

**Annual Financial Report**  
**of the**  
**Town of Easton, Connecticut**  
**For the Year Ended June 30, 2022**

**Town of Easton, Connecticut**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

Table of Contents

		<u>Page</u>
	<u>Introductory Section</u>	
	Principal Officials	1
	Organizational Chart	2
	<u>Financial Section</u>	
	Independent Auditors' Report	3-5
	Management's Discussion and Analysis	6-15
<u>Exhibits</u>	<u>Basic Financial Statements</u>	
	<u>Government-Wide Financial Statements</u>	
A	Statement of Net Position	16-17
B	Statement of Activities	18
	<u>Fund Financial Statements</u>	
C	Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities	19-20
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22-23
F	Statement of Net Position - Proprietary Funds	24
G	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25
H	Statement of Cash Flows - Proprietary Funds	26-27
I	Statement of Fiduciary Net Position - Fiduciary Funds	28
J	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
K	Notes to Financial Statements	30-80

**Town of Easton, Connecticut**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

Table of Contents

		<u>Page</u>
<u>RSI</u>	<u>Required Supplementary Information</u>	
	<u>Budgetary Comparison Schedules</u>	
	<u>General Fund</u>	
1A	Schedule of Revenues and Other Financing Sources - Budget and Actual	81
1B	Schedule of Expenditures and Other Financing Uses - Budget and Actual	82-83
1C	Notes to Required Supplementary Information	84
	<u>Town Retirement Plan</u>	
2A	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns	85
2B	Schedule of Contributions	86
2C	Notes to Required Supplementary Information	87
	<u>Connecticut Municipal Employees' Retirement System</u>	
3A	Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions	88
3B	Notes to Required Supplementary Information	89
	<u>Connecticut State Teachers' Retirement System</u>	
4A	Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions	90
4B	Notes to Required Supplementary Information	91
	<u>Town Other Post-Employment Benefit (OPEB) Plan</u>	
5	Schedule of Changes in OPEB Liability and Related Ratios	92
	<u>Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan</u>	
6A	Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions	93
6B	Notes to Required Supplementary Information	94

**Town of Easton, Connecticut**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

Table of Contents

		<u>Page</u>
<u>Schedules</u>	<u>Supplemental Schedules</u>	
	<u>General Fund</u>	
1	Report of Tax Collector	95
	<u>Other Governmental Funds</u>	
2	Combining Balance Sheet	96-97
3	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	98-99
<u>Tables</u>	<u>Trend Information</u>	
	<u>Financial Trend</u>	
1	Revenues, Expenditures and Changes in Fund Balance - General Fund (Budgetary Basis)	100
2	Property Tax Rates, Levies and Collections	101
	<u>Debt Capacity</u>	
3	Direct and Overlapping Debt	102
4	Schedule of Debt Limitation	103

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# **Introductory Section**

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**Town of Easton, Connecticut**

**Principal Officials  
June 30, 2022**

**Board of Selectmen**

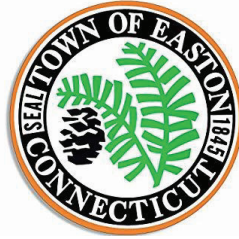
David Bindelglass  
Kristi Sogofsky  
Robert H. Lessler

**Board of Finance**

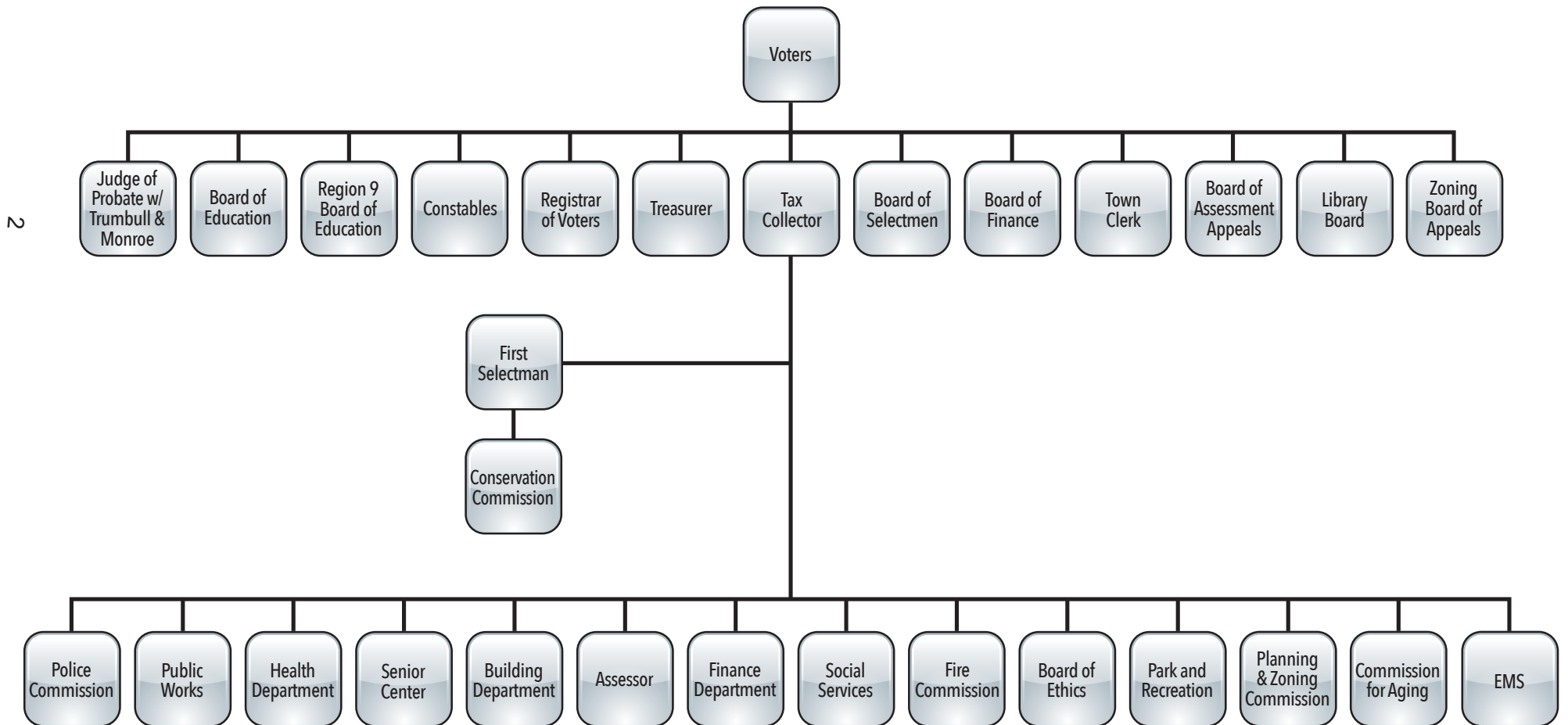
Paul Skrtich  
Michael P. Kot  
Andrew Kachele  
Jacqueline Kaufman  
Arthur Laske III  
Ira Kaplan

**Administration**

Finance Director/Treasurer	Christine Calvert
Tax Collector	Krista A. Kot
Town Clerk	Deborah Szegedi
Building Official	Peter Howard
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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

Page 2

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and trend information sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023 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  
April 27, 2023



# 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, 2022

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, 2022. 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	\$ 2,423,611
Total net position	88,371,521
Unrestricted net position	9,048,123

- The significant factors for the increase are as follows:

#### Governmental fund activity:

➤ positive operations of the parks and recreation fund of	\$ 150,497
The positive operations were offset by:	
➤ deficit operations of the capital nonrecurring projects fund of	(190,592)
➤ deficit operations of the general fund of	(24,410)

#### Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	573,231
➤ net principal debt activity of	2,706,930
➤ change in pension liability (asset) of	(1,882,611)
➤ change in OPEB liability of	232,349
➤ amortization of pension and OPEB deferred outflows of resources of	136,384
➤ amortization of pension and OPEB deferred inflows of resources of	833,626
➤ net revenue (expense) of the internal service fund of	(333,794)

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,747,589, a decrease of \$11,136 in comparison with the prior year. This decrease is primarily a result of the deficit operations in the general fund of \$24,410, deficit operations in the capital nonrecurring projects fund of \$190,592 offset by positive operations in the park and recreation fund of \$150,497.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,109,429, a decrease of \$24,410 in comparison with the prior year. This unassigned fund balance represents 15.82% of total budgetary general fund expenditures and transfers out.
- The Town's long-term debt decreased by \$2,706,930 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. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The *statement of net position* presents information on all of the Town's assets, 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 schedules.

### **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 schedules 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**

	2022	2021 (as restated)
Current and other assets	\$ 25,335,578	\$ 29,245,207
Capital assets (net)	86,129,533	85,556,302
Total assets	111,465,111	114,801,509
Deferred outflows of resources	2,638,452	2,502,068
Current liabilities outstanding	4,644,897	7,110,910
Long-term liabilities outstanding	14,408,279	16,324,857
Total liabilities	19,053,176	23,435,767
Deferred inflows of resources	6,678,866	7,919,900
Net position:		
Net investment in capital assets	77,792,876	74,788,935
Restricted	1,530,522	2,982,443
Unrestricted	9,048,123	8,176,532
Total net position	\$ 88,371,521	\$ 85,947,910

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 (1.73%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is \$9,048,123, which increased by \$871,591 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 \$2,423,611.

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

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 2,917,674	\$ 2,729,457
Operating grants and contributions	3,420,503	3,104,139
Capital grants and contributions	1,325,322	1,812,190
General revenues:		
Property taxes	42,480,705	40,362,055
Grants and contributions not restricted to specific programs	97,575	103,312
Income from investments	34,267	66,100
Change in fair value of investments	(81,351)	-
Other	42,826	61,621
	<u>50,237,521</u>	<u>48,238,874</u>
Total revenues		
Expenses:		
General government	2,935,949	2,605,084
Public safety	4,564,816	4,970,823
Public works	3,445,582	3,350,599
Health and welfare	689,304	711,835
Education	34,236,488	31,368,785
Library	924,488	768,872
Park and recreation	908,265	652,222
Interest	109,018	162,474
	<u>47,813,910</u>	<u>44,590,694</u>
Total expenses		
Change in net position	2,423,611	3,648,180
Net position - July 1	<u>85,947,910</u>	<u>82,299,730</u>
Net position - June 30	<u>\$ 88,371,521</u>	<u>\$ 85,947,910</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:

- Operating grants and contributions increased by \$316,364 primarily due to an increase in the Education Cost Sharing grant of \$97,868 and an increase in ESSER grants of \$153,847.
- Capital grants and contributions decreased by \$486,868 primarily due to a decrease in the LOTCIP grant for the South Park Avenue Bridge projects of \$686,031.
- Property taxes increased by \$2,118,650 due to the increase in the amount needed to fund the adopted budget.

Expenses

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

- General government expenses increased by \$330,865 primarily due to an increase in pension and OPEB expense of \$311,914
- Public safety expenses decreased by \$406,007 due to a decrease in pension and OPEB expense of \$491,198, partially offset by an increase in public safety budget of \$89,002.
- Education expenses increased by \$2,867,703 primarily due to an increase in the Easton Board of Education budget of \$545,931 and an increase in the Regional School District No. 9 budget of \$797,667, an increase in pension and OPEB expense of \$399,276, and an increase in net internal service expense of \$869,712.
- Parks and recreation expenses increased by \$256,043 primarily due to an increase of \$172,598 related to an increase in enrollment for summer camps and an increase in pension expense of \$77,850.

**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 \$15,747,589.

## Management's Discussion and Analysis

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The components of fund balance were as follows:

Restricted	\$ 1,530,522
Committed	4,401,186
Assigned	2,750,000
Unassigned	<u>7,065,881</u>
Total	<u>\$ 15,747,589</u>

The total fund balance decreased by \$11,136 to \$15,747,589. This decrease is a result of the following activity:

**General fund.** The general fund is the operating fund of the Town. At the end of the current fiscal year, of the \$9,859,429 total fund balance of the general fund, \$7,109,429 was unassigned. During the current fiscal year, the fund balance of the Town's general fund decreased by \$24,410. The decrease was substantially attributable to revenues lower than the budget by \$1,623,078 and the expenditure budget underspent by \$1,598,668. Detailed of the amounts are discussed under budgetary highlights.

**Capital nonrecurring projects fund.** The capital nonrecurring projects fund's net change in fund balance was a decrease of \$190,592 due to the timing of project expenditures and the related funding. The fund balance at the end of the year of \$1,488,460.

### **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 a decrease in net position of \$333,794 due to decreased charges for services compared to the prior year. The internal service fund had an unrestricted net position of \$748,734 at year end.

### **General fund budgetary highlights**

The most significant functions that were underspent were as follows:

- Treasurer by \$61,127 due to an unfilled position.
- Town attorney by \$50,105 due to conservative budgeting.
- Highway department was under budget by \$223,688 primarily due to public works personnel wages underbudget by \$165,337 and a mild winter.
- Education by \$737,285 due to savings in guidance and PreK salaries and savings for medical insurance.
- Employee benefits by \$192,994 due lower than expected increase for medical insurance rates.

The significant budget transfers during the year were as follows:

- Police department charges for services revenue and expenditures increased by \$207,603 due to the increase in police outside services activity.
- 660 Morehouse Road revenue budget for rental income was increased by \$85,183.
- There was an additional appropriation of fund balance of \$4,661 to fund overtime cost for the Communications department and new reporting requirements related to bonds.
- Transfers out to the capital nonrecurring fund budget was increased by \$514,000, which included transfers from other departments as detailed below:
  - Highway department \$ 275,000
  - Contingency 125,000
  - EMS commission 90,000
- 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 \$86,129,533 (net of accumulated depreciation/amortization). This investment in capital assets is as follows:

<b>Capital Assets</b>		
<b>(Net of Accumulated Depreciation/Amortization)</b>		
<b>June 30</b>		
	2022	2021
		(as restated)
Land	\$ 19,873,628	\$ 19,873,628
Construction in progress	2,921,201	1,177,368
Land improvements	320,453	339,997
Buildings	45,158,714	45,978,739
Building improvements	1,016,250	1,063,459
Machinery and equipment	954,934	938,465
Right-to-use machinery and equipment	42,821	44,462
Vehicles	2,101,295	2,096,417
Infrastructure	13,740,237	14,043,767
<b>Total</b>	<b>\$ 86,129,533</b>	<b>\$ 85,556,302</b>

## Management's Discussion and Analysis

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The capital assets (net of depreciation/amortization) increased in the current year by \$573,231. The increase is due to capital additions exceeding depreciation/amortization expense. Major capital asset activity during the current fiscal year included the following:

- Construction in progress:
  - Bridge replacement \$ 1,097,513
  - Morehouse townhall library 398,796
  - Paving Judd Road 246,794
  
- Machinery and equipment:
  - Computers and technology equipment 149,953
  
- Vehicles:
  - Excavator 147,659

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 \$7,815,269. All debt is backed by the full faith and credit of the Town.

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

	<u>2022</u>	<u>2021</u> (as restated)
General purpose bonds	\$ 3,042,000	\$ 3,799,000
School bonds	4,625,000	6,521,000
Sewer bonds	80,000	100,000
Equipment financing notes	39,346	57,737
Leases	<u>28,923</u>	<u>44,462</u>
Total	<u>\$ 7,815,269</u>	<u>\$ 10,522,199</u>

During the current fiscal year, the Town's total debt decreased by \$2,706,930 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 \$284,702,866, 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 2022, the unemployment rate for the Town was at 4.4%, which is lower than the State average unemployment rate of 4.1% and a national unemployment rate of 3.8%.

These factors were considered in preparing the Town's budget for the 2022-2023 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

Governmental Activities  
Statement of Net Position  
June 30, 2022

Assets

Current assets:	
Cash	\$ 4,325,017
Investments	14,763,895
Receivables (net):	
Property taxes	808,163
Intergovernmental	30,432
Leases	222,615
Other	355,409
Total current assets	<u>20,505,531</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	262,554
Investments	786,469
Total restricted assets	<u>1,049,023</u>
Receivables (net):	
Property taxes	1,194,620
Leases	2,586,404
Total receivables (net)	<u>3,781,024</u>
Capital assets (net of accumulated depreciation/amortization):	
Land	19,873,628
Construction in progress	2,921,201
Land improvements	320,453
Buildings	45,158,714
Building improvements	1,016,250
Machinery and equipment	954,934
Right-to-use leased machinery and equipment	42,821
Vehicles	2,101,295
Infrastructure	13,740,237
Total capital assets (net of accumulated depreciation/amortization)	<u>86,129,533</u>
Total noncurrent assets	<u>90,959,580</u>
Total assets	<u>111,465,111</u>

Deferred Outflows of Resources

Pension related	2,179,927
OPEB related	458,525
Total deferred outflows of resources	<u>2,638,452</u>

(Continued)

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

Town of Easton, Connecticut

Governmental Activities  
Statement of Net Position  
June 30, 2022

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 1,550,857
Regional School District No. 9 payable	269,817
Accrued payroll and related liabilities	65,879
Retainage payable	28,471
Unearned revenue	271,498
Accrued interest payable	35,779
Overpayments	104,001
Other	12,480
Bonds and notes payable	1,842,233
Leases payable	16,586
Compensated absences and retired employee liability	167,019
Heart and hypertension	7,000
Claims payable	273,277

Total current liabilities	<u>4,644,897</u>
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Noncurrent liabilities:

Performance bonds	1,049,023
Bonds, notes and related liabilities	6,057,136
Leases payable	12,337
Compensated absences and retired employee liability	668,077
Heart and hypertension	73,427
Net pension liability	4,842,753
OPEB liability	1,705,526

Total noncurrent liabilities	<u>14,408,279</u>
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Total liabilities	<u>19,053,176</u>
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Deferred Inflows of Resources

Advance property tax collections	483,895
Pension related	2,107,839
OPEB related	1,359,858
Lease related	2,727,274

Total deferred inflows of resources	<u>6,678,866</u>
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Net Position

Net investment in capital assets	77,792,876
Restricted for:	
General government	143,919
Health and welfare	57,408
Construction contracts	264,359
ARPA funded projects	1,064,836
Unrestricted	9,048,123
Total net position	<u>\$ 88,371,521</u>

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

(Concluded)



**Town of Easton, Connecticut**  
**Governmental Activities**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

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	\$ 2,935,949	\$ 1,201,693	\$ 21,600	\$ -	\$ (1,712,656)
Public safety	4,564,816	544,237	6,405	-	(4,014,174)
Public works	3,445,582	662,605	-	1,325,322	(1,457,655)
Health and welfare	689,304	145	58,985	-	(630,174)
Education	34,236,488	64,665	3,317,934	-	(30,853,889)
Library	924,488	6,880	15,579	-	(902,029)
Park and recreation	908,265	437,449	-	-	(470,816)
Interest	109,018	-	-	-	(109,018)
<b>Total</b>	<b>\$ 47,813,910</b>	<b>\$ 2,917,674</b>	<b>\$ 3,420,503</b>	<b>\$ 1,325,322</b>	<b>(40,150,411)</b>
General revenues:					
					42,480,705
					97,575
					34,267
					(81,351)
					42,826
					<u>42,574,022</u>
					2,423,611
					<u>85,947,910</u>
					<u>\$ 88,371,521</u>

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

Town of Easton, Connecticut

Governmental Funds  
Balance Sheet  
June 30, 2022

<u>Assets</u>	<u>General</u>	<u>Capital Nonrecurring Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 2,026	\$ 1,947,915	\$ 2,370,239	\$ 4,320,180
Restricted cash	262,554	-	-	262,554
Investments	12,047,768	163,557	2,035,396	14,246,721
Restricted investments	786,469	-	-	786,469
Receivables (net):				
Property taxes	2,002,783	-	-	2,002,783
Intergovernmental	24,575	-	5,857	30,432
Leases	2,809,019	-	-	2,809,019
Other	149,926	-	205,483	355,409
Due from other funds	65,712	-	-	65,712
<b>Total assets</b>	<b>\$ 18,150,832</b>	<b>\$ 2,111,472</b>	<b>\$ 4,616,975</b>	<b>\$ 24,879,279</b>
 <u>Liabilities</u>				
Accounts payable	\$ 1,072,251	\$ 379,894	\$ 98,712	\$ 1,550,857
Regional School District No. 9 payable	269,817	-	-	269,817
Accrued payroll and related liabilities	65,879	-	-	65,879
Retainage payable	-	28,471	-	28,471
Due to other funds	500,000	-	65,712	565,712
Unearned revenue	4,000	214,647	52,851	271,498
Performance bonds	1,049,023	-	-	1,049,023
Overpayments	104,001	-	-	104,001
Other	12,480	-	-	12,480
<b>Total liabilities</b>	<b>3,077,451</b>	<b>623,012</b>	<b>217,275</b>	<b>3,917,738</b>
 <u>Deferred Inflows of Resources</u>				
Unavailable revenue:				
Property taxes	2,002,783	-	-	2,002,783
Advance property tax collections	483,895	-	-	483,895
Leases related	2,727,274	-	-	2,727,274
<b>Total deferred inflows of resources</b>	<b>5,213,952</b>	<b>-</b>	<b>-</b>	<b>5,213,952</b>
 <u>Fund Balances</u>				
Restricted	-	1,329,195	201,327	1,530,522
Committed	-	159,265	4,241,921	4,401,186
Assigned	2,750,000	-	-	2,750,000
Unassigned	7,109,429	-	(43,548)	7,065,881
<b>Total fund balances</b>	<b>9,859,429</b>	<b>1,488,460</b>	<b>4,399,700</b>	<b>15,747,589</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,150,832</b>	<b>\$ 2,111,472</b>	<b>\$ 4,616,975</b>	<b>\$ 24,879,279</b>

(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, 2022**

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)	<u>\$ 15,747,589</u>
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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 (net)	85,556,302
Current year additions (net of construction in progress)	2,119,521
Depreciation/amortization expense	<u>(1,546,290)</u>
<b>Total</b>	<u><b>86,129,533</b></u>

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	2,179,927
Deferred outflows related to OPEB	<u>458,525</u>
<b>Total</b>	<u><b>2,638,452</b></u>

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	<u>2,002,783</u>
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Internal service funds are used by management for risk financing activities:

The assets and liabilities of the internal service fund are included in the statement of net position	<u>748,734</u>
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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	(7,786,346)
Premium	(113,023)
Leases	(28,923)
Compensated absences	(835,096)
Heart and hypertension	(80,427)
Net pension liability	(4,842,753)
OPEB liability	(1,705,526)
Accrued interest payable	(35,779)
Deferred inflows related to pensions	(2,107,839)
Deferred inflows related to OPEB	<u>(1,359,858)</u>
<b>Total</b>	<u><b>(18,895,570)</b></u>

Net position (Exhibit A)	<u><b>\$ 88,371,521</b></u>
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(Concluded)

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

Town of Easton, Connecticut

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	General	Capital Nonrecurring Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 42,427,502	\$ -	\$ -	\$ 42,427,502
Intergovernmental	2,964,180	1,097,513	776,156	4,837,849
Charges for services	1,881,855	-	1,035,819	2,917,674
Income from investments	31,487	477	2,303	34,267
Change in fair value of investments	(38,946)	-	(42,405)	(81,351)
Contributions	-	-	5,551	5,551
Other	42,826	-	-	42,826
<b>Total revenues</b>	<b>47,308,904</b>	<b>1,097,990</b>	<b>1,777,424</b>	<b>50,184,318</b>
Expenditures:				
Current:				
General government	2,141,543	-	24,031	2,165,574
Public safety	3,322,819	-	168,769	3,491,588
Public works	2,038,824	-	309,132	2,347,956
Health and welfare	467,053	-	58,989	526,042
Education	31,130,536	-	711,317	31,841,853
Library	619,070	-	19,856	638,926
Park and recreation	390,708	-	278,044	668,752
Employee benefits	3,103,998	-	-	3,103,998
Insurance	680,249	-	-	680,249
Debt service	2,924,514	-	-	2,924,514
Capital outlay	-	1,824,146	3,420	1,827,566
<b>Total expenditures</b>	<b>46,819,314</b>	<b>1,824,146</b>	<b>1,573,558</b>	<b>50,217,018</b>
Excess (deficiency) of revenues over expenditures	489,590	(726,156)	203,866	(32,700)
Other financing sources (uses):				
Issuance of debt	-	9,064	-	9,064
Sale of capital assets	-	12,500	-	12,500
Transfers in	-	514,000	-	514,000
Transfers out	(514,000)	-	-	(514,000)
<b>Net other financing sources (uses)</b>	<b>(514,000)</b>	<b>535,564</b>	<b>-</b>	<b>21,564</b>
<b>Net change in fund balances</b>	<b>(24,410)</b>	<b>(190,592)</b>	<b>203,866</b>	<b>(11,136)</b>
Fund balances - July 1, 2021	9,883,839	1,679,052	4,195,834	15,758,725
Fund balances - June 30, 2022	<u>\$ 9,859,429</u>	<u>\$ 1,488,460</u>	<u>\$ 4,399,700</u>	<u>\$ 15,747,589</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 the Statement of Activities  
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (11,136)

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/amortization expense:

Capital outlay	2,119,521
Depreciation/amortization expense	<u>(1,546,290)</u>
Total	<u>573,231</u>

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 53,203

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

Debt issued or incurred:	
Leases	(9,064)
Principal repayments:	
General obligation bonds	2,673,000
Notes payable	18,391
Leases	<u>24,603</u>
Total	<u>2,706,930</u>

(Continued)

The notes to the 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 the Statement of Activities  
For the Year Ended June 30, 2022

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:

Change in:	
Compensated absences	\$ (18,068)
Heart and hypertension	33,995
Net pension liability (asset)	(1,882,611)
OPEB liability	232,349
Accrued interest payable	7,609
Amortization of:	
Premium	91,893
Deferred outflows related to pension	183,464
Deferred inflows related to pension	1,035,494
Deferred outflows related to OPEB	(47,080)
Deferred inflows related to OPEB	<u>(201,868)</u>
Total	<u>(564,823)</u>
Internal service funds are used by management for risk financing activities:	
The net revenue (expense) of the activities of the internal service funds is reported with governmental activities	<u>(333,794)</u>
Change in net position (Exhibit B)	<u>\$ 2,423,611</u>
	(Concluded)

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

Town of Easton, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2022

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 4,837
Investments	517,174
Due from other funds	<u>500,000</u>
Total assets	<u>1,022,011</u>
<u>Liabilities</u>	
Current liabilities:	
Claims payable	<u>273,277</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 748,734</u></u>

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

**Town of Easton, Connecticut**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2022**

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	<u>\$2,148,213</u>
Operating expenses:	
Claims	2,099,603
Administration	189,384
HSA contributions	193,083
Other	<u>829</u>
Total operating expenses	<u>2,482,899</u>
Operating income (loss)	(334,686)
Nonoperating revenues (expenses):	
Income from investments	<u>892</u>
Change in net position	(333,794)
Total net position - July 1, 2021	<u>1,082,528</u>
Total net position - June 30, 2022	<u><u>\$ 748,734</u></u>

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



**Town of Easton, Connecticut**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

	<u>Internal Service Fund</u>
Cash flows from (used in) operating activities:	
Cash received for premiums	\$1,991,780
Claims paid	(1,999,615)
Administration paid	(190,213)
HSA contributions paid	<u>(193,083)</u>
Net cash from (used in) operating activities	(391,131)
Cash flows from (used in) investing activities:	
Income from investments	<u>892</u>
Net increase (decrease) in cash	(390,239)
Cash and cash equivalents - July 1, 2021	<u>912,250</u>
Cash and cash equivalents - June 30, 2022	<u><u>\$ 522,011</u></u>
Reconciliation to Exhibit F - Cash:	
Cash and cash equivalents per above	\$ 522,011
Cash and cash equivalents reported as investments	<u>(517,174)</u>
Cash - Exhibit F	<u><u>\$ 4,837</u></u>
	(Continued)

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

Town of Easton, Connecticut  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2022

	<u>Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ (334,686)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	(156,433)
Increase (decrease) in:	
Claims payable	<u>99,988</u>
Net cash from (used in) operating activities	<u><u>\$ (391,131)</u></u>
	(Concluded)

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

**Town of Easton, Connecticut**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2022**

<u>Assets</u>	<u>Pension Trust Fund</u>
Investments:	
Mutual funds:	
Equity	\$ 8,646,063
Money market	5,054,321
Bond	1,579,072
U.S. government obligations	652,483
Bank money market	21,784
Exchange traded funds	2,853,645
Common stock	846,435
Corporate bonds	491,510
	20,145,313
Total investments	20,145,313
Contribution receivable	250,000
Interest receivable	8,303
Prepaid	96,076
	20,499,692
Total assets	20,499,692
<u>Net Position</u>	
Restricted for pension	\$ 20,499,692

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

**Town of Easton, Connecticut**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2022**

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 500,000
Plan members	<u>132,374</u>
Total contributions	<u>632,374</u>
Investment income (loss):	
Net change in fair value of investments	(4,603,636)
Interest and dividends	<u>1,464,636</u>
Total investment income (loss)	<u>(3,139,000)</u>
Total additions	<u>(2,506,626)</u>
Deductions:	
Benefits	1,100,953
Administration	<u>45,569</u>
Total deductions	<u>1,146,522</u>
Changes in net position	(3,653,148)
Net position - July 1, 2021	<u>24,152,840</u>
Net position - June 30, 2022	<u><u>\$ 20,499,692</u></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, 2022**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.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable for the pension trust fund; therefore, the pension trust fund is considered a fiduciary component unit. The financial statements of the fiduciary component unit are reported as a pension trust fund in the fiduciary fund financial statements. The pension trust fund does not issue separate financial statements.

**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. 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, 2022

**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, including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund	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.
Capital Nonrecurring Projects Fund	Accounts for and reports 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	Accounts for and reports the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.
Capital Projects Funds	Accounts for and reports 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.
Internal Service Fund	Accounts for risk financing activities for medical insurance and dental benefits as allowed by GASB Statement No. 10.
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.

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, 2022**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.

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 liabilities, 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, 2022

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

State Treasurer’s Short-Term 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	<u>11.00%</u>
Total	<u>100.00%</u>

**c. Method used to value investments**

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

**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.
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Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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).

b. 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 9.00% to 31.00% 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.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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

c. Leases receivable

The Town is a lessor for noncancellable leases of buildings and land. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include:

Discount Rate	The Town uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

3. Restricted assets

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

4. Capital assets

Capital 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.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

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

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

<u>Asset Type</u>	<u>Years</u>	<u>Capitalization Threshold</u>
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
Right-to-use-leased assets	Lease term	Asset type

**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 assets 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 assets 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, 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.

Deferred inflows of resources include deferred inflows relating to the lease receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the old or new debt.

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. Special termination benefits**

Termination benefits represent the present value of future benefits to be paid to former employees. Certain Education employees were granted retirement awards based on years of service and other provisions in their contracts. A liability for these amounts has been recorded in the government-wide financial statements.

**8. Long-term liabilities**

In the government-wide financial statements, long-term debt and other long-term liabilities 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.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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

9. Lease liabilities

The Town is a lessee for noncancellable leases of machinery and equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value by asset type.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include:

Discount Rate	The Town uses the interest rate charged by the lessor as the discount rate used to discount the expected lease payments to the present value. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

10. 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 depreciation/amortization and 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 classified in the preceding two categories.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**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, 2022****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****11. 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, 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.

**12. 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.

**B. Excess expenditures over appropriations**

During the year, general fund expenditures exceeded appropriations in the health director department by \$181.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**C. Capital projects authorizations**

The following is a summary of certain capital projects:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Wells Hill Bridge/South Park	\$ 3,649,177	\$ 3,406,784	\$ 242,393
Fire truck	1,857,420	1,705,662	151,758
Engine replacements	220,000	-	220,000
Planning and Zoning town plans	56,250	47,599	8,651
Morehouse bathrooms	118,000	100,936	17,064
Staples renovation fire suppression	455,000	382,051	72,949
Excavator	148,000	-	148,000
Public works roads	550,000	-	550,000
Morehouse Road school roof	569,500	382,400	187,100
Totals	<u>\$ 7,623,347</u>	<u>\$ 6,025,432</u>	<u>\$ 1,597,915</u>

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

At year end, the Town's bank balance was \$4,601,696 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,684,934
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,144,978</u>
Total amount subject to custodial credit risk	<u>\$ 3,829,912</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, 2022**

**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	\$ 9,210,239	\$ -	\$ 9,210,239	\$ -	\$ -	\$ -
Equity	8,739,804	8,739,804	-	-	-	-
Bond	1,579,072	-	-	666,047	913,025	-
U.S. government obligations	882,805	-	-	-	-	882,805
Exchange traded funds	2,853,645	2,853,645	-	-	-	-
Bank money market	754,809	-	754,809	-	-	-
Pooled fixed income	8,333,870	-	8,333,870	-	-	-
U.S. government obligations	652,483	-	81,798	287,312	249,760	33,613
U.S. government agency obligations	833,831	-	2,152	473,207	30,340	328,132
Repurchase agreement	517,174	-	517,174	-	-	-
Common stock	846,435	846,435	-	-	-	-
Corporate bonds	491,510	-	-	257,121	234,389	-
<b>Total</b>	<b>\$ 35,695,677</b>	<b>\$ 12,439,884</b>	<b>\$ 18,900,042</b>	<b>\$ 1,683,687</b>	<b>\$ 1,427,514</b>	<b>\$ 1,244,550</b>

Repurchase agreement

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

Amount	\$ 517,174
Market value of underlying investments	538,661
Interest rates	0.95%
Maturity value	517,174
Maturity date	7/1/2022

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

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

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

<u>Investments by fair value level</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets Level 1</u>	<u>Significant Observable Inputs Level 2</u>
Mutual funds:			
Money market	\$ 9,210,239	\$ 9,210,239	\$ -
Equity	8,739,804	8,739,804	-
Bond	1,579,072	1,579,072	-
U.S. government obligations	882,805	882,805	-
Exchange traded funds	2,853,645	2,853,645	-
U.S. government obligations	652,483	652,483	-
U.S. government agency obligations	833,831	-	833,831
Common stock	846,435	846,435	-
Corporate bonds	491,510	-	491,510
 Total investments by fair value level	 <u>26,089,824</u>	 <u>\$ 24,764,483</u>	 <u>\$ 1,325,341</u>
 <u>Other investments not subject to fair value measurement:</u>			
Bank money market	754,809		
Pooled fixed income	8,333,870		
Repurchase agreement	517,174		
 Total other investments	 <u>9,605,853</u>		
 Total investments	 <u>\$ 35,695,677</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, 2022**

**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	A	BBB	BB	Unrated	
Mutual funds						
Money market	\$ 9,210,239	\$ -	\$ -	\$ -	\$ -	\$ 9,210,239
Bond	-	-	-	-	1,579,072	1,579,072
U.S. government obligation	-	-	-	-	882,805	882,805
Pooled fixed income	8,333,870	-	-	-	-	8,333,870
U.S. government obligations	-	-	-	-	652,483	652,483
U.S. government agency obligations	-	-	-	-	833,831	833,831
Corporate bonds	-	24,411	334,118	132,981	-	491,510
<b>Total</b>	<b>\$ 17,544,109</b>	<b>\$ 24,411</b>	<b>\$ 334,118</b>	<b>\$ 132,981</b>	<b>\$ 3,948,191</b>	<b>\$ 21,983,810</b>

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	\$ 652,483	\$ 500,000	\$ 152,483
U.S. government agency obligations	833,831	500,000	333,831
Common stock	846,435	500,000	346,435
Corporate bonds	491,510	491,510	-
<b>Total</b>	<b>\$ 2,824,259</b>	<b>\$ 1,991,510</b>	<b>\$ 832,749</b>

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Receivables**

1. 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		
	Taxes	Interest and Lien Fees	Total
Current portion	<u>\$ 603,093</u>	<u>\$ 205,070</u>	<u>\$ 808,163</u>
Long-term portion	1,052,847	516,773	1,569,620
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(225,000)</u>	<u>(375,000)</u>
Net long-term portion	<u>902,847</u>	<u>291,773</u>	<u>1,194,620</u>
Totals	<u>\$ 1,505,940</u>	<u>\$ 496,843</u>	<u>\$ 2,002,783</u>

**2. Leases receivable**

The Town reports the following lease balances and activity:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Cell towers	\$ 2,500,384	\$ 2,433,316	\$ 206,374	\$ 52,794
Building space	308,635	293,958	97,986	7,839
Total	2,809,019	<u>\$ 2,727,274</u>	<u>\$ 304,360</u>	<u>\$ 60,633</u>
Less: current portion	<u>(222,615)</u>			
Long-term portion	<u>\$ 2,586,404</u>			

Description	Lease Agreement Terms
Cell towers	The Town is lessor in 3 lease agreements for the land improvements for cell towers. Two of the leases include the option to automatically renew for one additional 5-year term and the lease agreements will mature in 2038. The third lease includes the option to automatically renew for six 5-year terms and the lease agreement will mature in 2055.
Building space	The Town is lessor in a lease agreement for the right-to-use building space. The lease is currently in the extension period of the lease term that will mature in 2025.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**C. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
	<u>                    </u>	<u>                    </u>	<u>                    </u>
General fund:			
Health and welfare	N/A	\$ 22,974	\$ -
Senior center	N/A	42,738	-
Internal service fund	N/A	-	500,000
Total general fund		<u>65,712</u>	<u>500,000</u>
Other governmental funds:			
Health and welfare	General fund	-	22,974
Senior center	General fund	-	42,738
Total other governmental funds		<u>-</u>	<u>65,712</u>
Internal service fund	General fund	500,000	-
Total		<u>\$ 565,712</u>	<u>\$ 565,712</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

**2. Interfund transfers**

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

	Corresponding Fund	Transfers In	Transfers Out
	<u>                    </u>	<u>                    </u>	<u>                    </u>
General fund	Capital nonrecurring projects	\$ -	\$ 514,000
Capital nonrecurring projects	General fund	514,000	-
Total		<u>\$ 514,000</u>	<u>\$ 514,000</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, 2022**

**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2021 (as restated)	Increases	Decreases	Balance June 30, 2022
<u>Capital assets, not being depreciated/amortized:</u>				
Land	\$ 19,873,628	\$ -	\$ -	\$ 19,873,628
Construction in progress	1,177,368	1,743,833	-	2,921,201
Total capital assets, not being depreciated/amortized	<u>21,050,996</u>	<u>1,743,833</u>	<u>-</u>	<u>22,794,829</u>
<u>Capital assets, being depreciated/amortized:</u>				
Land improvements	701,427	-	-	701,427
Buildings	69,785,563	-	-	69,785,563
Building improvements	1,576,493	-	-	1,576,493
Machinery and equipment	2,389,639	149,953	-	2,539,592
Right-to-use leased machinery and equipment	44,462	9,064	-	53,526
Vehicles	6,129,829	216,671	-	6,346,500
Infrastructure	26,757,705	-	-	26,757,705
Total capital assets, being depreciated/amortized	<u>107,385,118</u>	<u>375,688</u>	<u>-</u>	<u>107,760,806</u>
Total capital assets	<u>128,436,114</u>	<u>2,119,521</u>	<u>-</u>	<u>130,555,635</u>
<u>Less accumulated depreciation/amortization for:</u>				
Land improvements	361,430	19,544	-	380,974
Buildings	23,806,824	820,025	-	24,626,849
Building improvements	513,034	47,209	-	560,243
Machinery and equipment	1,451,174	133,484	-	1,584,658
Right-to-use leased machinery and equipment	-	10,705	-	10,705
Vehicles	4,033,412	211,793	-	4,245,205
Infrastructure	12,713,938	303,530	-	13,017,468
Total accumulated depreciation/amortization	<u>42,879,812</u>	<u>1,546,290</u>	<u>-</u>	<u>44,426,102</u>
Total capital assets, being depreciated/amortized, net	<u>64,505,306</u>	<u>(1,170,602)</u>	<u>-</u>	<u>63,334,704</u>
Capital assets, net	<u>\$ 85,556,302</u>	<u>\$ 573,231</u>	<u>\$ -</u>	<u>\$ 86,129,533</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**D. Capital assets (continued)**

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

General government	\$ 52,902
Public safety	158,203
Public works	457,798
Health and welfare	71,821
Education	758,029
Library	18,865
Park and recreation	<u>28,672</u>
Total depreciation/amortization expense	<u><u>\$ 1,546,290</u></u>

**E. Construction commitments**

At year end, the Town's construction commitments were as follows:

South Park Avenue Bridge	\$ 77,259
Morehouse Road school roof	<u>187,100</u>
Total	<u><u>\$ 264,359</u></u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Changes in long-term liabilities**

General obligation bonds, equipment financing notes and leases are direct obligations and pledge the full faith and credit of the Town.

**1. Summary of changes**

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021 (as restated)	Additions	Deductions	Balance June 30, 2022	Current Portion	Long-Term Portion
<b>Bonds:</b>										
<b>General purpose:</b>										
Refunding bond	\$ 3,739,500	05/28/09	10/15/21	3.00-5.00%	\$ 329,000	\$ -	\$ 329,000	\$ -	\$ -	\$ -
Improvement bond	1,424,000	07/15/10	07/15/25	1.00-3.75%	475,000	-	95,000	380,000	95,000	285,000
Improvement bond	3,994,000	12/13/17	12/15/29	2.88%	2,995,000	-	333,000	2,662,000	333,000	2,329,000
<b>Total general purpose</b>	<b>9,157,500</b>				<b>3,799,000</b>	<b>-</b>	<b>757,000</b>	<b>3,042,000</b>	<b>428,000</b>	<b>2,614,000</b>
<b>School:</b>										
Refunding bond	5,765,500	05/28/09	10/15/21	3.00-5.00%	511,000	-	511,000	-	-	-
Improvement bond	925,000	07/15/10	07/15/25	1.00-3.375%	300,000	-	60,000	240,000	60,000	180,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.00-5.00%	2,535,000	-	640,000	1,895,000	635,000	1,260,000
Refunding bond	6,810,000	02/09/12	11/01/25	2.00-4.00%	2,500,000	-	520,000	1,980,000	510,000	1,470,000
Improvement bond	1,620,000	01/15/15	01/15/25	2.00%	675,000	-	165,000	510,000	170,000	340,000
<b>Total school</b>	<b>23,605,500</b>				<b>6,521,000</b>	<b>-</b>	<b>1,896,000</b>	<b>4,625,000</b>	<b>1,375,000</b>	<b>3,250,000</b>
<b>Sewer:</b>										
Improvement bond	326,000	07/15/10	07/15/25	1.00-3.375%	100,000	-	20,000	80,000	20,000	60,000
<b>Total bonds</b>	<b>33,089,000</b>				<b>10,420,000</b>	<b>-</b>	<b>2,673,000</b>	<b>7,747,000</b>	<b>1,823,000</b>	<b>5,924,000</b>
<b>Notes (direct borrowings):</b>										
<b>Equipment financing notes:</b>										
Computers	78,771	9/1/2020	9/1/2023	4.037%	57,737	-	18,391	39,346	19,233	20,113
<b>Total bonds/notes</b>	<b>33,167,771</b>				<b>10,477,737</b>	<b>-</b>	<b>2,691,391</b>	<b>7,786,346</b>	<b>1,842,233</b>	<b>5,944,113</b>



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Changes in long-term liabilities (continued)**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021 (as restated)	Additions	Deductions	Balance June 30, 2022	Current Portion	Long-Term Portion
Leases					\$ 44,462	\$ 9,064	\$ 24,603	\$ 28,923	\$ 16,586	\$ 12,337
Total long-term debt					10,522,199	9,064	2,715,994	7,815,269	1,858,819	5,956,450
Premium					204,916	-	91,893	113,023	-	113,023
Total long-term debt and related liabilities					10,727,115	9,064	2,807,887	7,928,292	1,858,819	6,069,473
Compensated absences and retired employee liabilities					817,028	830,678	812,610	835,096	167,019	668,077
Heart and hypertension					114,422	-	33,995	80,427	7,000	73,427
Net pension liability					4,563,878	3,862,020	3,583,145	4,842,753	-	4,842,753
OPEB liability					1,937,875	125,047	357,396	1,705,526	-	1,705,526
Total long-term liabilities					<u>\$18,160,318</u>	<u>\$4,826,809</u>	<u>\$7,595,033</u>	<u>\$15,392,094</u>	<u>\$2,032,838</u>	<u>\$13,359,256</u>

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, 2022**

**F. Changes in long-term liabilities (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	Notes Principal	Total Interest
2023	\$ 1,823,000	\$ 19,233	\$ 180,600
2024	1,813,000	20,113	129,340
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	\$ 7,747,000	\$ 39,346	\$ 493,662

**3. Assets pledged as collateral**

The Town's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$39,346.

**4. 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	\$ 91,511,636	\$ 3,042,000	\$ 88,469,636
Schools	183,023,271	8,376,578	174,646,693
Sewers	152,519,393	80,000	152,439,393
Urban renewal	132,183,474	-	132,183,474
Pension deficit	122,015,514	-	122,015,514

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation for the prior year, \$284,702,866.

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 \$7,740,000 bonds outstanding of which 48.47% is the Town's portion which totaled \$3,751,578.

**5. Authorized and unissued bonds**

There were no authorized and unissued bonds at year end.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Changes in long-term liabilities (continued)****6. Retired employee benefits**

Education retirement liabilities represent payments owed to retired employees for termination benefits and payments for unused compensated absences that are payable over several years. The net present value of retired employee obligations is reflected in the government-wide financial statements. The retired employee liability is payable as follows:

Year End	
2023	\$ 102,000

**7. Heart and hypertension**

Under Connecticut General Statutes, the Town is obligated to pay for certain former public safety employees' job related medical costs for the remainder of the employee's life. The liability represents an actuarially based estimate of future costs.

**8. Leases**

Lease agreements are summarized as follows:

Description	Date	Lease Term* (years)	Interest Rate**	Original Amount*	Balance June 30, 2022
Education copiers	7/1/2021	2.5	4.50%	\$ 31,265	\$ 10,732
Education postage machines	7/1/2021	2.0	4.50%	2,611	1,334
Town copiers	7/1/2021	3.0-5.0	4.50%	10,586	7,918
Town postage machines	9/10/2021	5.0	4.50%	9,064	8,939
Total				\$ 53,526	\$ 28,923

\*As of GASB No. 87 implementation date of July 1, 2021.

\*\*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the lease agreement.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

F. Changes in long-term liabilities (continued)

Description	Lease Agreement Terms
Education copiers	These leases do not include any extension terms and the Town will not acquire the equipment at the end of the term.
Education postage machines	The lease is not renewable and the Town will not acquire the postage machines at the end of the term.
Town copiers	These leases do not include any extension terms and the Town will not acquire the equipment at the end of the term.
Town postage machines	The lease is not renewable and the Town will not acquire the postage machines at the end of the term.

The following is a summary of principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2023	\$ 16,586	\$ 1,838
2024	4,724	555
2025	3,102	343
2026	2,980	203
2027	1,531	69
Totals	<u>\$ 28,923</u>	<u>\$ 3,008</u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**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>				
Construction contracts	\$ -	\$ 264,359	\$ -	\$ 264,359
ARPA funded projects	-	1,064,836	-	1,064,836
Cemetery operations	-	-	19,867	19,867
Social services programs	-	-	37,541	37,541
Town clerk programs *	-	-	143,919	143,919
Total restricted	-	1,329,195	201,327	1,530,522
<u>Committed:</u>				
Park and recreation programs	-	-	494,038	494,038
Public safety programs	-	-	395,957	395,957
Miscellaneous grants	-	-	37,984	37,984
EMS special service program	-	-	176,040	176,040
Solid waste program	-	-	76,058	76,058
Library operations	-	-	1,043,547	1,043,547
Education programs	-	-	4,814	4,814
School activity programs	-	-	78,336	78,336
Approved projects	-	159,265	979,329	1,138,594
Land acquisition	-	-	955,818	955,818
Total committed	-	159,265	4,241,921	4,401,186
<u>Assigned:</u>				
Subsequent year's budget	2,750,000	-	-	2,750,000
<u>Unassigned</u>				
	7,109,429	-	(43,548)	7,065,881
Total	<u>\$ 9,859,429</u>	<u>\$ 1,488,460</u>	<u>\$ 4,399,700</u>	<u>\$ 15,747,589</u>

\* The amount of restricted net position that is restricted by enabling legislation totaled: \$ 143,919

**H. Deficit fund balances**

The Town had a deficit fund balance in the Senior Center fund of \$43,548, which will be reduced or eliminated in future years as amounts are received for contributions and transfers from the general fund.

## Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

## IV. 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 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.

The Town records all claim expenses 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.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Risk management (continued)**

	Claims Payable July 1	Current year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
<u>Medical insurance:</u>				
2020-2021	<u>\$ 173,678</u>	<u>\$2,160,884</u>	<u>\$2,161,273</u>	<u>\$ 173,289</u>
2021-2022	<u>\$ 173,289</u>	<u>\$2,099,603</u>	<u>\$1,999,615</u>	<u>\$ 273,277</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 is not expected to have a material adverse effect on the financial condition of the Town.

**V. 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, 2022

A. Town pension plan (continued)

b. Plan membership

As of July 1, 2021, the membership in the plan is comprised of the following:

Inactive plan members or beneficiaries currently receiving benefits	87
Inactive plan members entitled to benefits but not yet receiving them	12
Inactive plan members entitled to refunds of contributions only	8
Active members	<u>46</u>
Total	<u><u>153</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 pensionable wages was:	4.14%
Town average contribution rate of covered payroll was:	17.84%



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**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 5.00% 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	<u>11.00%</u>	0.50%
	<u>100.00%</u>	

**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 (13.55)%.

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

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

A. Town pension plan (continued)

5. Net pension liability

The components of the net pension liability were as follows:

Total pension liability	\$ 22,657,152
Plan fiduciary net position	<u>20,499,692</u>
Net pension liability	<u>\$ 2,157,460</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.48%</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, 2021
Actuarial cost method	Entry age normal
Asset valuation method	5 year smoothing
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. For valuation 2.6% - 3.0%
Mortality rates	
General	Pub-10 projected generationally using the MP-2020 projection scales
Highway	RP-2014 Blue Collar (Highway) projected generationally using the MP-2020 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, 2022**

**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 (asset)**

The Town's net pension liability (asset) was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021. The changes in net pension liability (asset) were as follows:

Town Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at July 1, 2021	\$ 22,549,104	\$ 24,152,840	\$ (1,603,736)
Service cost	333,095	-	333,095
Interest	1,518,256	-	1,518,256
Differences between expected and actual experience	(642,350)	-	(642,350)
Contributions - employer	-	500,000	(500,000)
Contributions - member	-	132,374	(132,374)
Net investment income (loss)	-	(3,139,000)	3,139,000
Benefit payments, including refunds of member contributions	(1,100,953)	(1,100,953)	-
Administration	-	(45,569)	45,569
Net change	108,048	(3,653,148)	3,761,196
Balance at June 30, 2022	\$ 22,657,152	\$ 20,499,692	\$ 2,157,460

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

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

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

	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability (asset)	<u>7.00%</u>	<u>\$ 4,907,491</u>	<u>\$ 2,157,460</u>	<u>\$ (141,209)</u>

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

The Town recognized pension expense of \$(160,709).

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

<u>Town Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 3,732	\$ 404,443	\$ (400,711)
Net difference between projected and actual earnings on pension plan investments	<u>896,057</u>	<u>-</u>	<u>896,057</u>
Total	<u>\$ 899,789</u>	<u>\$ 404,443</u>	<u>\$ 495,346</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 active and inactive employees, which was 3.41 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>	
2023	\$ (54,492)
2024	(53,892)
2025	(63,704)
2026	<u>667,434</u>
Total	<u>\$ 495,346</u>

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**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.

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, 2022

**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, 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 6.00% of compensation.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.00% 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 \$2,685,293 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportionate share of the net pension liability was based upon the Town's 2021 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

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

The Town's proportional share and change from the prior year was as follows:

<u>Plan Description</u>	<u>Proportional share</u>	<u>Change from prior year</u>
Policeman with social security sub plan	3.730978%	(0.090095%)
Fireman with social security sub plan	1.597055%	(0.112282%)

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 the net pension liability.

For the fiscal year, the Town recognized pension expense of \$474,719. 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	\$ 208,851	\$ 362,978	\$ (154,127)
Changes in assumptions	350,299	-	350,299
Changes in proportional share of employer	125,501	159,041	(33,540)
Net difference between projected and actual earnings on pension plan investments	-	1,181,377	(1,181,377)
Contributions subsequent to measurement date	<u>595,487</u>	<u>-</u>	<u>595,487</u>
Total	<u>\$ 1,280,138</u>	<u>\$ 1,703,396</u>	(423,258)
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(595,487)</u>
Net amortized amount of deferred inflows and outflows			<u><u>\$(1,018,745)</u></u>

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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

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

Year Ending June 30,	
2023	\$ 480
2024	(297,978)
2025	(344,577)
2026	(376,670)
Total	<u><u>\$(1,018,745)</u></u>

**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2021, 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 to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

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

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.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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

**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:

	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Town's proportional share of the net pension (asset) liability	<u>7.00%</u>	<u>\$ 4,703,091</u>	<u>\$ 2,685,293</u>	<u>\$ 982,486</u>

**8. Plan fiduciary net position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

**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

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Connecticut state teachers' retirement system (continued)

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

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 7.00% 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>27,830,017</u>
Total	<u><u>\$27,830,017</u></u>

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Connecticut state teachers' retirement system (continued)

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

During the year, the Town recognized pension expense and revenue of \$2,330,313 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

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

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

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, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

There were no changes in assumptions from the prior measurement date.

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**C. Connecticut state teachers' retirement system (continued)****Long-term expected rate of return**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	1.00%	0.40%
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.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Connecticut state teachers' retirement system (continued)

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

D. Total pension plans

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Town	\$ 2,157,460	\$ 899,789	\$ 404,443	\$ (160,709)
MERS	2,685,293	1,280,138	1,703,396	474,719
Total	<u>\$ 4,842,753</u>	<u>\$ 2,179,927</u>	<u>\$2,107,839</u>	<u>\$ 314,010</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 Supervisors	4.00% of the employee's annual salary and match an employee's contribution, dollar for dollar, up to 3.00% of annual salary

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

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

Voluntary contributions are allowed up to 3.00% 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 \$88,940 and employee contributions totaled \$66,184.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

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.

b. Plan membership

As of July 1, 2020, the plan’s membership consisted of:

	<u>Town</u>
Number of retirees and eligible surviving spouses	6
Active members	<u>161</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 statues 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	

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

F. Other post-employment benefit plan (“OPEB”) (continued)

	Non-union and Highway/Public Works Employees	Police and Fire	Teachers	Other Board of Education Employees
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

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, 2020
Actuarial cost method	Entry age normal
Discount rate	3.54%
Healthcare cost trend rates:	
Inflation	2.40%
Initial medical trend rate	6.50%
Ultimate medical trend rate	4.40%
Year ultimate medical trend rate reached	2031
Mortality rate	Pub-2010 projected to valuation date with Scale MP-2021



## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Other post-employment benefit plan (“OPEB”) (continued)**

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:

	<b>From</b>	<b>To</b>
Discount rate	2.16%	3.54%

**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 3.54%.

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, 2022, and was determined by an actuarial valuation as of July 1, 2020.

Balance at July 1, 2021	<u>\$ 1,937,875</u>
Service cost	81,616
Interest	43,431
Differences between expected and actual experience	(45,177)
Changes in assumptions	(294,572)
Benefit payments, including refunds of member contributions	<u>(17,647)</u>
Net change	<u>(232,349)</u>
Balance at June 30, 2022	<u><u>\$1,705,526</u></u>

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Other post-employment benefit plan (“OPEB”) (continued)****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>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Decrease</u>
OPEB Liability	<u>3.54%</u>	<u>\$ 1,913,333</u>	<u>\$ 1,705,526</u>	<u>\$ 1,524,277</u>

**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>Healthcare Cost Trend Rate</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
OPEB Liability	<u>6.50% - 4.40%</u>	<u>\$ 1,460,075</u>	<u>\$ 1,705,526</u>	<u>\$ 2,004,053</u>

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

For the fiscal year, the Town recognized OPEB expense of \$26,106. 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	\$ -	\$ 1,050,552	\$ (1,050,552)
Changes in assumptions	<u>458,525</u>	<u>309,306</u>	<u>149,219</u>
Total	<u>\$ 458,525</u>	<u>\$ 1,359,858</u>	<u>\$ (901,333)</u>

Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 12.02 years.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**F. Other post-employment benefit plan (“OPEB”) (continued)**

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>	
2023	\$ (90,801)
2024	(90,801)
2025	(90,801)
2026	(90,801)
2027	(78,827)
Thereafter	<u>(459,302)</u>
Total	<u>\$ (901,333)</u>

**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

## Town of Easton, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****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. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

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

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

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 pays for one third of plan costs through an annual appropriation in the General Fund.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)

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.

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>3,032,029</u>
Total	<u>\$ 3,032,029</u>

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

The Town recognized OPEB expense and revenue of \$54,837 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

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

Investment rate of return	3.00%
Discount rate	2.17%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2023

## Town of Easton, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

- The discount rate was decreased from 2.21% to 2.17% to reflect the change in the Municipal Bond Index Rate.

**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 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2021.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.17%. The Municipal Bond Index Rate of 2.16% 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 annual State contributions will equal the most recent 5-year average of state contributions.

**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 and the health care cost trend 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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

Town of Easton, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

VI. Prior period adjustments

As a result of the implementation of GASB No. 87, lease receivable and deferred inflows of resources and right-to-use leased assets and lease liability were recorded. There was no impact on beginning net position or fund balance. The amounts recorded are as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Lease receivable	\$ 3,031,634	\$ 3,031,634
Deferred inflows of resources - lease related	(3,031,634)	(3,031,634)
Capital assets:		
Right-to-use leased machinery and equipment	44,462	-
Long-term liabilities:		
Lease liability	44,462	-

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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
<hr/>	
<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
<hr/>	
<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, 2022**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 41,506,466	\$ -	\$ 41,506,466	\$ 42,063,280	\$ 556,814
Interest and liens	120,000	-	120,000	350,794	230,794
Telephone access	14,409	-	14,409	13,428	(981)
<b>Total property taxes</b>	<b>41,640,875</b>	<b>-</b>	<b>41,640,875</b>	<b>42,427,502</b>	<b>786,627</b>
Intergovernmental revenues:					
Education cost grant	172,080	-	172,080	253,646	81,566
Town aid roads	227,601	-	227,601	227,809	208
Property tax relief	366	-	366	367	1
Revenue sharing state grant	2,660	-	2,660	2,660	-
State owned property	49,981	-	49,981	49,981	-
Other state grants	61,122	-	61,122	44,567	(16,555)
<b>Total intergovernmental revenues</b>	<b>513,810</b>	<b>-</b>	<b>513,810</b>	<b>579,030</b>	<b>65,220</b>
Charges for services:					
Town clerk	250,000	-	250,000	394,213	144,213
Building department	120,000	-	120,000	287,558	167,558
660 Morehouse Road	402,000	85,183	487,183	507,503	20,320
Planning and zoning	11,000	-	11,000	23,510	12,510
Zoning board of appeals	-	-	-	866	866
Conservation commission	5,000	-	5,000	5,870	870
Police department	171,200	207,603	378,803	362,015	(16,788)
First selectman	175,000	-	175,000	266,207	91,207
Park and recreation	5,000	-	5,000	8,908	3,908
Education tuition	12,000	-	12,000	13,690	1,690
Recycling bins	-	-	-	95	95
Highway department	1,000	-	1,000	11,420	10,420
<b>Total charges for services</b>	<b>1,152,200</b>	<b>292,786</b>	<b>1,444,986</b>	<b>1,881,855</b>	<b>436,869</b>
Income from investments	75,000	-	75,000	31,487	(43,513)
Change in fair value of investments	-	-	-	(38,946)	(38,946)
<b>Net income from investments</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>	<b>(7,459)</b>	<b>(82,459)</b>
Other	-	-	-	42,826	42,826
<b>Total revenues</b>	<b>43,381,885</b>	<b>292,786</b>	<b>43,674,671</b>	<b>44,923,754</b>	<b>1,249,083</b>
Other financing sources:					
Appropriation of fund balance	2,750,000	4,661	2,754,661	-	(2,754,661)
Transfers in:					
Emergency medical service	117,500	-	117,500	-	(117,500)
<b>Total other financing sources</b>	<b>2,867,500</b>	<b>4,661</b>	<b>2,872,161</b>	<b>-</b>	<b>(2,872,161)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 46,249,385</b>	<b>\$ 297,447</b>	<b>\$ 46,546,832</b>	<b>\$ 44,923,754</b>	<b>\$ (1,623,078)</b>

See Notes to Required Supplementary Information.

## 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, 2022**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town clerk	\$ 175,368	\$ 15,537	\$ 190,905	\$ 184,276	\$ 6,629
First selectman	162,368	-	162,368	121,607	40,761
Probate court	3,440	-	3,440	-	3,440
Registrar of voters	74,598	-	74,598	54,778	19,820
Board of finance	3,000	-	3,000	2,068	932
Auditors	37,500	-	37,500	37,500	-
Treasurer	238,316	-	238,316	177,189	61,127
Assessor	152,158	(14,514)	137,644	133,317	4,327
Board of assessment appeals	350	-	350	243	107
Tax collector	108,755	445	109,200	105,445	3,755
Town attorney	100,000	-	100,000	49,895	50,105
Planning and zoning commission	133,953	32,496	166,449	151,238	15,211
Zoning board of appeals	8,486	-	8,486	7,571	915
Building department	98,024	-	98,024	65,408	32,616
Technology computer	42,000	-	42,000	38,867	3,133
Town hall	121,509	1,102	122,611	111,068	11,543
Communication dispatchers	279,619	25,553	305,172	305,042	130
Commission for the elderly	67,262	-	67,262	64,917	2,345
Senior center	215,969	638	216,607	216,607	-
SSS building	281,238	85,183	366,421	312,736	53,685
Cemetery	1,220	551	1,771	1,771	-
<b>Total general government</b>	<b>2,305,133</b>	<b>146,991</b>	<b>2,452,124</b>	<b>2,141,543</b>	<b>310,581</b>
Public safety:					
Police department	1,856,787	207,603	2,064,390	2,063,540	850
Fire department	1,153,802	(95,391)	1,058,411	1,033,915	24,496
Fire marshal	32,289	-	32,289	20,305	11,984
Emergency management	30,319	-	30,319	30,319	-
Firehouse rent	50,900	-	50,900	50,900	-
Conservation commission	43,916	2,388	46,304	42,748	3,556
Animal control	81,092	-	81,092	81,092	-
<b>Total public safety</b>	<b>3,249,105</b>	<b>114,600</b>	<b>3,363,705</b>	<b>3,322,819</b>	<b>40,886</b>
Public works:					
Recycling	246,818	-	246,818	199,891	46,927
Highway department	2,315,958	(275,000)	2,040,958	1,817,270	223,688
Street lights	1,400	-	1,400	866	534
Engineering	18,980	-	18,980	12,894	6,086
Tree warden	20,110	-	20,110	7,903	12,207
<b>Total public works</b>	<b>2,603,266</b>	<b>(275,000)</b>	<b>2,328,266</b>	<b>2,038,824</b>	<b>289,442</b>
Health and welfare:					
Health director	120,000	-	120,000	120,181	(181)
EMS commission	437,985	(90,000)	347,985	342,807	5,178
Welfare	5,244	-	5,244	4,065	1,179
<b>Total health and welfare</b>	<b>563,229</b>	<b>(90,000)</b>	<b>473,229</b>	<b>467,053</b>	<b>6,176</b>

(Continued)

See Notes to Required Supplementary Information.

## 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, 2022**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Education:					
Easton board of education	\$ 17,561,351	\$ -	\$17,561,351	\$16,824,066	\$ 737,285
Regional School District No. 9	<u>11,921,320</u>	<u>-</u>	<u>11,921,320</u>	<u>11,921,320</u>	<u>-</u>
Total education	<u>29,482,671</u>	<u>-</u>	<u>29,482,671</u>	<u>28,745,386</u>	<u>737,285</u>
Library	<u>618,377</u>	<u>3,956</u>	<u>622,333</u>	<u>619,070</u>	<u>3,263</u>
Park and recreation:					
Parks and recreation commission	<u>384,748</u>	<u>6,250</u>	<u>390,998</u>	<u>390,708</u>	<u>290</u>
Employee benefits:					
Pensions	1,249,500	-	1,249,500	1,247,579	1,921
Fringe benefits	1,556,659	-	1,556,659	1,375,713	180,946
Social security and medicare	<u>490,833</u>	<u>-</u>	<u>490,833</u>	<u>480,706</u>	<u>10,127</u>
Total employee benefits	<u>3,296,992</u>	<u>-</u>	<u>3,296,992</u>	<u>3,103,998</u>	<u>192,994</u>
Insurance	<u>698,000</u>	<u>-</u>	<u>698,000</u>	<u>680,249</u>	<u>17,751</u>
Contingency	<u>125,000</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:					
Principal retirement	2,673,000	-	2,673,000	2,673,000	-
Interest payments	249,114	-	249,114	249,114	-
Fiscal agent fees	<u>750</u>	<u>1,650</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Total debt service	<u>2,922,864</u>	<u>1,650</u>	<u>2,924,514</u>	<u>2,924,514</u>	<u>-</u>
Total expenditures	46,249,385	(216,553)	46,032,832	44,434,164	1,598,668
Other financing uses:					
Transfers out:					
Capital nonrecurring	<u>-</u>	<u>514,000</u>	<u>514,000</u>	<u>514,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 46,249,385</u>	<u>\$ 297,447</u>	<u>\$46,546,832</u>	<u>\$44,948,164</u>	<u>\$1,598,668</u>

(Concluded)

**Town of Easton, Connecticut**

**Notes to Required Supplementary Information**

**General Fund  
Budgets and Budgetary Accounting  
For the Year Ended June 30, 2022**

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' per 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	\$ 44,923,754	\$ 44,434,164
State Teachers' pension on behalf amount	2,330,313	2,330,313
State Teachers' OPEB on behalf amount	<u>54,837</u>	<u>54,837</u>
GAAP Basis - Exhibit D	<u>\$ 47,308,904</u>	<u>\$ 46,819,314</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

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 as follows:

Additional revenue sources	\$ 292,786
Fund balance	<u>4,661</u>
Total	<u>\$ 297,447</u>

**Town of Easton, Connecticut**  
**Required Supplementary Information**

**Town Retirement Plan**  
**Last Nine Years (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>									
Total pension liability:									
Service cost	\$ 333,095	\$ 372,165	\$ 345,216	\$ 341,615	\$ 390,937	\$ 433,945	\$ 455,050	\$ 464,998	\$ 465,210
Interest	1,518,256	1,510,573	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	(642,350)	16,171	(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	(1,100,953)	(1,023,951)	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Net change in total pension liability	108,048	874,958	5,194	663,590	571,779	1,062,575	1,053,999	1,060,855	1,170,469
Total pension liability - July 1	22,549,104	21,674,146	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>\$ 22,657,152</u>	<u>\$22,549,104</u>	<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	\$ 500,000	\$ 500,000	\$ 525,000	\$ 520,000	\$ 510,000	\$ 484,000	\$ 424,000	\$ 574,570	\$ 620,000
Contributions - member	132,374	128,448	132,340	136,297	146,965	161,500	191,745	171,338	186,906
Net investment income (loss)	(3,139,000)	5,021,465	481,857	987,488	1,420,567	1,869,399	(424,967)	(30,700)	2,396,966
Benefit payments, including refunds of member contributions	(1,100,953)	(1,023,951)	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Administration	(45,569)	(10,000)	(10,025)	(10,000)	(10,075)	(10,250)	(10,300)	(10,225)	(10,200)
Net change in plan fiduciary net position	(3,653,148)	4,615,962	(13,378)	617,476	1,135,445	1,632,272	(540,373)	(18,812)	2,468,741
Plan fiduciary net position - July 1	24,152,840	19,536,878	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>\$ 20,499,692</u>	<u>\$24,152,840</u>	<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 (asset) - June 30 (a)-(b)	<u>\$ 2,157,460</u>	<u>\$ (1,603,736)</u>	<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>90.48%</u>	<u>107.11%</u>	<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>\$ 2,803,176</u>	<u>\$ 3,100,219</u>	<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 (asset) as a percentage of covered payroll	<u>76.96%</u>	<u>(51.73%)</u>	<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>(13.55%)</u>	<u>26.15%</u>	<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.

See Notes to Required Supplementary Information.

## Town of Easton, Connecticut

## Required Supplementary Information

Town Retirement Plan  
Schedule of Contributions  
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 513,400	\$ 467,000	\$ 513,900	\$ 511,500	\$ 496,700	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304	\$ 637,699
Contributions in relation to the actuarially determined contribution	<u>500,000</u>	<u>500,000</u>	<u>525,000</u>	<u>520,000</u>	<u>510,000</u>	<u>484,000</u>	<u>424,000</u>	<u>574,570</u>	<u>620,000</u>	<u>590,000</u>
Contribution excess (deficiency)	<u>\$ (13,400)</u>	<u>\$ 33,000</u>	<u>\$ 11,100</u>	<u>\$ 8,500</u>	<u>\$ 13,300</u>	<u>\$ 12,181</u>	<u>\$ 14,114</u>	<u>\$ 229,366</u>	<u>\$ 231,696</u>	<u>\$ (47,699)</u>
Covered payroll	<u>\$ 2,803,176</u>	<u>\$ 3,100,219</u>	<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>	<u>\$ 4,370,454</u>
Contributions as a percentage of covered payroll	<u>17.84%</u>	<u>16.13%</u>	<u>16.25%</u>	<u>16.27%</u>	<u>15.34%</u>	<u>13.55%</u>	<u>10.60%</u>	<u>13.75%</u>	<u>14.67%</u>	<u>13.50%</u>

**Town of Easton, Connecticut**  
**Notes to Required Supplementary Information**

**Town Retirement Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2013	July 1, 2012
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	Entry Age Normal	Entry Age Normal	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%	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%
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	PUB-10 (Highway: RP-2014 Blue) projected with scale MP-2020	PUB-10 (Highway: RP-2014 Blue) projected with scale MP-2019	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 - Not available

## Town of Easton, Connecticut

## Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Eight Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Schedule of Proportionate Share of the Net Pension Liability</b>								
Town's proportion of the net pension (asset) liability for the policemen with social security sub plan	<u>3.730978%</u>	<u>3.821073%</u>	<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>1.597055%</u>	<u>1.709337%</u>	<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>\$ 2,685,293</u>	<u>\$ 4,563,878</u>	<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>\$ 2,489,791</u>	<u>\$ 2,460,288</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>	<u>\$ 1,370,454</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>107.85%</u>	<u>185.50%</u>	<u>164.05%</u>	<u>119.94%</u>	<u>71.69%</u>	<u>100.96%</u>	<u>69.05%</u>	<u>88.82%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>82.59%</u>	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>90.13%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>
<b>Schedule of Contributions</b>								
Contractually required contribution	<u>\$ 583,843</u>	<u>\$ 490,812</u>	<u>\$ 437,783</u>	<u>\$ 416,851</u>	<u>\$ 375,000</u>	<u>\$ 377,554</u>	<u>\$ 355,305</u>	<u>\$ 350,951</u>
Contributions in relation to the contractually required contribution	<u>583,843</u>	<u>490,812</u>	<u>437,783</u>	<u>416,851</u>	<u>375,000</u>	<u>377,554</u>	<u>355,305</u>	<u>350,951</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 2,600,637</u>	<u>\$ 2,342,778</u>	<u>\$ 2,194,401</u>	<u>\$ 2,433,456</u>	<u>\$ 2,189,142</u>	<u>\$ 2,256,748</u>	<u>\$ 2,123,760</u>	<u>\$ 2,069,287</u>
Contributions as a percentage of covered payroll	<u>22.45%</u>	<u>20.95%</u>	<u>19.95%</u>	<u>17.13%</u>	<u>17.13%</u>	<u>16.73%</u>	<u>16.73%</u>	<u>16.96%</u>

(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**  
**Notes to Required Supplementary Information**  
**Connecticut Municipal Employees' Retirement System**  
**Schedule of Contributions**  
**Last Eight Years (1)**

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2021	June 30, 2020	June 30, 2019	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	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	18 years	19 years	20 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	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	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	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	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%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	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 Eight Years (3)**

	<u>2022</u>	<u>2021</u>	<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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	27,830,017	35,138,535	30,887,051	23,815,711	22,520,802	23,599,618	20,880,564	19,299,853
<b>Total</b>	<b>\$ 27,830,017</b>	<b>\$ 35,138,535</b>	<b>\$ 30,887,051</b>	<b>\$ 23,815,711</b>	<b>\$ 22,520,802</b>	<b>\$ 23,599,618</b>	<b>\$ 20,880,564</b>	<b>\$ 19,299,853</b>
Town's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%
<b><u>Schedule of Contributions</u></b>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(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 Eight Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	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, 2020	June 30, 2020	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	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.00%-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	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (Net)	6.90%	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	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 Five Years (1)

	<u>2022</u>	<u>2021</u>	<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	\$ 81,616	\$ 117,636	\$ 86,976	\$ 117,916	\$ 117,031
Interest	43,431	64,271	83,363	98,448	90,392
Differences between expected and actual experience	(45,177)	(1,095,672)	(5,765)	(71,038)	(76,116)
Changes of benefit terms	-	-	-	(366,297)	-
Changes of assumptions	(294,572)	74,363	386,889	143,704	(82,840)
Benefit payments, including refunds of member contributions	(17,647)	(26,390)	(71,034)	(50,486)	(10,634)
Net change in total OPEB liability	(232,349)	(865,792)	480,429	(127,753)	37,833
Total OPEB liability - July 1	<u>1,937,875</u>	<u>2,803,667</u>	<u>2,323,238</u>	<u>2,450,991</u>	<u>2,413,158</u>
Total OPEB liability - June 30 *	<u>\$ 1,705,526</u>	<u>\$ 1,937,875</u>	<u>\$ 2,803,667</u>	<u>\$ 2,323,238</u>	<u>\$ 2,450,991</u>
Covered-employee payroll	<u>\$ 14,142,342</u>	<u>\$ 13,810,881</u>	<u>\$ 13,211,790</u>	<u>\$ 12,876,988</u>	<u>\$ 11,550,807</u>
OPEB liability as a percentage of covered employee payroll	<u>12.06%</u>	<u>14.03%</u>	<u>21.22%</u>	<u>18.04%</u>	<u>21.22%</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 Five Years (3)

	<u>2022</u>	<u>2021</u>	<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	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	3,032,029	5,240,914	4,817,009	4,760,908	5,796,596
Total	<u>\$ 3,032,029</u>	<u>\$ 5,240,914</u>	<u>\$ 4,817,009</u>	<u>\$ 4,760,908</u>	<u>\$ 5,796,596</u>
Town's covered payroll	(2)	(2)	(2)	(2)	(2)
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

**Schedule of Contributions**

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

(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.

See Notes to Required Supplementary Information.

**Town of Easton, Connecticut**  
**Notes to Required Supplementary Information**

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

	2022	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2020	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	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%
Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	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	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	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%	3.00%	3.00%	4.25%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	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.



**Town of Easton, Connecticut**  
**Report of Tax Collector**  
**For the Year Ended June 30, 2022**

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Grand List Year	Uncollected Taxes July 1, 2021	Current Year Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2022	
			Additions	Deductions			Net Taxes Collected	Interest and Liens	Total		
2005	\$ 560	\$ -	\$ -	\$ 560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2006	696	-	-	-	-	696	-	-	-	696	
2007	716	-	-	-	-	716	-	-	-	716	
2008	7,984	-	-	-	-	7,984	-	-	-	7,984	
2009	5,889	-	-	-	-	5,889	-	-	-	5,889	
2010	6,469	-	-	-	-	6,469	-	-	-	6,469	
2011	16,850	-	-	-	-	16,850	-	-	-	16,850	
2012	68,390	-	-	-	8,565	59,825	16,210	-	16,210	43,615	
2013	98,116	-	-	-	10,445	87,671	25,072	-	25,072	62,599	
2014	105,280	-	-	-	4,151	101,129	25,449	25,526	50,975	75,680	
2015	140,810	-	-	-	741	140,069	32,003	27,872	59,875	108,066	
2016	175,250	-	-	-	2,375	172,875	30,959	22,084	53,043	141,916	
2017	234,664	-	549	102	358	234,753	59,824	38,624	98,448	174,929	
2018	335,524	-	491	7,273	1,034	327,708	96,625	39,607	136,232	231,083	
2019	<u>437,520</u>	<u>-</u>	<u>5,270</u>	<u>6,432</u>	<u>674</u>	<u>435,684</u>	<u>173,213</u>	<u>42,271</u>	<u>215,484</u>	<u>262,471</u>	
Subtotal	1,634,718	-	6,310	14,367	28,343	1,598,318	459,355	195,984	655,339	1,138,963	
2020	<u>-</u>	<u>42,159,919</u>	<u>69,639</u>	<u>90,630</u>	<u>1,279</u>	<u>42,137,649</u>	<u>41,620,672</u>	<u>109,871</u>	<u>41,730,543</u>	<u>516,977</u>	
Total	<u>\$ 1,634,718</u>	<u>\$ 42,159,919</u>	<u>\$ 75,949</u>	<u>\$ 104,997</u>	<u>\$ 29,622</u>	<u>\$ 43,735,967</u>	<u>\$ 42,080,027</u>	<u>\$ 305,855</u>	<u>\$ 42,385,882</u>	1,655,940	
										Interest and liens receivable	721,843
										Allowance for doubtful accounts	<u>(375,000)</u>
										Taxes, interest and liens receivable (net)	<u>\$ 2,002,783</u>

# 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.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
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 contributions	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	Grants and charges for services	Library related programs
Education Grants	Grants and contributions	Education related programs
School Activity	Activity fees and contributions	Student activity funds and school scholarships

## 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.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Bonded Projects	Grants, fees and bonds	Major construction or acquisition of facilities
Land Acquisition	Developer contributions	Purchase of open space

Town of Easton, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2022

Special Revenue Funds

96

	<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>
<u>Assets</u>							
Cash	\$ 549,739	\$ 356,667	\$ -	\$ -	\$ 73,244	\$ 51,253	\$ 100,865
Investments	-	41,108	80,382	-	70,625	-	-
Receivables:							
Intergovernmental	-	-	-	-	-	-	-
Other	-	2,170	-	-	50	-	85,384
Total assets	<u>\$ 549,739</u>	<u>\$ 399,945</u>	<u>\$ 80,382</u>	<u>\$ -</u>	<u>\$ 143,919</u>	<u>\$ 51,253</u>	<u>\$ 186,249</u>
<u>Liabilities</u>							
Accounts payable	\$ 6,044	\$ 3,988	\$ -	\$ 810	\$ -	\$ 13,269	\$ 10,209
Due to other funds	-	-	22,974	42,738	-	-	-
Unearned revenue	49,657	-	-	-	-	-	-
Total liabilities	<u>55,701</u>	<u>3,988</u>	<u>22,974</u>	<u>43,548</u>	<u>-</u>	<u>13,269</u>	<u>10,209</u>
<u>Fund Balances</u>							
Restricted	-	-	57,408	-	143,919	-	-
Committed	494,038	395,957	-	-	-	37,984	176,040
Unassigned	-	-	-	(43,548)	-	-	-
Total fund balances	<u>494,038</u>	<u>395,957</u>	<u>57,408</u>	<u>(43,548)</u>	<u>143,919</u>	<u>37,984</u>	<u>176,040</u>
Total liabilities and fund balances	<u>\$ 549,739</u>	<u>\$ 399,945</u>	<u>\$ 80,382</u>	<u>\$ -</u>	<u>\$ 143,919</u>	<u>\$ 51,253</u>	<u>\$ 186,249</u>

(Continued)

Town of Easton, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2022

	Special Revenue Funds				Capital Projects Funds			Total Other Governmental Funds	
	Solid Waste Program	Library	Education Grants	School Activity	Total Special Revenue Funds	Bonded Projects	Land Acquisition		Total Capital Projects Funds
<u>Assets</u>									
Cash	\$ 10,158	\$ 70,075	\$ 11,489	\$ 78,336	\$ 1,301,826	\$ 979,329	\$ 89,084	\$ 1,068,413	\$ 2,370,239
Investments	-	976,547	-	-	1,168,662	-	866,734	866,734	2,035,396
Receivables:									
Intergovernmental	-	-	5,857	-	5,857	-	-	-	5,857
Other	117,879	-	-	-	205,483	-	-	-	205,483
Total assets	<u>\$ 128,037</u>	<u>\$ 1,046,622</u>	<u>\$ 17,346</u>	<u>\$ 78,336</u>	<u>\$ 2,681,828</u>	<u>\$ 979,329</u>	<u>\$ 955,818</u>	<u>\$ 1,935,147</u>	<u>\$ 4,616,975</u>
<u>Liabilities</u>									
Accounts payable	\$ 51,979	\$ -	\$ 12,413	\$ -	\$ 98,712	\$ -	\$ -	\$ -	\$ 98,712
Due to other funds	-	-	-	-	65,712	-	-	-	65,712
Unearned revenue	-	3,075	119	-	52,851	-	-	-	52,851
Total liabilities	<u>51,979</u>	<u>3,075</u>	<u>12,532</u>	<u>-</u>	<u>217,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,275</u>
<u>Fund Balances</u>									
Restricted	-	-	-	-	201,327	-	-	-	201,327
Committed	76,058	1,043,547	4,814	78,336	2,306,774	979,329	955,818	1,935,147	4,241,921
Unassigned	-	-	-	-	(43,548)	-	-	-	(43,548)
Total fund balances	<u>76,058</u>	<u>1,043,547</u>	<u>4,814</u>	<u>78,336</u>	<u>2,464,553</u>	<u>979,329</u>	<u>955,818</u>	<u>1,935,147</u>	<u>4,399,700</u>
Total liabilities and fund balances	<u>\$ 128,037</u>	<u>\$ 1,046,622</u>	<u>\$ 17,346</u>	<u>\$ 78,336</u>	<u>\$ 2,681,828</u>	<u>\$ 979,329</u>	<u>\$ 955,818</u>	<u>\$ 1,935,147</u>	<u>\$ 4,616,975</u>

(Concluded)

Town of Easton, Connecticut

Other Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

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	\$ -	\$ 5,455	\$ -	\$ 58,985	\$ -	\$ 21,600	\$ -
Charges for services	428,541	102,222	145	-	3,524	-	80,000
Income from investments	-	-	89	-	205	-	-
Change in fair value of investments	-	-	-	-	-	-	-
Contributions	-	950	-	-	-	-	-
Total revenues	<u>428,541</u>	<u>108,627</u>	<u>234</u>	<u>58,985</u>	<u>3,729</u>	<u>21,600</u>	<u>80,000</u>
Expenditures:							
Current:							
General government	-	-	-	-	4,057	19,974	-
Public safety	-	131,421	-	-	-	-	37,348
Public works	-	-	-	-	-	-	-
Health and welfare	-	-	2,514	56,475	-	-	-
Education	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Park and recreation	278,044	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>278,044</u>	<u>131,421</u>	<u>2,514</u>	<u>56,475</u>	<u>4,057</u>	<u>19,974</u>	<u>37,348</u>
Net change in fund balances	150,497	(22,794)	(2,280)	2,510	(328)	1,626	42,652
Fund balances - July 1, 2021	<u>343,541</u>	<u>418,751</u>	<u>59,688</u>	<u>(46,058)</u>	<u>144,247</u>	<u>36,358</u>	<u>133,388</u>
Fund balances - June 30, 2022	<u>\$ 494,038</u>	<u>\$ 395,957</u>	<u>\$ 57,408</u>	<u>\$ (43,548)</u>	<u>\$ 143,919</u>	<u>\$ 37,984</u>	<u>\$ 176,040</u>

86

(Continued)

Town of Easton, Connecticut

Other Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

	Special Revenue Funds				Capital Projects Funds			Total	
	Solid Waste Program	Library	Education Grants	School Activity	Total Special Revenue Funds	Bonded Projects	Land Acquisition	Total Capital Projects Funds	Other Governmental Funds
Revenues:									
Intergovernmental	\$ -	\$ 15,579	\$ 674,537	\$ -	\$ 776,156	\$ -	\$ -	\$ -	\$ 776,156
Charges for services	327,532	6,880	-	50,975	999,819	36,000	-	36,000	1,035,819
Income from investments	-	3	-	-	297	-	2,006	2,006	2,303
Change in fair value of investments	-	(42,405)	-	-	(42,405)	-	-	-	(42,405)
Contributions	-	-	4,601	-	5,551	-	-	-	5,551
Total revenues	<u>327,532</u>	<u>(19,943)</u>	<u>679,138</u>	<u>50,975</u>	<u>1,739,418</u>	<u>36,000</u>	<u>2,006</u>	<u>38,006</u>	<u>1,777,424</u>
Expenditures:									
Current:									
General government	-	-	-	-	24,031	-	-	-	24,031
Public safety	-	-	-	-	168,769	-	-	-	168,769
Public works	309,132	-	-	-	309,132	-	-	-	309,132
Health and welfare	-	-	-	-	58,989	-	-	-	58,989
Education	-	-	678,933	32,384	711,317	-	-	-	711,317
Library	-	19,856	-	-	19,856	-	-	-	19,856
Park and recreation	-	-	-	-	278,044	-	-	-	278,044
Capital outlay	-	-	-	-	-	3,420	-	3,420	3,420
Total expenditures	<u>309,132</u>	<u>19,856</u>	<u>678,933</u>	<u>32,384</u>	<u>1,570,138</u>	<u>3,420</u>	<u>-</u>	<u>3,420</u>	<u>1,573,558</u>
Net change in fund balances	18,400	(39,799)	205	18,591	169,280	32,580	2,006	34,586	203,866
Fund balances - July 1, 2021	<u>57,658</u>	<u>1,083,346</u>	<u>4,609</u>	<u>59,745</u>	<u>2,295,273</u>	<u>946,749</u>	<u>953,812</u>	<u>1,900,561</u>	<u>4,195,834</u>
Fund balances - June 30, 2022	<u>\$ 76,058</u>	<u>\$ 1,043,547</u>	<u>\$ 4,814</u>	<u>\$ 78,336</u>	<u>\$ 2,464,553</u>	<u>\$ 979,329</u>	<u>\$ 955,818</u>	<u>\$ 1,935,147</u>	<u>\$ 4,399,700</u>

(Concluded)

# 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.

<b>Table</b>	<b>Description</b>
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 (Tables 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.

**Town of Easton, Connecticut**  
**General Fund**  
**Revenues, Expenditures and Changes in Fund Balances**  
**(Budgetary Basis)**  
**Last Ten Years**  
**(Unaudited)**

For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Property taxes	\$ 42,427,502	\$ 40,649,362	\$ 39,935,561	\$ 40,238,403	\$ 42,869,128	\$ 41,038,854	\$ 41,275,805	\$ 39,914,489	\$ 38,898,014	\$ 37,901,617
Intergovernmental	579,030	486,691	521,826	554,071	583,365	660,204	993,174	1,009,452	1,248,785	1,095,588
Charges for services	1,881,855	1,891,476	1,485,392	1,537,423	1,799,999	1,445,832	1,624,946	1,457,523	1,783,235	1,294,274
Income from investments	31,487	64,296	382,153	527,714	106,145	25,974	137,356	73,861	126,299	41,325
Change in fair value of investments	(38,946)	-	-	-	-	-	-	-	-	-
Other	42,826	61,621	82,454	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>44,923,754</b>	<b>43,153,446</b>	<b>42,407,386</b>	<b>42,857,611</b>	<b>45,358,637</b>	<b>43,170,864</b>	<b>44,031,281</b>	<b>42,455,325</b>	<b>42,056,333</b>	<b>40,332,804</b>
<b>Expenditures:</b>										
Current:										
General government	2,141,543	2,106,316	2,148,896	2,252,959	2,165,682	2,097,482	2,098,349	2,037,869	2,031,004	2,018,368
Public safety	3,322,819	3,246,059	3,137,902	3,134,461	3,001,726	2,921,623	2,703,018	2,668,792	2,552,654	2,470,374
Public works	2,038,824	2,139,495	2,359,491	2,352,001	2,286,388	2,184,244	2,236,651	2,056,299	1,939,455	1,808,846
Health and welfare	467,053	501,046	412,675	382,110	378,701	593,667	401,438	382,019	366,138	344,298
Education	28,745,386	27,702,694	25,516,954	27,230,063	27,185,286	26,298,876	27,589,693	25,821,507	25,516,586	25,763,045
Library	619,070	580,108	589,392	604,438	578,806	623,341	592,319	583,703	552,238	495,895
Park and recreation	390,708	383,331	361,810	399,395	401,228	420,225	390,947	386,051	358,229	330,648
Employee benefits	3,103,998	2,970,619	2,889,321	2,736,131	2,742,536	2,925,243	2,819,055	2,960,261	3,167,010	3,096,054
Insurance	680,249	650,538	622,962	746,188	796,688	804,698	857,210	904,856	734,942	661,276
Debt service	2,924,514	3,032,456	3,132,211	3,237,672	3,386,804	3,400,915	3,378,756	3,425,724	3,354,344	3,129,575
<b>Total expenditures</b>	<b>44,434,164</b>	<b>43,312,662</b>	<b>41,171,614</b>	<b>43,075,418</b>	<b>42,923,845</b>	<b>42,270,314</b>	<b>43,067,436</b>	<b>41,227,081</b>	<b>40,572,600</b>	<b>40,118,379</b>
Excess (deficiency) of revenues over expenditures	489,590	(159,216)	1,235,772	(217,807)	2,434,792	900,550	963,845	1,228,244	1,483,733	214,425
Other financing sources (uses):										
Transfers in	-	190,000	150,000	-	-	-	-	-	197,180	111,051
Transfers out	(514,000)	(493,094)	(350,000)	(234,388)	(159,340)	(163,205)	(243,714)	(559,628)	(388,157)	(552,195)
<b>Net other financing sources (uses)</b>	<b>(514,000)</b>	<b>(303,094)</b>	<b>(200,000)</b>	<b>(234,388)</b>	<b>(159,340)</b>	<b>(163,205)</b>	<b>(243,714)</b>	<b>(559,628)</b>	<b>(190,977)</b>	<b>(441,144)</b>
<b>Net change in fund balances</b>	<b>\$ (24,410)</b>	<b>\$ (462,310)</b>	<b>\$ 1,035,772</b>	<b>\$ (452,195)</b>	<b>\$ 2,275,452</b>	<b>\$ 737,345</b>	<b>\$ 720,131</b>	<b>\$ 668,616</b>	<b>\$ 1,292,756</b>	<b>\$ (226,719)</b>
Debt service as a percentage of expenditures	6.58%	7.00%	7.61%	7.52%	7.89%	8.05%	7.85%	8.31%	8.27%	7.80%

Source: Current and prior year financial statements.



**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>
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%
2021	2019	31.00	40,058,721	39,621,201	98.91%
2022	2020	32.35	42,137,649	41,620,672	98.77%

Source: Tax Collector

Notes:

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

There is no overlapping tax rate for the Town.

Town of Easton, Connecticut

Direct and Overlapping Debt  
June 30, 2022  
(Unaudited)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Town of Easton</u>
Overlapping Debt:			
Regional School District No. 9	\$ 7,740,000	48.47%	\$ 3,751,578
Town of Easton direct debt			<u>7,747,000</u>
Total direct and overlapping debt			<u><u>\$ 11,498,578</u></u>

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

Notes:

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, 2022**  
**(Unaudited)**

Tax base:

Total tax collections (including interest and lien fees) for prior year \$ 40,671,838

Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 91,511,636	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	183,023,271	-	-	-
3 3/4 times base	-	-	152,519,393	-	-
3 1/4 times base	-	-	-	132,183,474	-
3 times base	-	-	-	-	122,015,514
<b>Total debt limitation</b>	<u>91,511,636</u>	<u>183,023,271</u>	<u>152,519,393</u>	<u>132,183,474</u>	<u>122,015,514</u>
<b>Indebtedness:</b>					
Bonds	3,042,000	4,625,000	80,000	-	-
Easton's portion of Regional School District No. 9 bonds	-	3,751,578	-	-	-
<b>Total indebtedness</b>	<u>3,042,000</u>	<u>8,376,578</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of outstanding debt</b>	<u>\$ 88,469,636</u>	<u>\$ 174,646,693</u>	<u>\$ 152,439,393</u>	<u>\$ 132,183,474</u>	<u>\$ 122,015,514</u>
<b>The total net indebtedness above amounts to:</b>					<u>\$ 11,498,578</u>
<b>In no event shall total indebtedness exceed seven times the base for debt limitation computation:</b>					<u>\$ 284,702,866</u>

Source: Current and prior year financial statements.