connecticut**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash	\$ -	\$ 42,522
Investments:		
Mutual funds:		
Money market	2,365,612	-
Equity	12,342,713	-
Bonds	3,162,417	-
Bank money market	41,007	-
Corporate bonds	1,594,797	-
Total investments	19,506,546	-
Prepaid	30,332	-
Total assets	19,536,878	42,522
<u>Liabilities</u>		
Payable to student organizations	-	42,522
<u>Net Position</u>		
Restricted for:		
Pension benefits	\$ 19,536,878	\$ -

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	Pension Trust Fund
	<hr/>
Additions:	
Contributions:	
Employer	\$ 525,000
Plan members	<hr/> 132,340
Total contributions	<hr/> 657,340
Investment income (loss):	
Net change in fair value of investments	(365,327)
Interest and dividends	<hr/> 847,184
Net investment income (loss)	<hr/> 481,857
Total additions	<hr/> 1,139,197
Deductions:	
Benefits	1,142,550
Administration	<hr/> 10,025
Total deductions	<hr/> 1,152,575
Changes in net position	(13,378)
Net position - July 1, 2019	<hr/> 19,550,256
Net position - June 30, 2020	<hr/> <hr/> <u>\$19,536,878</u>

The notes to financial statements are an integral part of this statement.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**History and organization**

The Town of Easton, Connecticut ("Town") operates under the provisions of Connecticut General Statutes and Town approved ordinances. The Town offers a full range of services authorized by Connecticut General Statutes, including general government, public safety, public works, health and welfare, library, park and recreation, and education, to its residents.

Accounting principles generally accepted in the United States of America 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 Town does not report any component units.

**I. Summary of significant accounting policies****A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *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 customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**B. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual 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.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. In addition, the Town considers reimbursement grants to be available if they are collected within one year 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, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges for services, 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. 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 funds:

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

The *Capital Nonrecurring Projects Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for capital improvements and equipment.

Additionally, the Town reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.

The *Capital Projects Funds* are used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

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

The *Pension Trust Fund* accounts for the activities of the Town of Easton Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

*Agency Funds* account for monies held on behalf of student groups.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges for medical and dental claims.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town's pension and OPEB plans, the Connecticut Municipal Employees Retirement System ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes, the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Investments**

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension fund has adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The investment guidelines are as follows

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	60.00%
Fixed income	29.00%
Cash and cash equivalents	<u>11.00%</u>
Total	<u><u>100.00%</u></u>

**c. Method used to value investments**

Investments for the Town are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

*Level 1:* Quoted prices for identical investments in active markets

*Level 2:* Quoted prices for identical investments in markets that are not active. Fair values are primarily obtained from the third party pricing services for identical comparable assets

*Level 3:* Unobservable inputs

**d. Risk policies**

Interest rate risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town has an investment policy that would minimize interest rate risk by structuring investments to mature to meet cash requirements thereby avoiding the need to sell securities prior to maturity and investing operating funds primarily in shorter term securities and money market accounts.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Credit risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has an investment policy that would minimize credit risk by limiting its investment choices to the safest types of securities, pre-qualifying the financial institutions and advisors with which the Town will do business, and diversifying the investment portfolio.

Concentration of credit risk – Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's policy is to minimize exposure to custodial credit risk by investing in collateralized investments.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to the foreign currency risk.

**2. Receivables and payables****a. 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**

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8% to 33% of outstanding receivable balances and are calculated based upon prior collections.

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 January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are defined by the Town as assets with an initial individual cost by asset type as detailed below. Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land improvements	6-25	\$ 20,000
Buildings	75	All
Building improvements	30-50	20,000
Machinery and equipment	4-28	5,000
Vehicles	4-28	5,000
Infrastructure	75	100,000

**5. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, and net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. The deferred outflow related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.



## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2020****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

**7. Long-term obligations**

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

**8. Net position and fund balances**

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

**Net Investment in Capital Assets**

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

**Restricted Net Position**

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

**Unrestricted Net Position**

This category presents the net position of the Town which is not restricted.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Finance.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's fund balance policy, the Board of Finance has by resolution authorized the Finance Director to assign fund balance. Intent is also expressed by a properly approved purchase order (encumbrance).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2020****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****9. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

**10. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Stewardship, compliance and accountability****A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Capital projects authorizations**

The following is a summary of certain capital projects:

Project	Project Authorization	Cumulative Expenditures	Balance
Wells Hill Bridge/South Park	\$ 2,130,461	\$ 1,903,728	\$ 226,733
Town Improvement Trust Fund	52,683	41,966	10,717
Fire Truck	1,607,420	1,376,124	231,296
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 Road Lead Paint	159,700	155,905	3,795
Morehouse Road Repair and Permanent	347,357	330,489	16,868
Morehouse Bathrooms	118,000	100,004	17,996
Fire Radios - LOCIP	42,419	41,795	624
Totals	<u>\$ 6,935,989</u>	<u>\$ 6,165,099</u>	<u>\$ 770,890</u>

**II. Detailed notes****A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance was \$2,075,908 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$1,130,546
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>460,182</u>
Total amount subject to custodial credit risk	<u>\$1,590,728</u>

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

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Cash and investments (continued)****2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)				
		N/A	Less Than 1	1-5 Years	5-10 Years	Over 10
Mutual funds:						
Money market	\$ 3,733,851	\$ -	\$ 3,733,851	\$ -	\$ -	\$ -
Equity	12,342,713	12,342,713	-	-	-	-
Bond	3,162,417	-	-	707,838	2,454,579	-
Bank money market	203,935	-	203,935	-	-	-
Pooled fixed income	10,004,723	-	10,004,723	-	-	-
U.S. government obligations	2,895,486	-	513,635	300,219	771,074	1,310,558
Repurchase agreements	717,299	-	717,299	-	-	-
Municipal obligations	1,740,608	-	1,740,608	-	-	-
Corporate bonds	1,594,797	-	758,742	720,207	115,848	-
Total	\$36,395,829	\$12,342,713	\$17,672,793	\$ 1,728,264	\$3,341,501	\$1,310,558

Repurchase agreements

The Town has a repurchase agreement outstanding at fiscal year-end. The details of the agreement are as follows:

Amount	\$ 717,299
Market value of underlying investments	753,220
Interest rates	0.19%
Maturity value	717,302
Maturity date	7/1/2020

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Cash and investments (continued)**

b. The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
<u>Investments by fair value level</u>			
Mutual funds:			
Money market	\$ 3,733,851	\$ 3,733,851	\$ -
Equity	12,342,713	12,342,713	-
Bond	3,162,417	3,162,417	-
U.S. government obligations	2,895,486	2,895,486	-
Municipal obligations	1,740,608	-	1,740,608
Corporate bonds	1,594,797	-	1,594,797
Total investments by fair value level	<u>\$ 25,469,872</u>	<u>\$ 22,134,467</u>	<u>\$ 3,335,405</u>
<u>Other investments not subject to fair value measurement:</u>			
Bank money market	203,935		
Pooled fixed income	10,004,723		
Repurchase agreements	717,299		
Total other investments	<u>10,925,957</u>		
Total investments	<u>\$ 36,395,829</u>		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Cash and investments (continued)**

c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Type of Investment	Ratings						Total
	AAA	AA	A	BBB	BB	B	
Mutual funds:							
Money market	\$ 3,733,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,733,851
Bond	-	-	-	2,454,579	707,838	-	3,162,417
Pooled fixed income	10,004,723	-	-	-	-	-	10,004,723
U.S. government obligations	513,635	2,381,851	-	-	-	-	2,895,486
Municipal obligations	-	1,740,608	-	-	-	-	1,740,608
Corporate bonds	-	-	209,078	444,885	657,768	283,066	1,594,797
Total	<u>\$14,252,209</u>	<u>\$ 4,122,459</u>	<u>\$ 209,078</u>	<u>\$ 2,899,464</u>	<u>\$1,365,606</u>	<u>\$ 283,066</u>	<u>\$23,131,882</u>

d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
U.S. government obligations	\$ 2,895,486	\$ 500,000	\$ 2,395,486
Municipal obligations	1,740,608	-	1,740,608
Corporate bonds	<u>1,594,797</u>	<u>500,000</u>	<u>1,094,797</u>
Total	<u>\$ 6,230,891</u>	<u>\$ 1,000,000</u>	<u>\$ 5,230,891</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes		
	<u>Taxes</u>	<u>Interest and Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 880,476</u>	<u>\$ 78,680</u>	<u>\$ 959,156</u>
Long-term portion	\$ 1,040,283	\$ 612,448	\$ 1,652,731
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(225,000)</u>	<u>(375,000)</u>
Net long-term portion	<u>\$ 890,283</u>	<u>\$ 387,448</u>	<u>\$ 1,277,731</u>

**C. Interfund accounts****1. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund			
Capital nonrecurring projects	N/A	\$ -	\$ 350,000
EMS special services	N/A	<u>150,000</u>	<u>-</u>
Total general fund		<u>150,000</u>	<u>350,000</u>
Capital nonrecurring projects	General fund	<u>350,000</u>	<u>-</u>
Other governmental funds			
EMS special services	General fund	<u>-</u>	<u>150,000</u>
Total		<u>\$500,000</u>	<u>\$ 500,000</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital nonrecurring projects fund and various programs and activities in other funds.



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2019 (as restated)	Increases	Decreases	Balance June 30, 2020
<u>Capital assets, not being depreciated:</u>				
Land	\$ 19,873,628	\$ -	\$ -	\$ 19,873,628
Construction in progress	-	1,506,276	-	1,506,276
Total capital assets, not being depreciated	19,873,628	1,506,276	-	21,379,904
<u>Capital assets, being depreciated:</u>				
Land improvements	684,247	17,180	-	701,427
Buildings	69,785,563	-	-	69,785,563
Building improvements	1,435,258	67,220	-	1,502,478
Machinery and equipment	2,093,293	112,216	-	2,205,509
Vehicles	5,874,605	236,457	-	6,111,062
Infrastructure	25,468,277	-	-	25,468,277
Total capital assets, being depreciated	105,341,243	433,073	-	105,774,316
Total capital assets	125,214,871	1,939,349	-	127,154,220
<u>Less accumulated depreciation for:</u>				
Land improvements	321,345	19,899	-	341,244
Buildings	22,166,774	820,025	-	22,986,799
Building improvements	423,268	43,790	-	467,058
Machinery and equipment	1,304,843	59,599	-	1,364,442
Vehicles	3,641,438	201,682	-	3,843,120
Infrastructure	12,142,323	280,356	-	12,422,679
Total accumulated depreciation	39,999,991	1,425,351	-	41,425,342
Total capital assets, being depreciated, net	65,341,252	(992,278)	-	64,348,974
Capital assets, net	<u>\$ 85,214,880</u>	<u>\$ 513,998</u>	<u>\$ -</u>	<u>\$ 85,728,878</u>

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

General government	\$ 55,768
Public safety	148,148
Public works	431,549
Health and welfare	70,701
Education	668,668
Library	18,865
Park and recreation	31,652
Total depreciation expense	<u>\$ 1,425,351</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**E. Construction commitments**

At year end, the Town's commitments with contractors totaled \$157,926 for the South Park Avenue Bridge project.

**F. Changes in long-term obligations****1. Summary of changes**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Current Portion	Long-Term Portion
<b>Bonds:</b>										
General purpose:										
Refunding bond	\$3,739,500	05/28/09	10/15/21	3.00-5.00%	\$ 994,000	\$ -	\$ 335,000	\$ 659,000	\$ 330,000	\$ 329,000
Improvement bond	1,424,000	07/15/10	07/15/25	1.00-3.75%	665,000	-	95,000	570,000	95,000	475,000
Improvement bond	3,994,000	12/13/17	12/15/29	2.88%	3,661,000	-	333,000	3,328,000	333,000	2,995,000
Total general purpose	9,157,500				5,320,000	-	763,000	4,557,000	758,000	3,799,000
School bonds:										
Refunding bond	5,765,500	05/28/09	10/15/21	3.00-5.00%	1,531,000	-	510,000	1,021,000	510,000	511,000
Improvement bond	925,000	07/15/10	07/15/25	1.000-3.375%	420,000	-	60,000	360,000	60,000	300,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.00-5.00%	3,825,000	-	645,000	3,180,000	645,000	2,535,000
Refunding bond	6,810,000	02/09/12	11/01/25	2.00-4.00%	3,565,000	-	535,000	3,030,000	530,000	2,500,000
Improvement bond	1,620,000	01/15/15	01/15/25	2.00%	1,005,000	-	165,000	840,000	165,000	675,000
Total school bonds	23,605,500				10,346,000	-	1,915,000	8,431,000	1,910,000	6,521,000
Sewer:										
Improvement bond	326,000	07/15/10	07/15/25	1.000-3.375%	150,000	-	25,000	125,000	25,000	100,000
Total bonds	33,089,000				15,816,000	-	2,703,000	13,113,000	2,693,000	10,420,000
Premium					477,332	-	164,681	312,651	-	312,651
Total bonds and related liabilities					16,293,332	-	2,867,681	13,425,651	2,693,000	10,732,651
Compensated absences					677,645	887,693	641,878	923,460	184,692	738,768
Heart and hypertension					469,947	-	337,667	132,280	-	132,280
Net pension liability					5,341,541	3,118,651	2,135,043	6,325,149	-	6,325,149
OPEB liability					2,323,238	557,228	76,799	2,803,667	-	2,803,667
Total long-term obligations					\$25,105,703	\$4,563,572	\$6,059,068	\$23,610,207	\$2,877,692	\$20,732,515

All long-term liabilities are generally liquidated by the general fund.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Changes in long-term obligations (continued)****2. The following is a summary of principal and interest amounts of bond and note maturities:**

Year Ending June 30,	Debt Maturities	
	Bond Principal	Total Interest
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	1,793,000	80,537
2026	988,000	42,583
2027	333,000	26,528
2028	333,000	18,935
2029	332,000	11,354
2030	332,000	3,785
Total	<u>\$ 13,113,000</u>	<u>\$ 1,079,510</u>

**3. Statutory debt limitations**

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 90,366,019	\$ 4,557,000	\$ 85,809,019
Schools	180,732,038	13,354,599	167,377,439
Sewers	150,610,031	125,000	150,485,031
Urban renewal	130,528,694	-	130,528,694
Pension deficit	120,488,025	-	120,488,025

The total overall statutory debt limit for the Town is equal to seven times, annual receipts from taxation for the prior year, \$281,138,725.

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.

As a member of Regional School District No. 9 ("District"), the Town is contingently liable for its pro rata share of the District's debt. At year end, the District had \$11,615,000 bonds outstanding of which 42.39% is the Town's portion which totaled \$4,923,599.

**4. Authorized/unissued bonds**

There were no authorized/unissued bonds at year end.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Changes in long-term obligations (continued)****5. Heart and hypertension**

The Town has heart and hypertension claims outstanding totaling \$132,280 at year end. Payments are made annually as required by State statutes or terms of agreement with the claimant.

**G. Fund balances and restricted net position**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Nonrecurring Projects	Other Governmental Funds	Total
<u>Restricted:</u>				
Cemetery	\$ -	\$ -	\$ 19,746	\$ 19,746
Social services programs	-	-	39,841	39,841
Town clerk	-	-	149,515	149,515
Total restricted	-	-	209,102	209,102
<u>Committed:</u>				
Park and recreation programs	-	-	295,595	295,595
Public safety programs	-	-	434,973	434,973
Miscellaneous grants	-	-	37,418	37,418
EMS special service program	-	-	207,480	207,480
Solid waste program	-	-	47,456	47,456
Library programs	-	-	1,075,871	1,075,871
Education programs	-	-	4,609	4,609
Approved projects	-	611,948	911,331	1,523,279
Land acquisition	-	-	942,583	942,583
Total committed	-	611,948	3,957,316	4,569,264
<u>Assigned:</u>				
Subsequent year's budget	3,125,000	-	-	3,125,000
<u>Unassigned</u>	7,221,149	-	(45,071)	7,176,078
Total	<u>\$10,346,149</u>	<u>\$ 611,948</u>	<u>\$ 4,121,347</u>	<u>\$15,079,444</u>

The amount of net position which is restricted by enabling legislation, totaled \$149,515

**H. Deficit fund balances**

The Town had a deficit fund balance in the Senior Center fund of \$45,071, which will be reduced or eliminated in future years as amounts are received for charges for services.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## III. Other information

## A. Risk management

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain limited risks for employee medical, dental, and prescriptions claims. The Town contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the Town's liability for worker's compensation, general liability and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10,000,000 per occurrence.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of benefits was computed at an assumed rate of return of 3.00%. The plan is funded on a pay as you go basis by budget appropriations.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for medical and dental claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. All Town departments and agencies are charged premiums by the Internal Service Fund, which are included in department and agency expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Risk management (continued)**

The Town records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements. The claims liability reported is based upon accounting principles which require that a liability for estimated claims incurred but not reported be accrued. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1 <u>(as restated)</u>	Current year Claims and Changes in Estimates <u></u>	Claims Paid <u></u>	Claims Payable June 30 <u></u>
<u>Medical insurance:</u>				
2018-2019	<u>\$ 238,291</u>	<u>\$ 2,357,179</u>	<u>\$ 2,325,944</u>	<u>\$ 269,526</u>
2019-2020	<u>\$ 269,526</u>	<u>\$ 1,977,395</u>	<u>\$ 2,073,243</u>	<u>\$ 173,678</u>
<u>Heart and hypertension:</u>				
2018-2019	<u>\$ 488,355</u>	<u>\$ -</u>	<u>\$ 18,408</u>	<u>\$ 469,947</u>
2019-2020	<u>\$ 469,947</u>	<u>\$ -</u>	<u>\$ 337,667</u>	<u>\$ 132,280</u>

**B. Commitments and litigation**

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

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters will not have a material adverse effect on the financial condition of the Town.

## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2020****C. Contingencies***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the interest rate reduction program and payment deferral program. The impact of these programs on property tax and user fee revenues and delinquent interest collections was not significant during this period.

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

**IV. Pensions and other post-employment benefit plans****A. Town pension plan****1. Plan description****a. Plan administration**

The Town administers a single-employer, contributory, defined benefit pension plan ("plan"), Town of Easton Employee Retirement Plan. The Town benefits and contribution requirements are established by plan documents amended July 1, 2003, by approval of the Board of Selectmen. The plan is closed to employees hired after July 1, 2016. The plan is considered to be part of the Town's reporting entity and is included in the financial report as a pension trust fund. The plan does not issue a separate standalone financial report.

The plan is administered by the Pension and Employee Benefits Commission ("PEBC"). The PEBC serves as plan trustees and is responsible for hiring the actuaries. The PEBC also reviews and monitors the plan's investments.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Town pension plan (continued)****b. Plan membership**

As of July 1, 2019, the membership in the plan is comprised of the following:

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	<u>61</u>
Total	<u><u>165</u></u>

**2. Benefit provisions**

Compensation	Calendar year W-2 compensation
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
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

**3. Contributions**

Town employees	5.00%
Education custodians	5.45%
Supervisors	5.25%
Public works	6.58%
Non-union	2.25%
Police chief	5.07%

Average active member contribution rate of annual base compensation was	4.10%
Town average contribution rate of covered payroll was	16.25%



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Town pension plan (continued)****4. Investments****a. Investment policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PEBC by a majority vote of its members. It is the policy of the PEBC to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The PEBC's adopted asset allocation policy for the plan is below.

**b. Concentrations**

There were no investments in any one organization that represented 5% or more of the pension plan's net position.

**c. Rate of return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Return</u>
U.S. large cap blend	30.50%	4.75%
U.S. small/mid cap blend	8.50%	5.50%
International equity	14.50%	5.25%
Emerging markets equity	6.50%	6.00%
Fixed income	29.00%	2.25%
Cash and cash equivalents	11.00%	0.50%
	<u>100.00%</u>	

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Town pension plan (continued)****d. Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.35%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**5. Net pension liability**

The components of the net pension liability were as follows:

Total pension liability	\$ 21,674,146
Plan fiduciary net position	<u>19,536,878</u>
Net pension liability	<u>\$ 2,137,268</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.14%</u>

**6. Actuarial methods and significant assumptions**

The pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Investment rate of return	7.00%
Inflation	2.00%
Salary increases	3.00%
Discount rate	7.00%
Cost of living adjustments	Each participant who retires on January 1, 2002 will receive a cost of living increase beginning on the first July 1st. This increase will be not less than two and one-half (2.5%) percent and not more than six (6%) percent
Mortality rates	RP-2014 mortality tables projected generationally using the MP-2018 projection scales

**7. Changes from prior year****a. Changes in assumptions**

There were no changes in assumptions.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Town pension plan (continued)****b. Changes in benefit terms**

There were no changes in benefit terms.

**8. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

**9. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	<u>\$21,668,952</u>	<u>\$19,550,256</u>	<u>\$ 2,118,696</u>
Service cost	345,216	-	345,216
Interest	1,457,211	-	1,457,211
Differences between expected and actual experience	(654,683)	-	(654,683)
Contributions - employer	-	525,000	(525,000)
Contributions - member	-	132,340	(132,340)
Net investment income	-	481,857	(481,857)
Benefit payments, including refunds of member contributions	(1,142,550)	(1,142,550)	-
Administration	<u>-</u>	<u>(10,025)</u>	<u>10,025</u>
Net change	<u>5,194</u>	<u>(13,378)</u>	<u>18,572</u>
Balance at June 30, 2020	<u>\$21,674,146</u>	<u>\$19,536,878</u>	<u>\$ 2,137,268</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Town pension plan (continued)****10. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability (asset)	<u>\$ 4,858,326</u>	<u>\$ 2,137,268</u>	<u>\$ (116,403)</u>

**11. Pension expense and deferred outflows and inflows of resources**

The Town recognized pension expense of \$438,008.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 2,218	\$ (495,943)	\$ (493,725)
Changes in assumptions	9,413	-	9,413
Net difference between projected and actual earnings on pension plan investments	<u>744,331</u>	<u>-</u>	<u>744,331</u>
Total	<u>\$ 755,962</u>	<u>\$ (495,943)</u>	<u>\$ 260,019</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was 4.12 years.

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

<u>Year Ending June 30,</u>	<u>Town</u>
2021	\$ (214,411)
2022	54,692
2023	243,389
2024	<u>176,349</u>
Total	<u>\$ 260,019</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system****1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission. Additional publicly available financial and actuarial information can be found at [www.osc.ct.gov/rbsd/cmers/plandoc](http://www.osc.ct.gov/rbsd/cmers/plandoc).

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

**2. Benefit provisions**

<b>Normal retirement</b>	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Firemen	Compulsory retirement age is age 65
Benefit calculation	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
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service  If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)**

<b>Early retirement</b>	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination  Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

**3. Contributions**Employer

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 system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

The Town reported \$4,187,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 5.747552% for the police and fire with social security sub plan. There was a 1.003829% increase in the police and fire sub plan as compared to the prior year.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)**

For the fiscal year, the Town recognized pension expense of \$1,311,299. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 51,397	\$(340,744)	\$ (289,347)
Changes in assumptions	1,157,015	-	1,157,015
Changes in proportional share of employer	283,652	(32,090)	251,562
Net difference between projected and actual earnings on pension plan investments	193,217	-	193,217
Contributions subsequent to measurement date	<u>489,428</u>	<u>-</u>	<u>489,428</u>
Total	<u>\$2,174,709</u>	<u>\$(372,834)</u>	1,801,875
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(489,428)</u>
Net amortized amount of deferred inflows and outflows			<u>\$1,312,447</u>

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 508,056
2022	321,371
2023	402,235
2024	<u>80,785</u>
Total	<u>\$1,312,447</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)****5. Actuarial assumptions**

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

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	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 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	Mortality rates were based on 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 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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

**Long-term expected rate of return**

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



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bond	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	<u>100.00%</u>	

**6. 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 rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**7. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the Town's proportional share of the net pension liability of MERS, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Town's proportional share of the net pension (asset) liability	<u>\$ 6,280,991</u>	<u>\$4,187,881</u>	<u>\$2,439,118</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)****8. Plan fiduciary net position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

**C. Connecticut state teachers' retirement system****1. Plan description**

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

**2. Benefit provisions**

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
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	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
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Connecticut state teachers' retirement system (continued)****3. Contributions****State of Connecticut**

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

**Employer (school districts)**

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

**Employees**

Each teacher is required to contribute 7% of their salary for the pension benefit.

**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

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 amounts 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>30,887,051</u>
Total	<u>\$ 30,887,051</u>

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

During the year, the Town recognized pension expense and revenue of \$2,337,985 for on-behalf amounts for contributions to the plan by the State.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Connecticut state teachers' retirement system (continued)****5. 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:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

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.

**Changes in assumptions and inputs**

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

**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.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Connecticut state teachers' retirement system (continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity - U.S. equity	20.00%	8.10%
Public equity - international developed equity	11.00%	8.50%
Public equity - emerging markets equity	9.00%	10.40%
Fixed income - core fixed income	16.00%	4.60%
Fixed income - inflation linked bonds	5.00%	3.60%
Fixed income - high yield	6.00%	6.50%
Fixed income - emerging market debt	5.00%	5.20%
Private equity	10.00%	9.80%
Real estate	10.00%	7.00%
Alternative investments - real assets	4.00%	8.20%
Alternative investments - hedge funds	3.00%	5.40%
Liquidity fund	1.00%	2.90%
Total	<u>100.00%</u>	

**6. Discount rate**

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

**7. Sensitivity of the net pension liability to changes in the discount rate**

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**D. Total pension plans**

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Town	\$ 2,137,268	\$ 755,962	\$ (495,943)	\$ 438,008
MERS	<u>4,187,881</u>	<u>2,174,709</u>	<u>(372,834)</u>	<u>1,311,299</u>
Total	<u>\$ 6,325,149</u>	<u>\$ 2,930,671</u>	<u>\$ (868,777)</u>	<u>\$ 1,749,307</u>

**E. Defined contribution retirement savings plan**

Town employees are eligible to participate in a defined contribution plan administered by the Town. The benefits and contribution requirements are established by approval of the Board of Finance.

The Plan requires the Town to contribute an amount to the plan as required by the union contracts as follows:

Town Hall Employees	7.00% percent of the employee's annual salary
Public Works	4.00% of the employee's annual salary and match an employee's contribution, dollar for dollar, up to 3.00% of annual salary
Supervisors	

The Town contributions for each employee (and interest allocated to the employee's account) are vested as follows:

<u>Years of Service</u>					
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
0%	20%	40%	60%	80%	100%

Voluntary contributions are allowed up to 3% of compensation in combination with the Town's contribution up to the maximum amount allowed by IRS regulations.

During the year, the employer contributions were \$73,609 and employee contributions totaled \$61,538.

**F. Other post-employment benefit plan ("OPEB")****1. Plan description****a. Plan administration**

The Town administers a single-employer, post-retirement healthcare plan for the Town and Board of Education Other Post-Employment Benefits ("OPEB"). The plan provides medical, dental and life insurance benefits for eligible retirees and their spouses. The plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan does not issue a stand-alone financial report.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Other post-employment benefit plan ("OPEB") (continued)****b. Plan membership**

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

	<u>Town</u>
Number of retirees and eligible surviving spouses	7
Active members	<u>160</u>
Total	<u><u>167</u></u>

**2. Benefit provisions**

The plan provides for medical, dental and life insurance benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract, state statutes and may be amended by union negotiations.

	<u>Non-union and Highway/Public Works Employees</u>	<u>Police and Fire</u>	<u>Teachers</u>	<u>Other Board of Education Employees</u>
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	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years)	Eligible for COBRA only Custodians can participate in the Medicare Supplement Plan on or after age 65, at their own cost
Retiree/spouse cost of medical coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death	Retiree pays full cost of insurance (COBRA rates); spouse can continue after retiree's death	
Plan of coverage	Various fully insured medical plans  Medicare supplemental plan coverage on or after age 65	Various fully insured medical plans  Medicare supplemental plan coverage on or after age 65	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	Retiree pays full cost of insurance	Retiree pays full cost of insurance less TRB subsidy	
Life insurance benefit	Fully paid for by retiree	Fully paid for by retiree	None	None

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Other post-employment benefit plan ("OPEB") (continued)****3. Contributions**

Town employees	Retiree pays 100% of the cost
Police	Retiree pays 100% of the cost
Teachers	Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These retirees are required to contribute the cost of the insurance to the Town
Education employees	Retiree pays 100% of the cost
Employer	Pay-as-you go from General Fund and Internal Service Fund

**4. Actuarial methods and significant assumptions:**

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal
Discount rate	2.21%
Healthcare cost trend rates:	
Inflation	2.60%
Initial medical trend rate	7.00%
Ultimate medical trend rate	4.60%
Year ultimate medical trend rate reached	2023
Mortality rate	RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018

The discount rate was based on the Standard and Poor's municipal bond 20-year high grade index as of the measurement date.

**5. Changes from prior year****a. Changes in assumptions**

The Town's plan had the following changes in assumptions:

- The discount rate decreased from 3.51% to 2.21%.
- The healthcare cost trend rate decreased from 7.50% with an ultimate rate of 4.50% to 7.00% with an ultimate rate of 4.60%.
- Mortality rates were updated from the RP-2014 mortality tables with scale MP-2016 to RP-2014 tables with scale MP-2018.



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Other post-employment benefit plan ("OPEB") (continued)****b. Changes in benefit terms**

There were no changes in benefit terms

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.21%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

**7. Changes in the total OPEB liability**

The Town's OPEB liability was measured at June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

Balance at July 1, 2019	<u>\$ 2,323,238</u>
Service cost	86,976
Interest	83,363
Differences between expected and actual experience	(5,765)
Changes in assumptions	386,889
Benefit payments, including refunds of member contributions	<u>(71,034)</u>
Net change	<u>480,429</u>
Balance at June 30, 2020	<u><u>\$ 2,803,667</u></u>

**8. Sensitivity of the OPEB liability to changes in the discount rate**

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$3,153,057</u>	<u>\$ 2,803,667</u>	<u>\$ 2,499,989</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Other post-employment benefit plan ("OPEB") (continued)****9. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate**

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$2,385,379</u>	<u>\$ 2,803,667</u>	<u>\$ 3,315,661</u>

**10. OPEB expense and deferred outflows and inflows of resources related to OPEB**

For the fiscal year, the Town recognized OPEB expense of \$178,743. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ -	\$ (116,903)	\$ (116,903)
Changes in assumptions	<u>478,322</u>	<u>(56,116)</u>	<u>422,206</u>
Total	<u>\$ 478,322</u>	<u>\$ (173,019)</u>	<u>\$ 305,303</u>

Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 11.7 years.

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

<u>Year Ended June 30,</u>	
2021	\$ 18,084
2022	18,084
2023	18,084
2024	18,084
2025	18,084
Thereafter	<u>214,883</u>
Total	<u>\$ 305,303</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**G. Connecticut state teachers' retirement board retiree health insurance plan****1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System 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"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**2. Benefit provisions**

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

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
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

**Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. 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 TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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).

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.

**3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are 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.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

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 amounts 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 were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>4,817,009</u>
Total	<u><u>\$ 4,817,009</u></u>

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

The Town recognized OPEB expense and revenue of \$63,899 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial methods and significant 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:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate:	
Pre-medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-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
Year fund net position will be depleted	2020

## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2020****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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.

**Changes in assumptions and inputs**

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, 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 January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

**Long-term expected rate of return**

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 no future employer contributions were assumed to be made.

**7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate**

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**V. Prior period adjustment and fund reclassification**

Beginning equity balances were restated as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Internal Service Fund</u>
Net position/fund balance as previously reported at June 30, 2019	\$ 77,581,860	\$ 9,506,363	\$ (714)
To adjust claims payable balance	(71,507)	-	(71,507)
To adjust cash balance	(195,986)	(195,986)	-
To adjust capital assets	<u>167,090</u>	<u>-</u>	<u>-</u>
Net position/fund balance as restated at July 1, 2019	<u><u>\$ 77,481,457</u></u>	<u><u>\$ 9,310,377</u></u>	<u><u>\$ (72,221)</u></u>

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# Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Town Retirement Plan Municipal Employees' Retirement System State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> Town Plan State Teachers' Retirement Board Retiree Health Insurance Plan	Schedule of Changes in OPEB Liability and Related Ratios
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information



Town of Easton, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources  
Budget and Actual  
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 39,745,661	\$ -	\$ 39,745,661	\$ 39,775,965	\$ 30,304
Interest and liens	120,000	-	120,000	145,961	25,961
Telephone access	14,409	-	14,409	13,635	(774)
Total property taxes	39,880,070	-	39,880,070	39,935,561	55,491
Intergovernmental revenues:					
Education cost grant	169,782	-	169,782	157,033	(12,749)
Town aid roads	227,835	-	227,835	227,831	(4)
Property tax relief	333	-	333	238	(95)
Property tax relief - veterans	-	-	-	5,263	5,263
LOCIP state reimbursement	100,000	-	100,000	59,250	(40,750)
Revenue sharing state grant	2,660	-	2,660	2,660	-
State owned property	49,981	-	49,981	49,981	-
Emergency management state grant	-	-	-	3,067	3,067
CARES Act unemployment grant	-	-	-	14,299	14,299
Other state grants	-	-	-	2,204	2,204
Total intergovernmental revenues	550,591	-	550,591	521,826	(28,765)
Charges for services:					
Town clerk	200,000	-	200,000	235,861	35,861
Building department	110,000	-	110,000	135,394	25,394
660 Morehouse Road	386,118	51,277	437,395	448,552	11,157
Health department	21,000	-	21,000	21,643	643
Planning and zoning	12,000	-	12,000	10,386	(1,614)
Zoning board of appeals	1,000	-	1,000	404	(596)
Conservation commission	5,000	-	5,000	4,963	(37)
Police department	250,000	238,653	488,653	436,244	(52,409)
First selectman	175,000	-	175,000	169,230	(5,770)
Park and recreation	24,541	-	24,541	7,599	(16,942)
Education tuition	9,200	-	9,200	14,018	4,818
Highway department	2,500	-	2,500	1,098	(1,402)
Total charges for services	1,196,359	289,930	1,486,289	1,485,392	(897)
Income from investments	150,000	-	150,000	382,153	232,153

(Continued)

Town of Easton, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources  
Budget and Actual  
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Other	\$ 1,600	\$ -	\$ 1,600	\$ 82,454	\$ 80,854
Total revenues	41,778,620	289,930	42,068,550	42,407,386	338,836
Other financing sources:					
Appropriation of fund balance	2,000,000	35,060	2,035,060	-	(2,035,060)
Transfers in:					
Emergency medical service	75,000	-	75,000	150,000	75,000
Total other financing sources	2,075,000	35,060	2,110,060	150,000	(1,960,060)
Total revenues and other financing sources	\$ 43,853,620	\$ 324,990	\$ 44,178,610	\$ 42,557,386	\$ (1,621,224)

(Concluded)

## Town of Easton, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Expenditures and Other Financing Uses**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town clerk	\$ 176,542	\$ -	\$ 176,542	\$ 166,456	\$ 10,086
First selectman	169,704	-	169,704	160,755	8,949
Probate court	3,502	-	3,502	-	3,502
Registrar of voters	54,991	-	54,991	50,375	4,616
Board of finance	3,800	-	3,800	1,898	1,902
Auditors	42,750	-	42,750	42,750	-
Treasurer	238,135	-	238,135	192,904	45,231
Assessor	129,751	-	129,751	126,493	3,258
Board of assessment appeals	975	-	975	505	470
Tax collector	110,671	-	110,671	104,222	6,449
Town attorney	140,000	-	140,000	37,616	102,384
Planning and zoning commission	140,329	-	140,329	108,197	32,132
Zoning board of appeals	9,613	-	9,613	6,244	3,369
Building department	101,748	-	101,748	94,986	6,762
Technology computer	26,500	229	26,729	26,729	-
Town hall	154,472	-	154,472	131,950	22,522
Communication dispatchers	268,313	6,506	274,819	274,819	-
Commission for the elderly	63,580	-	63,580	59,778	3,802
Senior center	226,133	-	226,133	219,116	7,017
SSS building	384,276	51,277	435,553	342,848	92,705
Cemetery	1,220	-	1,220	255	965
Total general government	2,447,005	58,012	2,505,017	2,148,896	356,121
Public safety:					
Police department	1,779,934	238,653	2,018,587	1,991,101	27,486
Fire department	1,096,720	(150,000)	946,720	934,963	11,757
Fire marshal	32,341	-	32,341	21,126	11,215
Emergency management	12,482	4,000	16,482	14,779	1,703
Firehouse rent	44,380	-	44,380	44,380	-
Conservation commission	41,801	-	41,801	41,574	227
Animal control	89,979	-	89,979	89,979	-
Total public safety	3,097,637	92,653	3,190,290	3,137,902	52,388
Public works:					
Recycling	217,618	18,271	235,889	235,889	-
Highway department	2,406,666	(200,000)	2,206,666	2,105,674	100,992
Street lights	1,100	-	1,100	875	225
Engineering	23,980	-	23,980	7,785	16,195
Tree warden	24,042	-	24,042	9,268	14,774
Total public works	2,673,406	(181,729)	2,491,677	2,359,491	132,186
Health and welfare:					
Health director	80,877	-	80,877	78,640	2,237
EMS commission	326,033	6,054	332,087	332,042	45
Welfare	4,722	-	4,722	1,993	2,729
Total health and welfare	411,632	6,054	417,686	412,675	5,011

(Continued)

Town of Easton, Connecticut

Required Supplementary Information  
General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Education:					
Easton board of education	\$ 16,684,000	\$ -	\$ 16,684,000	\$ 16,106,643	\$ 577,357
Regional School District No. 9	10,230,027	-	10,230,027	9,410,311	819,716
State teacher pensions	107,062	-	107,062	-	107,062
Total education	27,021,089	-	27,021,089	25,516,954	1,504,135
Library	633,173	-	633,173	589,392	43,781
Park and recreation:					
Parks and recreation commission	403,500	-	403,500	361,810	41,690
Employee benefits:					
Pensions	1,200,790	-	1,200,790	1,133,942	66,848
Fringe benefits	1,499,426	-	1,499,426	1,290,761	208,665
Social security and medicare	510,000	-	510,000	464,618	45,382
Total employee benefits	3,210,216	-	3,210,216	2,889,321	320,895
Insurance	723,000	-	723,000	622,962	100,038
Contingency	100,000	-	100,000	-	100,000
Debt service:					
Principal retirement	2,703,000	-	2,703,000	2,703,000	-
Interest payments	429,212	-	429,212	429,211	1
Fiscal agent fees	750	-	750	-	750
Total debt service	3,132,962	-	3,132,962	3,132,211	751
Total expenditures	43,853,620	(25,010)	43,828,610	41,171,614	2,656,996
Other financing uses:					
Transfers out:					
Capital nonrecurring	-	350,000	350,000	350,000	-
Total expenditures and other financing uses	\$ 43,853,620	\$ 324,990	\$ 44,178,610	\$ 41,521,614	\$ 2,656,996

(Concluded)

**Town of Easton, Connecticut**

**Notes to Required Supplementary Information**

**Budgets and Budgetary Accounting  
For the Year Ended June 30, 2020**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements in accordance with State Statutes. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

Formal budgetary integration is employed as a management control device during the year.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) (modified accrual basis) with the following exception:

- The Town does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.

**Budget to GAAP Reconciliation**

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 42,407,386	\$ 41,171,614
State Teachers' pension on behalf amount	2,337,985	2,337,985
State Teachers' OPEB on behalf amount	<u>63,899</u>	<u>63,899</u>
GAAP Basis - Exhibit D	<u><u>\$ 44,809,270</u></u>	<u><u>\$ 43,573,498</u></u>

The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

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.

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.

During the year, there were additional appropriations from fund balance of \$35,060.

## Town of Easton, Connecticut

## Required Supplementary Information

Town Retirement Plan  
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>							
Total pension liability:							
Service cost	\$ 345,216	\$ 341,615	\$ 390,937	\$ 433,945	\$ 455,050	\$ 464,998	\$ 465,210
Interest	1,457,211	1,445,149	1,396,582	1,355,274	1,289,862	1,207,931	1,125,998
Differences between expected and actual experience	(654,683)	(106,865)	(283,728)	145,733	29,938	(462,451)	(197,279)
Changes in assumptions	-	-	-	-	-	574,172	501,471
Benefit payments, including refunds of member contributions	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Net change in total pension liability	5,194	663,590	571,779	1,062,575	1,053,999	1,060,855	1,170,469
Total pension liability - July 1	21,668,952	21,005,362	20,433,583	19,371,008	18,317,009	17,256,154	16,085,685
Total pension liability - June 30 (a)	<u>\$21,674,146</u>	<u>\$21,668,952</u>	<u>\$21,005,362</u>	<u>\$20,433,583</u>	<u>\$19,371,008</u>	<u>\$18,317,009</u>	<u>\$ 17,256,154</u>
Plan fiduciary net position:							
Contributions - employer	\$ 525,000	\$ 520,000	\$ 510,000	\$ 484,000	\$ 424,000	\$ 574,570	\$ 620,000
Contributions - member	132,340	136,297	146,965	161,500	191,745	171,338	186,906
Net investment income (loss)	481,857	987,488	1,420,567	1,869,399	(424,967)	(30,700)	2,396,966
Benefit payments, including refunds of member contributions	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Administration	(10,025)	(10,000)	(10,075)	(10,250)	(10,300)	(10,225)	(10,200)
Net change in plan fiduciary net position	(13,378)	617,476	1,135,445	1,632,272	(540,373)	(18,812)	2,468,741
Plan fiduciary net position - July 1	19,550,256	18,932,780	17,797,335	16,165,063	16,705,436	16,724,248	14,255,507
Plan fiduciary net position - June 30 (b)	<u>\$19,536,878</u>	<u>\$ 19,550,256</u>	<u>\$18,932,780</u>	<u>\$17,797,335</u>	<u>\$16,165,063</u>	<u>\$16,705,436</u>	<u>\$ 16,724,248</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 2,137,268</u>	<u>\$ 2,118,696</u>	<u>\$ 2,072,582</u>	<u>\$ 2,636,248</u>	<u>\$ 3,205,945</u>	<u>\$ 1,611,573</u>	<u>\$ 531,906</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.14%</u>	<u>90.22%</u>	<u>90.13%</u>	<u>87.10%</u>	<u>83.45%</u>	<u>91.20%</u>	<u>96.92%</u>
Covered payroll	<u>\$ 3,230,069</u>	<u>\$ 3,196,283</u>	<u>\$ 3,324,386</u>	<u>\$ 3,572,486</u>	<u>\$ 4,000,902</u>	<u>\$ 4,177,769</u>	<u>\$ 4,226,506</u>
Net pension liability as a percentage of covered payroll	<u>66.17%</u>	<u>66.29%</u>	<u>62.34%</u>	<u>73.79%</u>	<u>80.13%</u>	<u>38.57%</u>	<u>12.59%</u>
<b><u>Schedule of Investment Returns</u></b>							
Annual money weighted rate of return, net of investment expense	<u>2.35%</u>	<u>5.27%</u>	<u>8.11%</u>	<u>11.87%</u>	<u>(2.61%)</u>	<u>0.34%</u>	<u>16.82%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Easton, Connecticut

## Required Supplementary Information

Town Retirement Plan  
Schedule of Contributions  
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 513,900	\$ 511,500	\$ 496,700	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304	\$ 637,699	\$ 444,724	\$ 689,581
Contributions in relation to the actuarially determined contribution	525,000	520,000	510,000	484,000	424,000	574,570	620,000	590,000	640,421	691,269
Contribution excess (deficiency)	\$ 11,100	\$ 8,500	\$ 13,300	\$ 12,181	\$ 14,114	\$ 229,366	\$ 231,696	\$ (47,699)	\$ 195,697	\$ 1,688
Covered payroll	\$ 3,230,069	\$ 3,196,283	\$ 3,324,386	\$ 3,572,486	\$ 4,000,902	\$ 4,177,769	\$ 4,226,506	\$ 4,370,454	\$ 4,185,068	\$ 4,167,096
Contributions as a percentage of covered payroll	16.25%	16.27%	15.34%	13.55%	10.60%	13.75%	14.67%	13.50%	15.30%	16.59%

## Town of Easton, Connecticut

## Notes to Required Supplementary Information

Town Retirement Plan  
Schedule of Contributions  
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2013	July 1, 2012	July 1, 2011	July 1, 2010
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Asset Valuation Method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Cost of Living Adjustments	3.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	2.60%-3.00%	2.60%-3.00%	2.60%-3.00%	2.60%-3.00%
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	RP-2014 projected with scale MP-2018	RP-2014 projected with scale MP-2017	RP-2014 projected with scale MP-2015	RP-2014 projected with scale MP-2015	RP-2014 projected with scale MP-2014	RP-2014 projected with scale MP-2014	2014 IRS Post Retirement with 3% load for future improvements	N/A	N/A	N/A

N/A - Not available



## Town of Easton, Connecticut

## Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Six Years (1)**Schedule of Proportionate Share of the Net Pension Liability**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension (asset) liability for the policemen with social security sub plan	<u>3.907092%</u>	<u>3.371546%</u>	<u>3.352855%</u>	<u>3.352855%</u>	<u>3.420806%</u>	<u>3.420806%</u>
Town's proportion of the net pension (asset) liability for the firemen with social security sub plan	<u>1.840460%</u>	<u>1.372177%</u>	<u>1.464918%</u>	<u>1.464918%</u>	<u>1.613789%</u>	<u>1.613789%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 4,187,881</u>	<u>\$ 3,222,845</u>	<u>\$ 1,926,314</u>	<u>\$ 2,252,354</u>	<u>\$ 1,540,446</u>	<u>\$ 1,217,299</u>
Town's covered payroll	<u>N/A</u>	<u>\$ 2,552,746</u>	<u>\$ 2,687,038</u>	<u>\$ 2,687,038</u>	<u>\$ 2,231,032</u>	<u>\$ 2,231,032</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>N/A</u>	<u>126.25%</u>	<u>71.69%</u>	<u>83.82%</u>	<u>69.05%</u>	<u>54.56%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>72.69%</u>	<u>73.60%</u>	<u>90.13%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

**Schedule of Contributions**

Contractually required contribution	<u>\$ 489,428</u>	<u>\$ 437,783</u>	<u>\$ 416,851</u>	<u>\$ 375,000</u>	<u>\$ 377,554</u>	<u>\$ 355,305</u>
Contributions in relation to the contractually required contribution	<u>489,428</u>	<u>437,783</u>	<u>416,851</u>	<u>375,000</u>	<u>377,554</u>	<u>355,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u>	<u>\$ 2,552,746</u>	<u>\$ 2,687,038</u>	<u>\$ 2,687,038</u>	<u>\$ 2,231,032</u>	<u>\$ 2,231,032</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>17.15%</u>	<u>15.51%</u>	<u>13.96%</u>	<u>16.92%</u>	<u>15.93%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - Not applicable or not available

## Town of Easton, Connecticut

## Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Schedule of Contributions  
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	21 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	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 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	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 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

## Town of Easton, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Six Years (3)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Net Pension Liability</u></b>						
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>30,887,051</u>	<u>23,815,711</u>	<u>22,520,802</u>	<u>23,599,618</u>	<u>20,880,564</u>	<u>19,299,853</u>
Total	<u>\$ 30,887,051</u>	<u>\$ 23,815,711</u>	<u>\$ 22,520,802</u>	<u>\$ 23,599,618</u>	<u>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Schedule of Contributions**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Easton, Connecticut

## Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement System**  
**Schedule of Contributions**  
**Last Six Years (1)**

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return (Net)	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Easton, Connecticut

## Required Supplementary Information

Town Other Post-Employment Benefit (OPEB) Plan  
Last Three Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Schedule of Changes in OPEB Liability and Related Ratios</u></b>			
Total OPEB liability:			
Service cost	\$ 86,976	\$ 117,916	\$ 117,031
Interest	83,363	98,448	90,392
Differences between expected and actual experience	(5,765)	(71,038)	(76,116)
Changes of benefit terms	-	(366,297)	-
Changes of assumptions	386,889	143,704	(82,840)
Benefit payments, including refunds of member contributions	<u>(71,034)</u>	<u>(50,486)</u>	<u>(10,634)</u>
Net change in total OPEB liability	480,429	(127,753)	37,833
Total OPEB liability - July 1	<u>2,323,238</u>	<u>2,450,991</u>	<u>2,413,158</u>
Total OPEB liability - June 30 *	<u><u>\$ 2,803,667</u></u>	<u><u>\$ 2,323,238</u></u>	<u><u>\$ 2,450,991</u></u>
Covered payroll	<u><u>\$ 13,211,790</u></u>	<u><u>\$ 12,876,988</u></u>	<u><u>\$ 11,550,807</u></u>
OPEB liability as a percentage of covered payroll	<u><u>21.22%</u></u>	<u><u>18.04%</u></u>	<u><u>21.22%</u></u>

\* There are no assets that are being accumulated in a trust that meets the criteria in GASB No. 75 to pay benefits.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Easton, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Three Years (3)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>			
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>4,817,009</u>	<u>4,760,908</u>	<u>5,796,596</u>
Total	<u>\$ 4,817,009</u>	<u>\$ 4,760,908</u>	<u>\$ 5,796,596</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Schedule of Contributions**

Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Easton, Connecticut

## Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan**  
**Schedule of Contributions**  
**Last Three Years (1)**

	2020	2019	2018
Changes of Benefit Terms	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:			
Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

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## **Supplemental Schedules**

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# General Fund

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

## Report of Tax Collector For the Year Ended June 30, 2020

Grand List Year	Uncollected Taxes July 1, 2019	Current Year Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deductions			Net Taxes Collected	Interest and Liens	Total	
2003	\$ 533	\$ -	\$ -	\$ 533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	531	-	-	-	-	531	-	-	-	531
2005	560	-	-	-	-	560	-	-	-	560
2006	696	-	-	-	-	696	-	-	-	696
2007	716	-	-	-	-	716	-	-	-	716
2008	15,274	-	-	-	-	15,274	7,103	2,246	9,349	8,171
2009	13,737	-	-	-	-	13,737	7,493	1,811	9,304	6,244
2010	6,975	-	-	-	-	6,975	-	-	-	6,975
2011	28,553	-	-	-	-	28,553	-	-	-	28,553
2012	78,186	-	-	-	-	78,186	-	-	-	78,186
2013	116,372	-	-	-	-	116,372	8,257	1,249	9,506	108,115
2014	167,173	-	-	130	-	167,043	9,004	1,189	10,193	158,039
2015	256,215	-	-	200	-	256,015	21,981	8,854	30,835	234,034
2016	339,200	-	-	326	-	338,874	54,043	13,020	67,063	284,831
2017	517,249	-	5,079	11,113	-	511,215	156,897	31,257	188,154	354,318
Total Prior Years	1,541,970	-	5,079	12,302	-	1,534,747	264,778	59,626	324,404	1,269,969
2018	-	40,355,930	53,595	82,544	-	40,326,981	39,676,191	84,139	39,760,330	650,790
Total	\$ 1,541,970	\$ 40,355,930	\$ 58,674	\$ 94,846	\$ -	\$ 41,861,728	\$ 39,940,969	\$ 143,765	\$ 40,084,734	1,920,759
Interest and liens receivable										691,128
Allowance for doubtful accounts										(375,000)
Taxes, interest and liens receivable (net)										\$ 2,236,887

# Other Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Park and Recreation	Fees	Park and recreation programs
Public Safety	Grants and fees	Public safety programs
Health and Welfare	Donations	Health and welfare programs
Senior Center	Grants and fees	Senior Center operations
Town Clerk	Fees	Town Clerk operations
Miscellaneous Grants	Grants	Various Town programs
EMS Special Services	Charges for services	Emergency assistance programs
Solid Waste Program	Charges for services	Solid waste operations
Library	Charges for services	Library related programs
Education Grants	Grants and charges for services	Education related programs

## Capital Projects Funds

Capital projects funds are used to account for acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

Fund	Funding Source	Function
Bonded Projects	Grants and bonds	Major construction or acquisition of facilities
Land Acquisition	Developer contributions	Purchase of open space

Town of Easton, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2020

Special Revenue Funds

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	Park and Recreation	Public Safety	Health and Welfare	Senior Center	Town Clerk	Miscellaneous Grants	EMS Special Services
<u>Assets</u>							
Cash	\$ 295,595	\$ 397,134	\$ -	\$ -	\$ 79,116	\$ 41,168	\$ 211,036
Investments	-	40,947	80,066	-	70,349	-	-
Receivables:							
Accounts	-	-	-	-	50	50	-
Total assets	<u>\$ 295,595</u>	<u>\$ 438,081</u>	<u>\$ 80,066</u>	<u>\$ -</u>	<u>\$ 149,515</u>	<u>\$ 41,218</u>	<u>\$ 211,036</u>
<u>Liabilities</u>							
Cash overdraft	\$ -	\$ -	\$ 20,479	44,389	\$ -	\$ -	\$ -
Accounts payable	-	3,108	-	682	-	-	3,556
Unearned revenue	-	-	-	-	-	3,800	-
Total liabilities	<u>-</u>	<u>3,108</u>	<u>20,479</u>	<u>45,071</u>	<u>-</u>	<u>3,800</u>	<u>3,556</u>
<u>Fund Balances</u>							
Restricted	-	-	59,587	-	149,515	-	-
Committed	295,595	434,973	-	-	-	37,418	207,480
Unassigned	-	-	-	(45,071)	-	-	-
Total fund balances	<u>295,595</u>	<u>434,973</u>	<u>59,587</u>	<u>(45,071)</u>	<u>149,515</u>	<u>37,418</u>	<u>207,480</u>
Total liabilities and fund balances	<u>\$ 295,595</u>	<u>\$ 438,081</u>	<u>\$ 80,066</u>	<u>\$ -</u>	<u>\$ 149,515</u>	<u>\$ 41,218</u>	<u>\$ 211,036</u>

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2020

	Special Revenue Funds				Capital Projects Funds			
	Solid Waste Program	Library	Education Grants	Total Special Revenue Funds	Bonded Projects	Land Acquisition	Total Capital Projects Funds	Total Other Governmental Funds
<u>Assets</u>								
Cash	\$ 14,945	\$ 57,462	\$ 11,161	\$ 1,107,617	\$ 912,181	\$ 78,804	\$ 990,985	\$ 2,098,602
Investments	-	1,018,409	-	1,209,771	-	863,779	863,779	2,073,550
Receivables:								
Accounts	87,452	-	-	87,552	-	-	-	87,552
Total assets	<u>\$ 102,397</u>	<u>\$ 1,075,871</u>	<u>\$ 11,161</u>	<u>\$ 2,404,940</u>	<u>\$ 912,181</u>	<u>\$ 942,583</u>	<u>\$ 1,854,764</u>	<u>\$ 4,259,704</u>
<u>Liabilities</u>								
Cash overdraft	\$ -	\$ -	\$ -	\$ 64,868	\$ -	\$ -	\$ -	\$ 64,868
Accounts payable	54,941	-	2,633	64,920	850	-	850	65,770
Unearned revenue	-	-	3,919	7,719	-	-	-	7,719
Total liabilities	<u>54,941</u>	<u>-</u>	<u>6,552</u>	<u>137,507</u>	<u>850</u>	<u>-</u>	<u>850</u>	<u>138,357</u>
<u>Fund Balances</u>								
Restricted	-	-	-	209,102	-	-	-	209,102
Committed	47,456	1,075,871	4,609	2,103,402	911,331	942,583	1,853,914	3,957,316
Unassigned	-	-	-	(45,071)	-	-	-	(45,071)
Total fund balances	<u>47,456</u>	<u>1,075,871</u>	<u>4,609</u>	<u>2,267,433</u>	<u>911,331</u>	<u>942,583</u>	<u>1,853,914</u>	<u>4,121,347</u>
Total liabilities and fund balances	<u>\$ 102,397</u>	<u>\$ 1,075,871</u>	<u>\$ 11,161</u>	<u>\$ 2,404,940</u>	<u>\$ 912,181</u>	<u>\$ 942,583</u>	<u>\$ 1,854,764</u>	<u>\$ 4,259,704</u>

(Concluded)

Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds  
For the Year Ended June 30, 2020

Special Revenue Funds

	<u>Park and Recreation</u>	<u>Public Safety</u>	<u>Health and Welfare</u>	<u>Senior Center</u>	<u>Town Clerk</u>	<u>Miscellaneous Grants</u>	<u>EMS Special Services</u>
Revenues:							
Intergovernmental	\$ -	\$ 2,634	\$ -	\$ 49,097	\$ -	\$ 17,728	\$ -
Charges for services	245,255	11,610	-	10,695	11,979	-	178,458
Income from investments	-	1,900	1,211	-	1,065	-	-
Contributions	-	620	100	-	-	-	6,745
Total revenues	<u>245,255</u>	<u>16,764</u>	<u>1,311</u>	<u>59,792</u>	<u>13,044</u>	<u>17,728</u>	<u>185,203</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	11,287	-
Public safety	-	6,765	-	-	-	-	29,322
Public works	-	-	-	-	-	-	-
Health and welfare	-	-	3,159	69,028	-	-	-
Education	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Park and recreation	235,574	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>235,574</u>	<u>6,765</u>	<u>3,159</u>	<u>69,028</u>	<u>-</u>	<u>11,287</u>	<u>29,322</u>
Excess (deficiency) of revenues over expenditures	<u>9,681</u>	<u>9,999</u>	<u>(1,848)</u>	<u>(9,236)</u>	<u>13,044</u>	<u>6,441</u>	<u>155,881</u>
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	(150,000)
Net change in fund balances	9,681	9,999	(1,848)	(9,236)	13,044	6,441	5,881
Fund balances - July 1, 2019	<u>285,914</u>	<u>424,974</u>	<u>61,435</u>	<u>(35,835)</u>	<u>136,471</u>	<u>30,977</u>	<u>201,599</u>
Fund balances - June 30, 2020	<u>\$ 295,595</u>	<u>\$ 434,973</u>	<u>\$ 59,587</u>	<u>\$ (45,071)</u>	<u>\$ 149,515</u>	<u>\$ 37,418</u>	<u>\$ 207,480</u>

(Continued)

**Town of Easton, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds				Capital Projects Funds			
	Solid Waste Program	Library	Education Grants	Total Special Revenue Funds	Bonded Projects	Land Acquisition	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:								
Intergovernmental	\$ -	\$ -	\$ 429,061	\$ 498,520	\$ -	\$ -	\$ -	\$ 498,520
Charges for services	343,886	9,769	45,804	857,456	41,572	-	41,572	899,028
Income from investments	-	12,072	-	16,248	-	13,355	13,355	29,603
Contributions	-	-	-	7,465	-	9,600	9,600	17,065
Total revenues	343,886	21,841	474,865	1,379,689	41,572	22,955	64,527	1,444,216
Expenditures:								
Current:								
General government	-	-	-	11,287	-	-	-	11,287
Public safety	-	-	-	36,087	-	-	-	36,087
Public works	313,739	-	-	313,739	-	-	-	313,739
Health and welfare	-	-	-	72,187	-	-	-	72,187
Education	-	-	471,863	471,863	-	-	-	471,863
Library	-	4,252	-	4,252	-	-	-	4,252
Park and recreation	-	-	-	235,574	-	-	-	235,574
Capital outlay	-	-	-	-	14,307	-	14,307	14,307
Total expenditures	313,739	4,252	471,863	1,144,989	14,307	-	14,307	1,159,296
Excess (deficiency) of revenues over expenditures	30,147	17,589	3,002	234,700	27,265	22,955	50,220	284,920
Other financing sources (uses):								
Transfers out	-	-	-	(150,000)	-	-	-	(150,000)
Net change in fund balances	30,147	17,589	3,002	84,700	27,265	22,955	50,220	134,920
Fund balances - July 1, 2019	17,309	1,058,282	1,607	2,182,733	884,066	919,628	1,803,694	3,986,427
Fund balances - June 30, 2020	\$ 47,456	\$ 1,075,871	\$ 4,609	\$ 2,267,433	\$ 911,331	\$ 942,583	\$ 1,853,914	\$ 4,121,347

(Concluded)

# Fiduciary Funds

## Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include pension trust and agency funds.

### Pension Trust Fund

Fund	Function
Town Retirement Plan	To account for the activities of the Plan, which accumulates resources for pension benefit payments to qualified employees

### Agency Funds

Fund	Function
Student Activities	To account for various activities as defined by State Statutes undertaken by students of the public school system



## Town of Easton, Connecticut

**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Assets</u>				
Student activities:				
Cash	<u>\$ 51,634</u>	<u>\$ 80,550</u>	<u>\$ 89,662</u>	<u>\$ 42,522</u>
<u>Liabilities</u>				
Student activities:				
Payable to student organizations	<u>\$ 51,634</u>	<u>\$ 80,550</u>	<u>\$ 89,662</u>	<u>\$ 42,522</u>

## Trend Information

This part of the Town's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Table	Description
Financial Trends (Tables 1-2)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time
Debt Capacity (Table 3-4)	This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

Table 1

## Town of Easton, Connecticut

**General Fund (Budgetary Basis)**  
**Changes in Fund Balances**  
**Last Ten Years**  
**(Unaudited)**

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property taxes	\$ 39,935,561	\$ 40,238,403	\$ 42,869,128	\$ 41,038,854	\$ 41,275,805	\$ 39,914,489	\$ 38,898,014	\$ 37,901,617	\$ 37,864,061	\$ 37,094,655
Intergovernmental	521,826	554,071	583,365	660,204	993,174	1,009,452	1,248,785	1,095,588	850,514	1,097,050
Charges for services	1,485,392	1,537,423	1,799,999	1,445,832	1,624,946	1,457,523	1,783,235	1,294,274	1,480,688	890,958
Income from investments	382,153	527,714	106,145	25,974	137,356	73,861	126,299	41,325	243,904	187,049
Other	82,454	-	-	-	-	-	-	-	-	-
Total revenues	42,407,386	42,857,611	45,358,637	43,170,864	44,031,281	42,455,325	42,056,333	40,332,804	40,439,167	39,269,712
Expenditures:										
Current:										
General government	2,148,896	2,252,959	2,165,682	2,097,482	2,098,349	2,037,869	2,031,004	2,018,368	1,950,414	1,941,158
Public safety	3,137,902	3,134,461	3,001,726	2,921,623	2,703,018	2,668,792	2,552,654	2,470,374	2,532,072	2,379,619
Public works	2,359,491	2,352,001	2,286,388	2,184,244	2,236,651	2,056,299	1,939,455	1,808,846	1,839,025	2,072,579
Health and welfare	412,675	382,110	378,701	593,667	401,438	382,019	366,138	344,298	329,184	323,644
Education	25,516,954	27,230,063	27,185,286	26,298,876	27,589,693	25,821,507	25,516,586	25,763,045	25,269,448	24,528,540
Library	589,392	604,438	578,806	623,341	592,319	583,703	552,238	495,895	523,656	530,764
Park and recreation	361,810	399,395	401,228	420,225	390,947	386,051	358,229	330,648	378,364	396,250
Employee benefits	2,889,321	2,736,131	2,742,536	2,925,243	2,819,055	2,960,261	3,167,010	3,096,054	3,234,146	3,192,945
Insurance	622,962	746,188	796,688	804,698	857,210	904,856	734,942	661,276	638,232	606,698
Debt service	3,132,211	3,237,672	3,386,804	3,400,915	3,378,756	3,425,724	3,354,344	3,129,575	3,333,582	3,578,596
Total expenditures	41,171,614	43,075,418	42,923,845	42,270,314	43,067,436	41,227,081	40,572,600	40,118,379	40,028,123	39,550,793
Excess (deficiency) of revenues over expenditures	1,235,772	(217,807)	2,434,792	900,550	963,845	1,228,244	1,483,733	214,425	411,044.0	(281,081)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	1,031	-
Transfers in	150,000	-	-	-	-	-	197,180	111,051	95,000	103,366
Transfers out	(350,000)	(234,388)	(159,340)	(163,205)	(243,714)	(559,628)	(388,157)	(552,195)	(138,805)	(221,189)
Net other financing sources (uses)	(200,000)	(234,388)	(159,340)	(163,205)	(243,714)	(559,628)	(190,977)	(441,144)	(42,774)	(117,823)
Net change in fund balances	\$ 1,035,772	\$ (452,195)	\$ 2,275,452	\$ 737,345	\$ 720,131	\$ 668,616	\$ 1,292,756	\$ (226,719)	\$ 368,270	\$ (398,904)
Debt service as a percentage of expenditures	7.61%	7.52%	7.89%	8.05%	7.85%	8.31%	8.27%	7.80%	8.33%	9.05%

**Table 2**

**Town of Easton, Connecticut**  
**Property Tax Rates, Levies and Collections**  
**Last Ten Years**  
**(Unaudited)**

<u>Year Ended June 30</u>	<u>Grand List of October 1,</u>	<u>(1) Tax Rate in Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Net Tax Collections</u>	<u>Percent of Levy Collected</u>
2011	2009	22.40	\$ 37,084,154	\$ 36,632,127	98.78%
2012	2010	22.95	38,033,479	37,508,478	98.62%
2013	2011	29.10	38,098,917	37,507,925	98.45%
2014	2012	29.30	38,571,418	38,019,338	98.57%
2015	2013	29.90	39,556,949	39,015,384	98.63%
2016	2014	30.38	40,356,348	39,891,209	98.85%
2017	2015	30.81	41,170,899	40,615,715	98.65%
2018	2016	33.38	42,568,524	42,056,214	98.80%
2019	2017	31.38	40,262,550	39,761,478	98.76%
2020	2018	31.33	40,326,981	39,676,191	98.39%

Source: Tax Collector

There is no overlapping tax rate for the Town.

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

**Table 3****Town of Easton, Connecticut****Direct and Overlapping Debt  
June 30, 2020  
(Unaudited)**

Government Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Town of Easton</u>
Regional School District No. 9	\$ 11,615,000	42.39%	\$ 4,923,599
Town of Easton direct debt			<u>13,113,000</u>
Total direct and overlapping debt			<u><u>\$ 18,036,599</u></u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Easton, Connecticut. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Town of Easton, Connecticut**  
**Schedule of Debt Limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**For the Year Ended June 30, 2020**  
**(Unaudited)**

Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 40,162,675

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 90,366,019	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	180,732,038	-	-	-
3 3/4 times base	-	-	150,610,031	-	-
3 1/4 times base	-	-	-	130,528,694	-
3 times base	-	-	-	-	120,488,025
Total debt limitation	<u>90,366,019</u>	<u>180,732,038</u>	<u>150,610,031</u>	<u>130,528,694</u>	<u>120,488,025</u>
Indebtedness:					
Bonds payable	4,557,000	8,431,000	125,000	-	-
Easton's portion of Regional School District No. 9 bonds	<u>-</u>	<u>4,923,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>4,557,000</u>	<u>13,354,599</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 85,809,019</u>	<u>\$ 167,377,439</u>	<u>\$ 150,485,031</u>	<u>\$ 130,528,694</u>	<u>\$ 120,488,025</u>
The total net indebtedness above amounts to:					<u>\$ 18,036,599</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 281,138,725</u>