

Annual Financial Report
of the
Town of Easton, Connecticut
For the Year Ended June 30, 2021

Town of Easton, Connecticut
Annual Financial Report
For the Year Ended June 30, 2021

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Introductory Section

Town of Easton, Connecticut

**Principal Officials
June 30, 2021**

Board of Selectmen

David Bindelglass
Kristi Sogofsky
Robert H. Lessler

Board of Finance

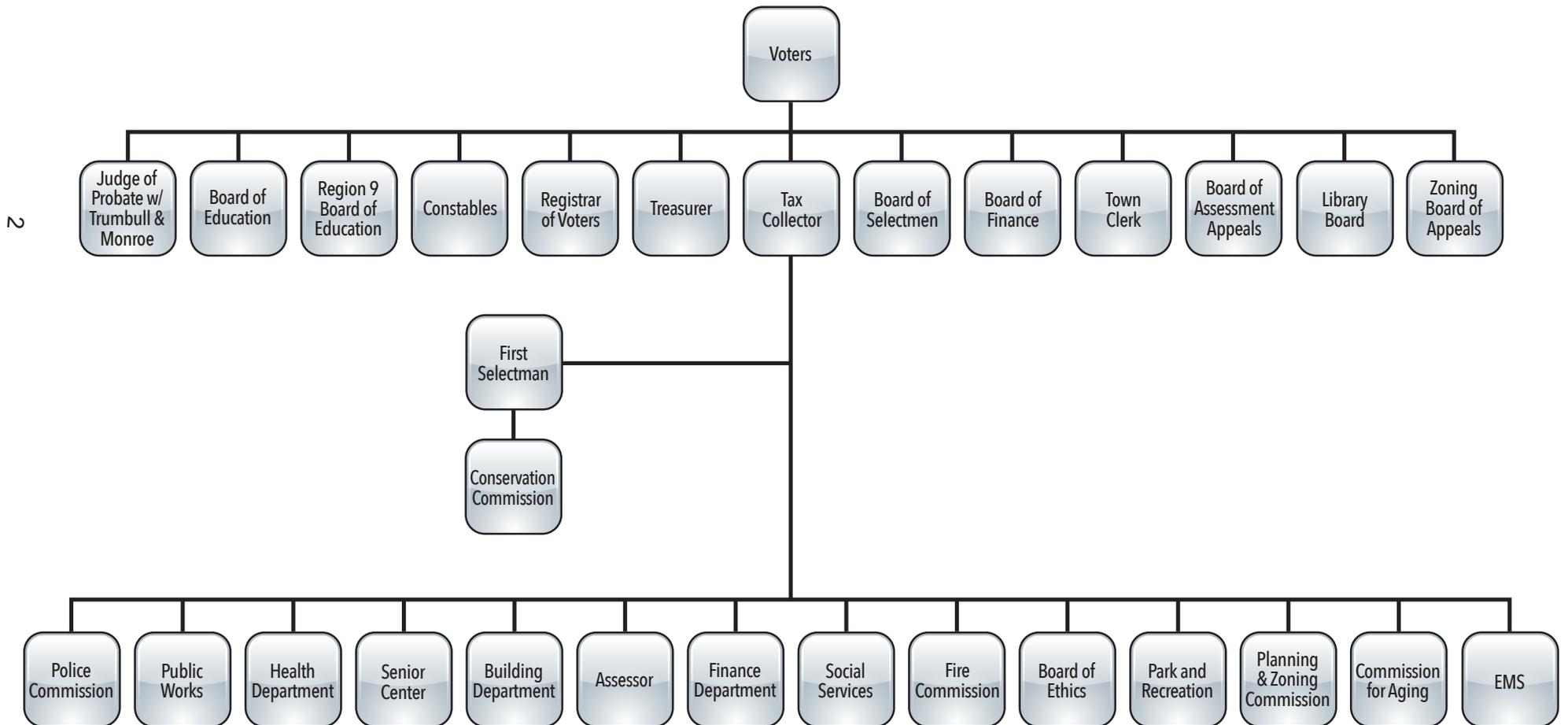
Paul Skrtich
Michael P. Kot
Andrew Kachele
Wendy Bowditch
Arthur Laske III
Paul Lindoerfer

Administration

Finance Director/Treasurer	Christine Calvert
Tax Collector	Krista A. Kot
Town Clerk	Christine Halloran
Interim 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



Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, 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
March 21, 2022



Town of Easton

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EASTON, CONNECTICUT 06612

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

Management's Discussion and Analysis For the Year Ended June 30, 2021

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, 2021. 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	\$ 3,648,180
Total net position	85,947,910
Unrestricted net position	8,176,532

- The significant factors for the increase are as follows:

Governmental fund activity:

➤ positive operations of the capital nonrecurring projects fund of	\$ 1,067,104
The positive operations were offset by:	
➤ deficit operations of the general fund of	(462,310)

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	(205,407)
➤ change in property tax revenues - accrual basis change of	(287,307)
➤ net principal debt activity of	2,635,263
➤ change in pension liability (asset) of	3,365,007
➤ change in OPEB liability of	865,792
➤ amortization of pension and OPEB deferred outflows of resources of	(906,925)
➤ amortization of pension and OPEB deferred inflows of resources of	(3,259,527)
➤ net revenue (expense) of the internal service fund of	535,918

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,758,725, an increase of \$636,759 in comparison with the prior year. This increase is primarily a result of the positive operations in the capital nonrecurring projects fund of \$1,067,104 due to the receipt of ARPA funding. This was offset by deficit operations of the general fund of \$462,310 due to spending savings of \$1,200,481, offset by revenue being less than budgeted by \$1,662,791 as a result of an appropriation of fund balance of \$3,147,894.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,133,839, a decrease of \$87,310 in comparison with the prior year. This unassigned fund balance represents 16.29% of total budgetary general fund expenditures and transfers out.
- The Town's long-term debt decreased by \$2,635,263 during the current fiscal year due to scheduled principal payments, offset by issuance of equipment financing notes of \$78,771.

Overview of the basic financial statements

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

Government-wide financial statements

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

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

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital nonrecurring projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining 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**

	<u>2021</u>	<u>2020</u> (as restated)
Current and other assets	\$ 26,213,573	\$ 22,137,775
Capital assets (net)	<u>85,511,840</u>	<u>85,728,878</u>
Total assets	<u>111,725,413</u>	<u>107,866,653</u>
Deferred outflows of resources	<u>2,502,068</u>	<u>3,408,993</u>
Current liabilities outstanding	7,110,910	6,055,636
Long-term liabilities outstanding	<u>16,280,395</u>	<u>21,767,866</u>
Total liabilities	<u>23,391,305</u>	<u>27,823,502</u>
Deferred inflows of resources	<u>4,888,266</u>	<u>1,152,414</u>
Net position:		
Net investment in capital assets	74,788,935	72,303,227
Restricted	2,982,443	209,102
Unrestricted	<u>8,176,532</u>	<u>9,787,401</u>
Total net position	<u>\$ 85,947,910</u>	<u>\$ 82,299,730</u>

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

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

A portion of the Town's net position (3.47%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is \$8,176,532, which decreased by \$1,610,869 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 \$3,648,180.

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

	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 2,729,457	\$ 2,336,316
Operating grants and contributions	3,104,139	3,064,902
Capital grants and contributions	1,812,190	1,383,642
General revenues:		
Property taxes	40,362,055	40,353,047
Grants and contributions not restricted to specific programs	103,312	136,962
Income from investments	66,100	414,219
Other	61,621	91,014
	<u>48,238,874</u>	<u>47,780,102</u>
Expenses:		
General government	2,605,084	2,805,947
Public safety	4,970,823	4,758,434
Public works	3,350,599	3,410,030
Health and welfare	711,835	622,891
Education	31,368,785	29,536,632
Library	768,872	824,588
Park and recreation	652,222	781,305
Interest	162,474	264,524
	<u>44,590,694</u>	<u>43,004,351</u>
Change in net position	3,648,180	4,775,751
Net position - July 1 (as restated)	82,299,730	77,481,457
Restatements (Note VI)	<u>-</u>	<u>42,522</u>
Net position - June 30	<u>\$ 85,947,910</u>	<u>\$ 82,299,730</u>

Management's Discussion and Analysis

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

Revenues

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

- Charges for services increased by \$393,141 primarily due to an increase in town clerk revenue for conveyance revenue and recording fees of \$279,936 related to the increase in home sales due to the pandemic.
- Capital grants and contributions increased by \$428,548 primarily due to the Town receiving the American Rescue Plan Act (ARPA) grant for \$1,112,922 offset by a decrease in the LOTCIP grant for the South Park Avenue Bridge projects of \$734,729.

Expenses

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

- General government expenses decreased by \$200,863 primarily due to an decrease in pension and OPEB expense of \$171,622.
- Public safety expenses increased by \$212,389 due to a decrease in the heart and hypertension liability of \$337,667 in the prior year, offset by a decrease in pension and OPEB expense of \$237,779.
- Education expenses increased by \$1,832,153 primarily due to an increase in the Easton Board of Education budget of \$331,420 and an increase in the Regional School District No. 9 budget of \$893,626, offset by a decrease in pension and OPEB expense of \$231,390.

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 \$15,758,725.

The components of fund balance were as follows:

Restricted	\$ 1,378,707
Committed	4,542,237
Assigned	2,750,000
Unassigned	<u>7,087,781</u>
Total	<u>\$ 15,758,725</u>

The total fund balance increased by \$636,759 to \$15,758,725. This increase 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 \$9,883,839 total fund balance of the general fund, \$7,133,839 was unassigned. During the current fiscal year, the fund balance of the Town's general fund decreased by \$462,310. The decrease was substantially attributable to revenues lower than the budget by \$1,662,791 and the expenditure budget underspent by \$1,200,481.

Capital nonrecurring projects fund. The capital nonrecurring projects fund's net change in fund balance was an increase of \$1,067,104 for the fiscal year, resulting in a fund balance at the end of the year of \$1,679,052. This increase is due to the receipt of the ARPA grant of \$1,112,922.

Proprietary funds

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

Internal service fund. The internal service fund is used to account for medical and dental self-insurance claims. The fund had an increase in net position of \$535,918 due to increased funding. The internal service fund had an unrestricted net position of \$1,082,528 at year end.

General fund budgetary highlights

The most significant functions that were underspent were as follows:

- Education by \$436,379 due to use of the hybrid model of education during the pandemic.
- Town attorney by \$81,976 due to conservative budgeting.
- Treasurer by \$57,770 due to an unfilled position.
- Highway department was under budget by \$180,999 due to part-time nonunion wages under budget by \$33,823 and maintenance wages under budget by \$30,660 due to less project activity during part of the pandemic.
- Employee benefits by \$196,978 due to the budget being set before receiving the actual increase from the State.

The significant budget transfers during the year were as follows:

- Police department charges for services revenue and expenditures increased by \$250,975 to fund an increase in the police department budget.
- 660 Morehouse Road revenue budget for rental income was increased by \$42,476.
- There was an additional appropriation of fund balance of \$22,894 for various small item and \$18,271 for recycling costs.

Management's Discussion and Analysis

- Transfers out to the capital nonrecurring fund budget was increased by \$493,094, which included transfers from other departments as detailed below:
 - Highway department \$ 244,855
 - Fire department 100,000
 - EMS commission 90,000
 - Assessor 43,800
- Additional details on budget transfers can be found in RSI-1A and 1B.

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$85,511,840 (net of accumulated depreciation). This investment in capital assets is as follows:

	Capital Assets (Net of Accumulated Depreciation) June 30	
	<u>2021</u>	<u>2020</u>
Land	\$ 19,873,628	\$ 19,873,628
Construction in progress	1,177,368	1,506,276
Land improvements	339,997	360,183
Buildings	45,978,739	46,798,764
Building improvements	1,063,459	1,035,420
Machinery and equipment	938,465	841,067
Vehicles	2,096,417	2,267,942
Infrastructure	<u>14,043,767</u>	<u>13,045,598</u>
Total	<u>\$ 85,511,840</u>	<u>\$ 85,728,878</u>

Management's Discussion and Analysis

The capital assets (net of depreciation) decreased in the current year by \$217,038. The decrease is due to depreciation expense exceeding capital additions. Major capital asset activity during the current fiscal year included the following:

➤ Construction in progress:	
○ Bridge replacement	\$ 420,631
○ Fire truck	328,913
○ Paving Judd Road	210,149
➤ Machinery and equipment:	
○ Computers and technology equipment	148,817
➤ Infrastructure (from construction in progress):	
○ Bridge replacement	1,289,428

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 \$10,477,737. All debt is backed by the full faith and credit of the Town.

Long-Term Debt June 30

	<u>2021</u>	<u>2020</u>
General purpose bonds	\$ 3,799,000	\$ 4,557,000
School bonds	6,521,000	8,431,000
Sewer bonds	100,000	125,000
Equipment financing notes	<u>57,737</u>	<u>-</u>
Total	<u>\$ 10,477,737</u>	<u>\$ 13,113,000</u>

During the current fiscal year, the Town's total debt decreased by \$2,635,263 due to scheduled principal payments offset by issuance of equipment financing notes of \$78,771.

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 \$280,593,138, 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 2021, the unemployment rate for the Town was at 5.4%, which is lower than the State average unemployment rate of 7.7% and a national unemployment rate of 5.9%.

The potential impact of the pandemic on the local economy, businesses and Town revenues is being continually monitored. For fiscal year 2021, there was a negative impact on income from investments, but other revenues such as building permits and conveyance taxes were positively impacted. The Town did not see any impact on tax collections for the prior fiscal year and there is no indication that there will be an impact on 2022 collections.

These factors were considered in preparing the Town's budget for the 2021-2022 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.

**Basic
Financial
Statements**

Town of Easton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2021

Assets

Current assets:	
Cash	\$ 5,650,924
Investments	15,633,580
Receivables (net):	
Property taxes	1,028,049
Intergovernmental	3,890
Other	317,114
Other	24,413
Total current assets	<u>22,657,970</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	239,804
Investments	790,532
Total restricted assets	<u>1,030,336</u>
Receivables (net):	
Property taxes	921,531
Net pension asset	<u>1,603,736</u>
Capital assets (net of accumulated depreciation):	
Land	19,873,628
Construction in progress	1,177,368
Land improvements	339,997
Buildings	45,978,739
Building improvements	1,063,459
Machinery and equipment	938,465
Vehicles	2,096,417
Infrastructure	14,043,767
Total capital assets (net of accumulated depreciation)	<u>85,511,840</u>
Total noncurrent assets	<u>89,067,443</u>
Total assets	<u>111,725,413</u>

Deferred Outflows of Resources

Pension related	1,996,463
OPEB related	505,605
Total deferred outflows of resources	<u>2,502,068</u>

(Continued)

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

Town of Easton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2021

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 735,196
Regional School District No. 9 payable	940,645
Accrued payroll and related liabilities	875,437
Retainage payable	9,351
Unearned revenue	1,372,466
Accrued interest payable	43,388
Overpayments	82,861
Other	12,480
Bonds and notes payable	2,691,391
Compensated absences and retired employee liability	163,406
Heart and hypertension	11,000
Claims payable	173,289

Total current liabilities	<u>7,110,910</u>
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Noncurrent liabilities:

Performance bonds	1,030,336
Bonds, notes and related liabilities	7,991,262
Compensated absences and retired employee liability	653,622
Heart and hypertension	103,422
Net pension liability	4,563,878
OPEB liability	1,937,875

Total noncurrent liabilities	<u>16,280,395</u>
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Total liabilities	<u>23,391,305</u>
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Deferred Inflows of Resources

Advance property tax collections	586,943
Pension related	3,143,333
OPEB related	1,157,990

Total deferred inflows of resources	<u>4,888,266</u>
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Net Position

Net investment in capital assets	74,788,935
Restricted for:	
Net pension asset	1,603,736
General government	144,247
Health and welfare	59,688
Construction contracts	1,174,772
Unrestricted	8,176,532
Total net position	<u>\$ 85,947,910</u>

(Concluded)

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

Town of Easton, Connecticut

Statement of Activities
 Governmental Activities
 For the Year Ended June 30, 2021

18

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	\$ 2,605,084	\$ 1,213,999	\$ 64,072	\$ -	\$ (1,327,013)
Public safety	4,970,823	664,547	3,777	-	(4,302,499)
Public works	3,350,599	588,859	-	1,812,190	(949,550)
Health and welfare	711,835	50,083	61,569	-	(600,183)
Education	31,368,785	44,994	2,969,967	-	(28,353,824)
Library	768,872	8,944	4,754	-	(755,174)
Park and recreation	652,222	158,031	-	-	(494,191)
Interest	162,474	-	-	-	(162,474)
Total	\$ 44,590,694	\$ 2,729,457	\$ 3,104,139	\$ 1,812,190	(36,944,908)
General revenues:					
Property taxes					40,362,055
Grants and contributions not restricted to specific programs					103,312
Income from investments					66,100
Other					61,621
Total general revenues					40,593,088
Change in net position					3,648,180
Net position - July 1, 2020 (as restated)					82,299,730
Net position - June 30, 2021					\$ 85,947,910

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

Town of Easton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Nonrecurring Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash	\$ 644,090	\$ 2,868,384	\$ 2,137,200	\$ 5,649,674
Restricted cash	239,804	-	-	239,804
Investments	12,484,267	163,080	2,075,233	14,722,580
Restricted investments	790,532	-	-	790,532
Receivables (net):				
Property taxes	1,949,580	-	-	1,949,580
Intergovernmental	-	-	3,890	3,890
Other	128,911	-	188,203	317,114
Due from other funds	87,032	-	-	87,032
Other	24,413	-	-	24,413
Total assets	<u>\$ 16,348,629</u>	<u>\$ 3,031,464</u>	<u>\$ 4,404,526</u>	<u>\$ 23,784,619</u>
<u>Liabilities</u>				
Accounts payable	\$ 639,441	\$ 30,901	\$ 64,854	\$ 735,196
Regional School District No. 9 payable	940,645	-	-	940,645
Accrued payroll and related liabilities	875,437	-	-	875,437
Retainage payable	-	9,351	-	9,351
Due to other funds	343,567	-	87,032	430,599
Unearned revenue	3,500	1,312,160	56,806	1,372,466
Performance bonds	1,030,336	-	-	1,030,336
Overpayments	82,861	-	-	82,861
Other	12,480	-	-	12,480
Total liabilities	<u>3,928,267</u>	<u>1,352,412</u>	<u>208,692</u>	<u>5,489,371</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue:				
Property taxes	1,949,580	-	-	1,949,580
Advance property tax collections	586,943	-	-	586,943
Total deferred inflows of resources	<u>2,536,523</u>	<u>-</u>	<u>-</u>	<u>2,536,523</u>
<u>Fund Balances</u>				
Restricted	-	1,174,772	203,935	1,378,707
Committed	-	504,280	4,037,957	4,542,237
Assigned	2,750,000	-	-	2,750,000
Unassigned	7,133,839	-	(46,058)	7,087,781
Total fund balances	<u>9,883,839</u>	<u>1,679,052</u>	<u>4,195,834</u>	<u>15,758,725</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,348,629</u>	<u>\$ 3,031,464</u>	<u>\$ 4,404,526</u>	<u>\$ 23,784,619</u>

(Continued)

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

Town of Easton, Connecticut
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2021

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>\$ 15,758,725</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	85,728,878
Current year additions (net of construction in progress)	1,264,570
Depreciation expense	(1,469,977)
Disposal of assets	<u>(11,631)</u>
Total	<u>85,511,840</u>

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

Net pension asset	1,603,736
Deferred outflows related to pensions	1,996,463
Deferred outflows related to OPEB	<u>505,605</u>
Total	<u>4,105,804</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>1,949,580</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>1,082,528</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	(10,477,737)
Premium	(204,916)
Compensated absences	(817,028)
Heart and hypertension	(114,422)
Net pension liability	(4,563,878)
OPEB liability	(1,937,875)
Accrued interest payable	(43,388)
Deferred inflows related to pensions	(3,143,333)
Deferred inflows related to OPEB	<u>(1,157,990)</u>
Total	<u>(22,460,567)</u>

Net position (Exhibit A)	<u>\$ 85,947,910</u>
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(Concluded)

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

Town of Easton, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

	<u>General</u>	<u>Capital Nonrecurring Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 40,649,362	\$ -	\$ -	\$ 40,649,362
Intergovernmental	2,794,923	1,567,340	631,559	4,993,822
Charges for services	1,891,476	-	837,981	2,729,457
Income from investments	64,296	164	1,640	66,100
Contributions	-	-	25,819	25,819
Other	61,621	-	-	61,621
Total revenues	<u>45,461,678</u>	<u>1,567,504</u>	<u>1,496,999</u>	<u>48,526,181</u>
Expenditures:				
Current:				
General government	2,106,316	-	63,094	2,169,410
Public safety	3,246,059	-	158,500	3,404,559
Public works	2,139,495	-	321,692	2,461,187
Health and welfare	501,046	-	84,679	585,725
Education	30,010,926	-	518,739	30,529,665
Library	580,108	-	6,721	586,829
Park and recreation	383,331	-	114,059	497,390
Employee benefits	2,970,619	-	-	2,970,619
Insurance	650,538	-	-	650,538
Debt service	3,032,456	-	-	3,032,456
Capital outlay	-	1,072,265	7,550	1,079,815
Total expenditures	<u>45,620,894</u>	<u>1,072,265</u>	<u>1,275,034</u>	<u>47,968,193</u>
Excess (deficiency) of revenues over expenditures	<u>(159,216)</u>	<u>495,239</u>	<u>221,965</u>	<u>557,988</u>
Other financing sources (uses):				
Issuance of debt	-	78,771	-	78,771
Transfers in	190,000	493,094	-	683,094
Transfers out	<u>(493,094)</u>	<u>-</u>	<u>(190,000)</u>	<u>(683,094)</u>
Net other financing sources (uses)	<u>(303,094)</u>	<u>571,865</u>	<u>(190,000)</u>	<u>78,771</u>
Net change in fund balances	(462,310)	1,067,104	31,965	636,759
Fund balances - July 1, 2020 (as restated)	<u>10,346,149</u>	<u>611,948</u>	<u>4,163,869</u>	<u>15,121,966</u>
Fund balances - June 30, 2021	<u>\$ 9,883,839</u>	<u>\$ 1,679,052</u>	<u>\$ 4,195,834</u>	<u>\$ 15,758,725</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, 2021

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

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 636,759</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	1,264,570
Depreciation expense	<u>(1,469,977)</u>
Total	<u>(205,407)</u>

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

Disposal of capital assets	<u>(11,631)</u>
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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	<u>(287,307)</u>
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The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of notes	(78,771)
Principal repayments:	
General obligation bonds	2,693,000
Notes payable	<u>21,034</u>
Total	<u>2,635,263</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, 2021

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

Amortization of premium	\$ 107,735
Change in:	
Compensated absences	106,432
Heart and hypertension	17,858
Net pension liability (asset)	3,365,007
OPEB liability	865,792
Accrued interest payable	48,213
Deferred outflows related to pension	(934,208)
Deferred inflows related to pension	(2,274,556)
Deferred outflows related to OPEB	27,283
Deferred inflows related to OPEB	<u>(984,971)</u>
Total	<u>344,585</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>535,918</u>
Change in net position (Exhibit B)	<u>\$ 3,648,180</u>
	(Concluded)

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

Town of Easton, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2021

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 1,250
Investments	911,000
Due from other funds	<u>343,567</u>
Total assets	<u>1,255,817</u>
<u>Liabilities</u>	
Current liabilities:	
Claims payable	<u>173,289</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 1,082,528</u></u>

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

Town of Easton, Connecticut

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021**

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	<u>\$ 3,046,581</u>
Operating expenses:	
Claims	2,160,884
Administration	156,442
HSA contributions	<u>193,792</u>
Total operating expenses	<u>2,511,118</u>
Operating income (loss)	535,463
Nonoperating revenues (expenses):	
Income from investments	<u>455</u>
Change in net position	535,918
Total net position - July 1, 2020	<u>546,610</u>
Total net position - June 30, 2021	<u><u>\$ 1,082,528</u></u>

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

Town of Easton, Connecticut
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Internal Service Fund</u>
Cash flows from (used in) operating activities:	
Cash received for premiums	\$ 2,704,753
Claims paid	(2,161,273)
Administration paid	(156,442)
HSA contributions paid	<u>(193,792)</u>
Net cash from (used in) operating activities	193,246
Cash flows from (used in) investing activities:	
Income from investments	<u>455</u>
Net increase (decrease) in cash	193,701
Cash and cash equivalents - July 1, 2020	<u>718,549</u>
Cash and cash equivalents - June 30, 2021	<u><u>\$ 912,250</u></u>
Reconciliation to Exhibit F - Cash:	
Cash and cash equivalents per above	\$ 912,250
Cash and cash equivalents reported as investments	<u>(911,000)</u>
Cash - Exhibit F	<u><u>\$ 1,250</u></u>
	(Continued)

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

Town of Easton, Connecticut
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 535,463
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	1,739
Due from other funds	(343,567)
Increase (decrease) in:	
Claims payable	<u>(389)</u>
Net cash from (used in) operating activities	<u>\$ 193,246</u>
	(Concluded)

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

Town of Easton, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Pension Trust Fund</u>
<u>Assets</u>	
Investments:	
Mutual funds/exchange traded funds:	
Equity	\$ 14,958,904
Bond	4,740,665
Real estate	1,049,958
U.S. government obligations	1,655,000
Bank money market	<u>1,659,907</u>
Total investments	24,064,434
Prepaid	<u>88,406</u>
Total assets	<u>24,152,840</u>
<u>Net Position</u>	
Restricted for pension	<u><u>\$ 24,152,840</u></u>

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

Town of Easton, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 500,000
Plan members	<u>128,448</u>
Total contributions	<u>628,448</u>
Investment income (loss):	
Net change in fair value of investments	4,127,510
Interest and dividends	<u>893,955</u>
Net investment income (loss)	<u>5,021,465</u>
Total additions	<u>5,649,913</u>
Deductions:	
Benefits	1,023,951
Administration	<u>10,000</u>
Total deductions	<u>1,033,951</u>
Changes in net position	4,615,962
Net position - July 1, 2020	<u>19,536,878</u>
Net position - June 30, 2021	<u><u>\$ 24,152,840</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, 2021**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, 2021

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, 2021**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

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

For purposes of measuring the net pension and OPEB 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, 2021

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 and cash equivalents	<u>11.00%</u>
Total	<u><u>100.00%</u></u>

c. Method used to value investments

Investments for the Town are reported at fair value. 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, 2021

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% to 33% of outstanding receivable balances and are calculated based upon prior collections.

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

3. Restricted assets

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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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

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

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

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**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, 2021

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

9. 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 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.

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).

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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.

10. 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.

11. 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 \$2,960.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Capital projects authorizations

The following is a summary of certain capital projects:

Project	Project Authorization	Cumulative Expenditures	Balance
Wells Hill Bridge/South Park	\$ 3,649,177	\$ 2,309,271	\$ 1,339,906
Fire Truck	1,857,420	1,705,037	152,383
Planning and Zoning Town Plans	56,250	47,599	8,651
Town Garage	122,285	110,981	11,304
Highway Trucks	298,700	283,981	14,719
Fire Hydrants	5,266	4,250	1,016
Senior Center Van	163,160	148,604	14,556
Fire Radios - LOCIP	42,419	41,795	624
Town Improvement	52,683	41,966	10,717
Garage	26,822	25,368	1,454
Revaluation	586,965	529,277	57,688
Animal Shelter	593,150	592,620	530
Morehouse Bathrooms	118,000	100,831	17,169
Subdivision Funds	109,151	-	109,151
Morehouse Road Little League Fields	105,000	99,695	5,305
Staples Renovation Fire Suppression	455,000	382,051	72,949
660 Morehouse Road Lead Paint	159,700	155,905	3,795
Morehouse Road Repair and Permanent	347,357	330,489	16,868
Totals	\$ 8,748,505	\$ 6,909,720	\$ 1,838,785

III. Detailed notes

A. Cash and investments

1. Deposits – custodial credit risk

At year end, the Town's bank balance was \$7,243,634 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,432,726
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,810,908
Total amount subject to custodial credit risk	\$ 6,243,634

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, 2021

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/exchange traded funds:						
Money market	\$ 3,212,209	\$ -	\$ 3,212,209	\$ -	\$ -	\$ -
Equity	14,958,904	14,958,904	-	-	-	-
Bond	4,740,665	-	1,613,622	744,153	2,382,890	-
Real estate	1,049,958	1,049,958	-	-	-	-
U.S. government	1,018,948	-	-	-	-	1,018,948
Bank money market	3,185,388	-	3,185,388	-	-	-
Pooled fixed income	7,939,502	-	7,939,502	-	-	-
U.S. government obligations	2,967,187	-	-	-	-	2,967,187
Repurchase agreement	911,000	-	911,000	-	-	-
Municipal obligations	504,785	-	504,785	-	-	-
Total	<u>\$ 40,488,546</u>	<u>\$16,008,862</u>	<u>\$17,366,506</u>	<u>\$744,153</u>	<u>\$2,382,890</u>	<u>\$3,986,135</u>

Repurchase agreement

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

Amount	\$ 911,000
Market value of underlying investments	956,654
Interest rates	0.05%
Maturity value	911,001
Maturity date	7/1/2021

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Cash and investments (continued)

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

Investments by fair value level	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
Mutual funds/exchange traded funds:			
Money market	\$ 3,212,209	\$ 3,212,209	\$ -
Equity	14,958,904	14,958,904	-
Bond	4,740,665	4,740,665	-
Real estate	1,049,958	1,049,958	-
U.S. government obligations	1,018,948	1,018,948	-
U.S. government obligations	2,967,187	2,967,187	-
Municipal obligations	504,785	-	504,785
Total investments by fair value level	28,452,656	\$ 27,947,871	\$ 504,785
<u>Other investments not subject to fair value measurement:</u>			
Bank money market	3,185,388		
Pooled fixed income	7,939,502		
Repurchase agreement	911,000		
Total other investments	12,035,890		
Total investments	\$ 40,488,546		

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.

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

Type of Investment	Ratings						Total
	AAA	AA	A	BBB	BB	Unrated	
Mutual funds/exchange traded funds:							
Money market	\$ 3,212,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,212,209
Bond	634,558	45,172	50,550	233,388	111,854	3,665,143	4,740,665
U.S. government obligations	-	-	-	-	-	1,018,948	1,018,948
Pooled fixed income	7,939,502	-	-	-	-	-	7,939,502
U.S. government obligations	-	-	2,967,187	-	-	-	2,967,187
Municipal obligations	-	504,785	-	-	-	-	504,785
Total	\$ 11,786,269	\$ 549,957	\$ 3,017,737	\$ 233,388	\$ 111,854	\$ 4,684,091	\$ 20,383,296

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Cash and investments (continued)

- 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.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government obligations	\$ 2,967,187	\$ 500,000	\$ 2,467,187
Municipal obligations	<u>504,785</u>	<u>-</u>	<u>504,785</u>
Total	<u>\$ 3,471,972</u>	<u>\$ 500,000</u>	<u>\$ 2,971,972</u>

B. Receivables

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

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest and Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 617,596</u>	<u>\$ 410,453</u>	<u>\$ 1,028,049</u>
Long-term portion	\$ 1,017,122	\$ 279,409	\$ 1,296,531
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(225,000)</u>	<u>(375,000)</u>
Net long-term portion	<u>\$ 867,122</u>	<u>\$ 54,409</u>	<u>\$ 921,531</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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	\$ 20,460	\$ -
Senior center	N/A	44,795	-
Solid waste program	N/A	21,777	-
Internal service fund	N/A	-	343,567
Total general fund		<u>87,032</u>	<u>343,567</u>
Other governmental funds:			
Health and welfare	General fund	-	20,460
Senior center	General fund	-	44,795
Solid waste program	General fund	-	21,777
Total other governmental funds		<u>-</u>	<u>87,032</u>
Internal service fund	General fund	<u>343,567</u>	<u>-</u>
Total		<u>\$ 430,599</u>	<u>\$ 430,599</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	N/A	\$ -	\$ 493,094
EMS special services	N/A	<u>190,000</u>	<u>-</u>
Total general fund		<u>190,000</u>	<u>493,094</u>
Capital nonrecurring projects	General fund	<u>493,094</u>	<u>-</u>
Other governmental funds			
EMS special services	General fund	<u>-</u>	<u>190,000</u>
Total		<u>\$ 683,094</u>	<u>\$ 683,094</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, 2021

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Capital assets, not being depreciated:</u>				
Land	\$ 19,873,628	\$ -	\$ -	\$ 19,873,628
Construction in progress	1,506,276	960,520	1,289,428	1,177,368
Total capital assets, not being depreciated	<u>21,379,904</u>	<u>960,520</u>	<u>1,289,428</u>	<u>21,050,996</u>
<u>Capital assets, being depreciated:</u>				
Land improvements	701,427	-	-	701,427
Buildings	69,785,563	-	-	69,785,563
Building improvements	1,502,478	74,015	-	1,576,493
Machinery and equipment	2,205,509	184,130	-	2,389,639
Vehicles	6,111,062	45,905	27,138	6,129,829
Infrastructure	25,468,277	1,289,428	-	26,757,705
Total capital assets, being depreciated	<u>105,774,316</u>	<u>1,593,478</u>	<u>27,138</u>	<u>107,340,656</u>
Total capital assets	<u>127,154,220</u>	<u>2,553,998</u>	<u>1,316,566</u>	<u>128,391,652</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	341,244	20,186	-	361,430
Buildings	22,986,799	820,025	-	23,806,824
Building improvements	467,058	45,976	-	513,034
Machinery and equipment	1,364,442	86,732	-	1,451,174
Vehicles	3,843,120	205,799	15,507	4,033,412
Infrastructure	12,422,679	291,259	-	12,713,938
Total accumulated depreciation	<u>41,425,342</u>	<u>1,469,977</u>	<u>15,507</u>	<u>42,879,812</u>
Total capital assets, being depreciated, net	<u>64,348,974</u>	<u>123,501</u>	<u>11,631</u>	<u>64,460,844</u>
Capital assets, net	<u>\$ 85,728,878</u>	<u>\$ 1,084,021</u>	<u>\$ 1,301,059</u>	<u>\$ 85,511,840</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**D. Capital assets (continued)**

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

General government	\$ 53,016
Public safety	151,947
Public works	445,399
Health and welfare	71,821
Education	698,700
Library	18,865
Park and recreation	30,229
Total depreciation expense	<u>\$ 1,469,977</u>

E. Construction commitments

At year end, the Town's commitments with contractors totaled \$1,174,772 for the South Park Avenue Bridge project.

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Current Portion	Long-Term Portion
Bonds:										
General purpose:										
Refunding bond	\$ 3,739,500	05/28/09	10/15/21	3.00-5.00%	\$ 659,000	\$ -	\$ 330,000	\$ 329,000	\$ 329,000	\$ -
Improvement bond	1,424,000	07/15/10	07/15/25	1.00-3.75%	570,000	-	95,000	475,000	95,000	380,000
Improvement bond	3,994,000	12/13/17	12/15/29	2.88%	3,328,000	-	333,000	2,995,000	333,000	2,662,000
Total general purpose	9,157,500				4,557,000	-	758,000	3,799,000	757,000	3,042,000
School:										
Refunding bond	5,765,500	05/28/09	10/15/21	3.00-5.00%	1,021,000	-	510,000	511,000	511,000	-
Improvement bond	925,000	07/15/10	07/15/25	1.000-3.375%	360,000	-	60,000	300,000	60,000	240,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.00-5.00%	3,180,000	-	645,000	2,535,000	640,000	1,895,000
Refunding bond	6,810,000	02/09/12	11/01/25	2.00-4.00%	3,030,000	-	530,000	2,500,000	520,000	1,980,000
Improvement bond	1,620,000	01/15/15	01/15/25	2.00%	840,000	-	165,000	675,000	165,000	510,000
Total school	23,605,500				8,431,000	-	1,910,000	6,521,000	1,896,000	4,625,000
Sewer:										
Improvement bond	326,000	07/15/10	07/15/25	1.000-3.375%	125,000	-	25,000	100,000	20,000	80,000
Total bonds	33,089,000				13,113,000	-	2,693,000	10,420,000	2,673,000	7,747,000
Notes (direct borrowings):										
Equipment financing notes:										
Computers	78,771	9/1/2020	9/1/2023	4.037%	-	78,771	21,034	57,737	18,391	39,346
Total bonds/notes	<u>\$33,167,771</u>				13,113,000	78,771	2,714,034	10,477,737	2,691,391	7,786,346

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

F. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance			Balance June 30, 2021	Current Portion	Long-Term Portion
					July 1, 2020	Additions	Deductions			
Premium					\$ 312,651	\$ -	\$ 107,735	\$ 204,916	\$ -	\$ 204,916
Total bonds, notes and related liabilities					13,425,651	78,771	2,821,769	10,682,653	2,691,391	7,991,262
Compensated absences and retired employee liabilities					923,460	737,145	843,577	817,028	163,406	653,622
Heart and hypertension					132,280	-	17,858	114,422	11,000	103,422
Net pension liability					4,187,881	683,826	307,829	4,563,878	-	4,563,878
OPEB liability					2,803,667	256,270	1,122,062	1,937,875	-	1,937,875
Total long-term liabilities					<u>\$21,472,939</u>	<u>\$1,756,012</u>	<u>\$5,113,095</u>	<u>\$18,115,856</u>	<u>\$2,865,797</u>	<u>\$15,250,059</u>

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

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
2022	\$ 2,673,000	\$ 18,391	\$ 251,757
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	<u>\$ 10,420,000</u>	<u>\$ 57,737</u>	<u>\$ 745,419</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

F. Changes in long-term liabilities (continued)

3. Statutory debt limitations

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

<u>Category</u>	<u>Debit Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 90,190,652	\$ 3,799,000	\$ 86,391,652
Schools	180,381,303	10,910,848	169,470,455
Sewers	150,317,753	100,000	150,217,753
Urban renewal	130,275,386	-	130,275,386
Pension deficit	120,254,202	-	120,254,202

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation for the prior year, \$280,593,138.

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 \$9,610,000 bonds outstanding of which 45.68% is the Town's portion which totaled \$4,389,848.

4. Authorized and unissued bonds

There were no authorized and unissued bonds at year end.

5. 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:

<u>Year End</u>	
2022	\$ 102,000
2023	<u>102,000</u>
Total	<u>\$ 204,000</u>

6. 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.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**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	\$ -	\$ 1,174,772	\$ -	\$ 1,174,772
Cemetery operations	-	-	19,847	19,847
Social services programs	-	-	39,841	39,841
Town clerk programs *	-	-	144,247	144,247
Total restricted	-	1,174,772	203,935	1,378,707
<u>Committed:</u>				
Park and recreation programs	-	-	343,541	343,541
Public safety programs	-	-	418,751	418,751
Miscellaneous grants	-	-	36,358	36,358
EMS special service program	-	-	133,388	133,388
Solid waste program	-	-	57,658	57,658
Library programs	-	-	1,083,346	1,083,346
Education programs	-	-	4,609	4,609
School activity programs	-	-	59,745	59,745
Approved projects	-	504,280	946,749	1,451,029
Land acquisition	-	-	953,812	953,812
Total committed	-	504,280	4,037,957	4,542,237
<u>Assigned:</u>				
Subsequent year's budget	2,750,000	-	-	2,750,000
<u>Unassigned</u>				
	7,133,839	-	(46,058)	7,087,781
Total	<u>\$ 9,883,839</u>	<u>\$ 1,679,052</u>	<u>\$ 4,195,834</u>	<u>\$ 15,758,725</u>

*The amount of restricted net position, which was restricted by enabling legislation, totaled \$144,247.

H. Deficit fund balances

The Town had a deficit fund balance in the Senior Center fund of \$46,058, 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, 2021

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, 2021

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>				
2019-2020	<u>\$ 269,526</u>	<u>\$ 1,977,395</u>	<u>\$ 2,073,243</u>	<u>\$ 173,678</u>
2020-2021	<u>\$ 173,678</u>	<u>\$ 2,160,884</u>	<u>\$ 2,161,273</u>	<u>\$ 173,289</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.

C. Contingencies

Coronavirus

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency. Although the national shut down has ended, the Coronavirus continues to have an impact on the economy including effects on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services. This has been offset to varying degrees by increases in building permit fees and conveyance taxes. In addition, the supply chain has been disrupted and prices have increased for various types of items, including construction costs. The pandemic has also resulted in labor shortages.

In response to the pandemic and the economic impact on local governments, the federal government has provided the following funding beginning in April 2020 and April 2021. The Town was awarded grants from the federal government for the costs and impact of the pandemic as follows:

<u>Grant Name</u>	<u>Amount</u>
Coronavirus Relief Fund ("CRF")	\$ 132,205
Education Stabilization Fund ("ESF")	428,106
American Rescue Plan Act ("ARPA")	<u>1,112,922</u>
Total	<u>\$ 1,673,233</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Contingencies (continued)

The second payment of the ARPA grant of \$1,112,922 is to be received in fiscal year 2022.

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

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.

b. Plan membership

As of July 1, 2020, the membership in the plan is comprised of the following:

Inactive plan members or beneficiaries currently receiving benefits	82
Inactive plan members entitled to benefits but not yet receiving them	13
Inactive plan members entitled to refunds of contributions only	9
Active members	<u>53</u>
Total	<u><u>157</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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Town pension plan (continued)

Accrued benefit	Normal Retirement Benefit based on service to date of determination
Disability benefits	A participant who is disabled and has completed ten (10) years of service is eligible for an immediate disability benefit equal to his accrued benefit. In no instance will a participant's benefit be more than 100% of his compensation in effect prior to his disability, reduced by any Workers Compensation and/or Social Security Disability benefits. If a disability is determined to have occurred in the course of the participant's employment, the ten year service requirement is waived

3. Contributions

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

Average active member contribution rate of annual base compensation was 4.14%
Town average contribution rate of covered payroll was 16.13%

4. Investments

a. Investment policy

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

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

b. Concentrations

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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Town pension plan (continued)

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 26.15%.

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

5. Net pension liability (asset)

The components of the net pension liability (asset) were as follows:

Total pension liability	\$ 22,549,104
Plan fiduciary net position	<u>(24,152,840)</u>
Net pension asset	<u>\$ (1,603,736)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>107.11%</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Town pension plan (continued)

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, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Investment rate of return	7.00%
Inflation	2.00%
Salary increases	3.00%
Discount rate	7.00%
Cost of living adjustments	Each participant who retires on January 1, 2002 will receive a cost of living increase beginning on the first July 1st. This increase will be not less than two and one-half (2.5%) percent and not more than six (6%) percent
Mortality rates	
General	Pub-10 projected generationally using the MP-2019 projection scales
Highway	RP-2014 Blue Collar (Highway) projected generationally using the MP-2019 projection scales

7. Changes from prior year

a. Changes in assumptions

Mortality tables changed from RP-2014 using MP-2018 projection scales to Pub-10 using MP-2019 scale for general employees and RP-2014 using MP-2019 scale for highway employees.

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.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Town pension plan (continued)

9. Changes in the net pension liability (asset)

The Town's net pension liability (asset) was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2020. 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, 2020	\$21,674,146	\$19,536,878	\$ 2,137,268
Service cost	372,165	-	372,165
Interest	1,510,573	-	1,510,573
Differences between expected and actual experience	16,171	-	16,171
Contributions - employer	-	500,000	(500,000)
Contributions - member	-	128,448	(128,448)
Net investment income	-	5,021,465	(5,021,465)
Benefit payments, including refunds of member contributions	(1,023,951)	(1,023,951)	-
Administration	-	(10,000)	10,000
Net change	874,958	4,615,962	(3,741,004)
Balance at June 30, 2021	\$22,549,104	\$24,152,840	\$ (1,603,736)

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 of 7.00%:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability (asset)	\$ 1,168,541	\$ (1,603,736)	\$ (3,916,354)

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

A. Town pension plan (continued)

11. Pension expense and deferred outflows and inflows of resources

The Town recognized pension expense of \$540,815.

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	\$ 9,952	\$ 169,732	\$ (159,780)
Net difference between projected and actual earnings on pension plan investments	-	<u>2,280,390</u>	<u>(2,280,390)</u>
Total	<u>\$ 9,952</u>	<u>\$ 2,450,122</u>	<u>\$ (2,440,170)</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 3.90 years.

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

<u>Year Ending June 30,</u>	<u>Town</u>
2022	\$ (670,226)
2023	(484,017)
2024	(554,789)
2025	<u>(731,138)</u>
Total	<u>\$ (2,440,170)</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

Normal retirement	
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, 2021

B. Connecticut municipal employees' retirement system (continued)

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

3. Contributions

Employer

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

Employees

For employees not covered by social security, each person is required to contribute 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 \$4,563,878 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportionate share of the net pension liability was based upon the Town's 2020 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share and change from the prior year was as follows:

Town of Easton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

B. Connecticut municipal employees' retirement system (continued)

<u>Plan Description</u>	<u>Proportional share</u>	<u>Change from prior year</u>
Policeman with social security sub plan	3.821073%	(0.086019%)
Fireman with social security sub plan	1.709337%	(0.131123%)

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 \$1,425,745. 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	\$ -	\$ 583,963	\$ (583,963)
Changes in assumptions	738,454	-	738,454
Changes in proportional share of employer	204,429	109,248	95,181
Net difference between projected and actual earnings on pension plan investments	501,046	-	501,046
Contributions subsequent to measurement date	<u>542,582</u>	<u>-</u>	<u>542,582</u>
Total	<u>\$ 1,986,511</u>	<u>\$ 693,211</u>	1,293,300
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(542,582)</u>
Net amortized amount of deferred inflows and outflows			<u>\$ 750,718</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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 <u>June 30,</u>	
2022	\$ 295,995
2023	373,441
2024	63,888
2025	<u>17,394</u>
Total	<u>\$ 750,718</u>

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	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, 2020 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, 2021

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, 2021

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 of 7.00%:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town's proportional share of the net pension (asset) liability	<u>\$ 6,578,225</u>	<u>\$ 4,563,878</u>	<u>\$ 2,879,937</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, 2020.

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.

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, 2021

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>35,138,535</u>
Total	<u>\$ 35,138,535</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

C. Connecticut state teachers' retirement system (continued)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as 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 \$2,253,839 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

- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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	<u>1.00%</u>	0.40%
Total	<u><u>100.00%</u></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, 2021

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, 2020.

D. Total pension plans

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Town	\$ 1,603,736	\$ -	\$ 9,952	\$ 2,450,122	\$ 540,815
MERS	-	4,563,878	1,986,511	693,211	1,425,745
Total	<u>\$ 1,603,736</u>	<u>\$ 4,563,878</u>	<u>\$ 1,996,463</u>	<u>\$ 3,143,333</u>	<u>\$ 1,966,560</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 \$90,065 and employee contributions totaled \$70,271.

Town of Easton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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:

	Town
Number of retirees and eligible surviving spouses	6
Active members	161
Total	167

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.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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

3. Contributions

Town employees
Police
Teachers
Education employees
Employer

Retiree pays 100% of the cost
Retiree pays 100% of the cost
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
Retiree pays 100% of the cost
Pay-as-you go from General Fund and Internal Service Fund

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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	2.16%
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

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

5. Changes from prior year

a. Changes in assumptions

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

- The discount rate decreased from 2.21% to 2.16%.
- The inflation rate decreased from 2.60% to 2.40%.
- The healthcare cost trend rate decreased from 7.00% with an ultimate rate of 4.60% to 6.50% with an ultimate rate of 4.40%.
- Mortality rates were updated from the RP-2014 tables with scale MP-2018 to Pub-2010 tables with scale MP-2021.

b. Changes in benefit terms

There were no changes in benefit terms.

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.16%.

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.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

7. Changes in the total OPEB liability

The Town’s OPEB liability was measured at June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Balance at July 1, 2020	<u>\$2,803,667</u>
Service cost	117,636
Interest	64,271
Differences between expected and actual experience	(1,095,672)
Changes in assumptions	74,363
Benefit payments, including refunds of member contributions	<u>(26,390)</u>
Net change	<u>(865,792)</u>
Balance at June 30, 2021	<u><u>\$1,937,875</u></u>

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

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate of 2.16%:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$2,187,486</u>	<u>\$ 1,937,875</u>	<u>\$ 1,721,675</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 of 6.50% decreasing to 4.40%:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$1,658,283</u>	<u>\$ 1,937,875</u>	<u>\$ 2,279,117</u>

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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

For the fiscal year, the Town recognized OPEB expense of \$111,026. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ 1,110,782	\$ (1,110,782)
Changes in assumptions	<u>505,605</u>	<u>47,208</u>	<u>458,397</u>
Total	<u>\$ 505,605</u>	<u>\$ 1,157,990</u>	<u>\$ (652,385)</u>

Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 11.9 years.

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

<u>Year Ended June 30,</u>	
2022	\$ (63,621)
2023	(63,621)
2024	(63,621)
2025	(63,621)
2026	(63,621)
Thereafter	<u>(334,280)</u>
Total	<u>\$ (652,385)</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.

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

2. Benefit provisions

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

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits. 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).

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

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.

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>5,240,914</u>
Total	<u>\$ 5,240,914</u>

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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021

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

The Town recognized OPEB expense and revenue of \$54,393 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%
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	2021

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 Medicare health care cost trend rate changed from 5.00% decreasing to 4.75% by 2028 to 5.125% decreasing to 4.50% by 2023.
- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.
- The discount rate was decreased from 3.50% to 2.21% to reflect the change in the Municipal Bond Index Rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

Long-term expected rate of return

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

Town of Easton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2021**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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, 2020.

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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, 2020.

VI. Prior period adjustment and fund reclassification

The government-wide net position and special revenue fund balance were restated as a result of the implementation of GASB No. 84 as follows:

	Governmental Activities	Other Governmental Funds
	<u> </u>	<u> </u>
Net position/fund balance as previously reported at June 30, 2020	\$ 82,257,208	\$ 4,121,347
Reclassification of fund to proper fund type	<u>42,522</u>	<u>42,522</u>
Net position/fund balance as restated at July 1, 2020	<u>\$ 82,299,730</u>	<u>\$ 4,163,869</u>

Required Supplementary Information

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

Town of Easton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 39,481,474	\$ -	\$ 39,481,474	\$ 40,276,919	\$ 795,445
Interest and liens	120,000	-	120,000	357,901	237,901
Telephone access	14,409	-	14,409	14,542	133
Total property taxes	39,615,883	-	39,615,883	40,649,362	1,033,479
Intergovernmental revenues:					
Education cost grant	172,080	-	172,080	155,778	(16,302)
Town aid roads	227,831	-	227,831	227,601	(230)
Property tax relief	374	-	374	312	(62)
Property tax relief - veterans	-	-	-	5,456	5,456
Revenue sharing state grant	2,660	-	2,660	2,660	-
State owned property	49,981	-	49,981	49,981	-
Other state grants	-	-	-	44,903	44,903
Total intergovernmental revenues	452,926	-	452,926	486,691	33,765
Charges for services:					
Town clerk	250,000	-	250,000	515,797	265,797
Building department	120,000	-	120,000	217,975	97,975
660 Morehouse Road	402,000	42,476	444,476	470,245	25,769
Health department	25,000	50,083	75,083	50,083	(25,000)
Planning and zoning	11,000	-	11,000	22,834	11,834
Zoning board of appeals	-	-	-	406	406
Conservation commission	5,000	-	5,000	4,847	(153)
Commission for the elderly	-	-	-	375	375
Police department	175,000	250,975	425,975	410,179	(15,796)
First selectman	175,000	-	175,000	179,230	4,230
Park and recreation	5,000	-	5,000	1,526	(3,474)
Education tuition	12,000	-	12,000	14,989	2,989
Recycling bins	-	-	-	25	25
Highway department	1,000	-	1,000	2,965	1,965
Total charges for services	1,181,000	343,534	1,524,534	1,891,476	366,942
Income from investments	75,000	-	75,000	64,296	(10,704)

(Continued)

Town of Easton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Other	\$ -	\$ -	\$ -	\$ 61,621	\$ 61,621
Total revenues	41,324,809	343,534	41,668,343	43,153,446	1,485,103
Other financing sources:					
Appropriation of fund balance	3,125,000	22,894	3,147,894	-	(3,147,894)
Transfers in:					
Emergency medical service	190,000	-	190,000	190,000	-
Total other financing sources	3,315,000	22,894	3,337,894	190,000	(3,147,894)
Total revenues and other financing sources	<u>\$ 44,639,809</u>	<u>\$ 366,428</u>	<u>\$ 45,006,237</u>	<u>\$ 43,343,446</u>	<u>\$ (1,662,791)</u>

(Concluded)

Town of Easton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town clerk	\$ 172,220	\$ -	\$ 172,220	\$ 169,439	\$ 2,781
First selectman	140,506	-	140,506	127,570	12,936
Probate court	3,418	-	3,418	-	3,418
Registrar of voters	55,833	327	56,160	56,160	-
Board of finance	3,300	-	3,300	1,980	1,320
Auditors	45,360	-	45,360	34,200	11,160
Treasurer	228,417	-	228,417	170,647	57,770
Assessor	179,621	(43,800)	135,821	124,751	11,070
Board of assessment appeals	350	-	350	63	287
Tax collector	107,302	-	107,302	101,347	5,955
Town attorney	125,000	-	125,000	43,024	81,976
Planning and zoning commission	130,111	-	130,111	105,683	24,428
Zoning board of appeals	8,486	-	8,486	6,692	1,794
Building department	99,544	3,777	103,321	93,462	9,859
Technology computer	27,000	-	27,000	22,535	4,465
Town hall	137,960	-	137,960	121,055	16,905
Communication dispatchers	278,902	-	278,902	276,271	2,631
Commission for the elderly	64,296	-	64,296	60,904	3,392
Senior center	211,561	2,567	214,128	214,127	1
SSS building	343,298	42,476	385,774	376,374	9,400
Cemetery	1,220	-	1,220	32	1,188
Total general government	2,363,705	5,347	2,369,052	2,106,316	262,736
Public safety:					
Police department	1,779,656	261,383	2,041,039	2,039,021	2,018
Fire department	1,058,739	(50,571)	1,008,168	998,146	10,022
Fire marshal	32,873	-	32,873	19,329	13,544
Emergency management	19,719	-	19,719	19,718	1
Firehouse rent	49,000	-	49,000	49,000	-
Conservation commission	42,663	-	42,663	39,604	3,059
Animal control	81,241	-	81,241	81,241	-
Total public safety	3,063,891	210,812	3,274,703	3,246,059	28,644
Public works:					
Recycling	249,291	-	249,291	234,453	14,838
Highway department	2,303,648	(244,855)	2,058,793	1,877,794	180,999
Street lights	1,100	-	1,100	881	219
Engineering	18,980	-	18,980	16,431	2,549
Tree warden	19,642	-	19,642	9,936	9,706
Total public works	2,592,661	(244,855)	2,347,806	2,139,495	208,311
Health and welfare:					
Health director	82,482	74,726	157,208	160,168	(2,960)
EMS commission	430,273	(90,000)	340,273	336,139	4,134
Welfare	4,779	-	4,779	4,739	40
Total health and welfare	517,534	(15,274)	502,260	501,046	1,214

(Continued)

Town of Easton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Education:					
Easton board of education	\$ 17,015,420	\$ -	\$ 17,015,420	\$ 16,856,626	\$ 158,794
Regional School District No. 9	11,123,653	-	11,123,653	10,846,068	277,585
Total education	28,139,073	-	28,139,073	27,702,694	436,379
Library	605,184	-	605,184	580,108	25,076
Park and recreation:					
Parks and recreation commission	383,958	-	383,958	383,331	627
Employee benefits:					
Pensions	1,181,100	-	1,181,100	1,161,144	19,956
Fringe benefits	1,468,997	-	1,468,997	1,333,612	135,385
Social security and medicare	517,500	-	517,500	475,863	41,637
Total employee benefits	3,167,597	-	3,167,597	2,970,619	196,978
Insurance	673,000	-	673,000	650,538	22,462
Contingency	100,000	(82,696)	17,304	-	17,304
Debt service:					
Principal retirement	2,693,000	-	2,693,000	2,693,000	-
Interest payments	339,456	-	339,456	339,456	-
Fiscal agent fees	750	-	750	-	750
Total debt service	3,033,206	-	3,033,206	3,032,456	750
Total expenditures	44,639,809	(126,666)	44,513,143	43,312,662	1,200,481
Other financing uses:					
Transfers out:					
Capital nonrecurring	-	493,094	493,094	493,094	-
Total expenditures and other financing uses	\$ 44,639,809	\$ 366,428	\$ 45,006,237	\$ 43,805,756	\$ 1,200,481

(Concluded)

Town of Easton, Connecticut

Notes to Required Supplementary Information

**General Fund
Budgets and Budgetary Accounting
For the Year Ended June 30, 2021**

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

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

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

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

Budget to GAAP Reconciliation

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 43,153,446	\$ 43,312,662
State Teachers' pension on behalf amount	2,253,839	2,253,839
State Teachers' OPEB on behalf amount	<u>54,393</u>	<u>54,393</u>
GAAP Basis - Exhibit D	<u>\$ 45,461,678</u>	<u>\$ 45,620,894</u>

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

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

The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting.

The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.

During the year, there were additional appropriations as follows:

Additional revenue sources	\$ 343,534
Fund balance	<u>22,894</u>
Total	<u>\$ 366,428</u>

Town of Easton, Connecticut

Required Supplementary Information

Town Retirement Plan
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Changes in Net Pension Liability and Related Ratios								
Total pension liability:								
Service cost	\$ 372,165	\$ 345,216	\$ 341,615	\$ 390,937	\$ 433,945	\$ 455,050	\$ 464,998	\$ 465,210
Interest	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	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	(1,023,951)	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Net change in total pension liability	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	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>\$22,549,104</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	\$ 525,000	\$ 520,000	\$ 510,000	\$ 484,000	\$ 424,000	\$ 574,570	\$ 620,000
Contributions - member	128,448	132,340	136,297	146,965	161,500	191,745	171,338	186,906
Net investment income (loss)	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	(1,023,951)	(1,142,550)	(1,016,309)	(932,012)	(872,377)	(720,851)	(723,795)	(724,931)
Administration	(10,000)	(10,025)	(10,000)	(10,075)	(10,250)	(10,300)	(10,225)	(10,200)
Net change in plan fiduciary net position	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	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>\$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>\$ (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	107.11%	90.14%	90.22%	90.13%	87.10%	83.45%	91.20%	96.92%
Covered payroll	<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>(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>
Schedule of Investment Returns								
Annual money weighted rate of return, net of investment expense	<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.

Town of Easton, Connecticut

Required Supplementary Information

Town Retirement Plan
Schedule of Contributions
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 467,000	\$ 513,900	\$ 511,500	\$ 496,700	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304	\$ 637,699	\$ 444,724
Contributions in relation to the actuarially determined contribution	<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>	<u>640,421</u>
Contribution excess (deficiency)	<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>	<u>\$ 195,697</u>
Covered payroll	<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>	<u>\$ 4,185,068</u>
Contributions as a percentage of covered payroll	<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>	<u>15.30%</u>

Town of Easton, Connecticut
Notes to Required Supplementary Information

Town Retirement Plan
Schedule of Contributions
Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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, 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	July 1, 2011
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	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Asset Valuation Method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Cost of Living Adjustments	3.00%	3.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	3.00%-5.00%	2.60%-3.00%	2.60%-3.00%	2.60%-3.00%
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-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

N/A - Not available

Town of Easton, Connecticut

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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Schedule of Proportionate Share of the Net Pension Liability

Town's proportion of the net pension (asset) liability for the policemen with social security sub plan	<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>1.709337%</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>\$ 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>\$ 2,460,288</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>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>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>

Schedule of Contributions

Contractually required contribution	<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>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>						
Town's covered payroll	<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>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 Seven Years (1)

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	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
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	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
Inflation	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	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
Social Security Wage Base	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%	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	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 Seven Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Proportionate Share of the Net Pension Liability							
Town's proportion of the net pension liability	<u>0.00%</u>						
Town's proportionate share of the net pension liability	<u>\$ -</u>						
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>35,138,535</u>	<u>30,887,051</u>	<u>23,815,711</u>	<u>22,520,802</u>	<u>23,599,618</u>	<u>20,880,564</u>	<u>19,299,853</u>
Total	<u>\$ 35,138,535</u>	<u>\$ 30,887,051</u>	<u>\$ 23,815,711</u>	<u>\$ 22,520,802</u>	<u>\$ 23,599,618</u>	<u>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Town's covered payroll	<u>(2)</u>						
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>						
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	<u>\$ -</u>						
Contributions in relation to the contractually required contribution	<u>-</u>						
Contribution deficiency (excess)	<u>\$ -</u>						
Town's covered payroll	<u>(2)</u>						
Contributions as a percentage of covered payroll	<u>0.00%</u>						

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

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

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

Town of Easton, Connecticut
Notes to Required Supplementary Information
Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Seven Years (1)

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	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, 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
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	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	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
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	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	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%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	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 Four Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Changes in OPEB Liability and Related Ratios</u>				
Total OPEB liability:				
Service cost	\$ 117,636	\$ 86,976	\$ 117,916	\$ 117,031
Interest	64,271	83,363	98,448	90,392
Differences between expected and actual experience	(1,095,672)	(5,765)	(71,038)	(76,116)
Changes of benefit terms	-	-	(366,297)	-
Changes of assumptions	74,363	386,889	143,704	(82,840)
Benefit payments, including refunds of member contributions	<u>(26,390)</u>	<u>(71,034)</u>	<u>(50,486)</u>	<u>(10,634)</u>
Net change in total OPEB liability	(865,792)	480,429	(127,753)	37,833
Total OPEB liability - July 1	<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>\$ 1,937,875</u>	<u>\$ 2,803,667</u>	<u>\$ 2,323,238</u>	<u>\$ 2,450,991</u>
Covered employee payroll	<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>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 Four Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>				
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
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	<u>5,240,914</u>	<u>4,817,009</u>	<u>4,760,908</u>	<u>5,796,596</u>
Total	<u>\$ 5,240,914</u>	<u>\$ 4,817,009</u>	<u>\$ 4,760,908</u>	<u>\$ 5,796,596</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<u>Schedule of Contributions</u>				
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

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

Town of Easton, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	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
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Inflation Rate	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	3.25% 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%	4.25%
Mortality Rate	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.

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health 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, 2021

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Grand List Year	Uncollected Taxes July 1, 2020	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2021
			Additions	Deductions		Net Taxes Collected	Interest and Liens	Total	
2004	\$ 531	\$ -	\$ -	\$ 531	\$ -	\$ -	\$ -	\$ -	\$ -
2005	560	-	-	-	560	-	-	-	560
2006	696	-	-	-	696	-	-	-	696
2007	716	-	-	-	716	-	-	-	716
2008	8,171	-	-	-	8,171	187	-	187	7,984
2009	6,244	-	-	-	6,244	355	-	355	5,889
2010	6,975	-	-	-	6,975	506	-	506	6,469
2011	28,553	-	-	-	28,553	11,703	7,761	19,464	16,850
2012	78,186	-	-	-	78,186	9,796	12,074	21,870	68,390
2013	108,115	-	-	-	108,115	9,999	10,523	20,522	98,116
2014	158,039	-	-	647	157,392	52,112	32,341	84,453	105,280
2015	234,034	-	-	1,102	232,932	92,122	50,890	143,012	140,810
2016	284,831	-	-	3,323	281,508	106,258	59,494	165,752	175,250
2017	354,318	-	-	8,010	346,308	111,644	45,014	156,658	234,664
2018	<u>650,790</u>	<u>-</u>	<u>968</u>	<u>20,448</u>	<u>631,310</u>	<u>295,786</u>	<u>59,239</u>	<u>355,025</u>	<u>335,524</u>
Subtotal	1,920,759	-	968	34,061	1,887,666	690,468	277,336	967,804	1,197,198
2019	<u>-</u>	<u>40,123,144</u>	<u>34,587</u>	<u>99,010</u>	<u>40,058,721</u>	<u>39,621,201</u>	<u>82,833</u>	<u>39,704,034</u>	<u>437,520</u>
Total	<u>\$ 1,920,759</u>	<u>\$ 40,123,144</u>	<u>\$ 35,555</u>	<u>\$ 133,071</u>	<u>\$ 41,946,387</u>	<u>\$ 40,311,669</u>	<u>\$ 360,169</u>	<u>\$ 40,671,838</u>	1,634,718
							Interest and liens receivable		689,862
							Allowance for doubtful accounts		<u>(375,000)</u>
							Taxes, interest and liens receivable (net)		<u>\$ 1,949,580</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.

Fund	Funding Source	Function
Park and Recreation	Fees	Park and recreation programs
Public Safety	Grants and fees	Public safety programs
Health and Welfare	Donations	Health and welfare programs
Senior Center	Grants and 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	Charges for services	Library related programs
Education Grants	Grants and charges for services	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.

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

Town of Easton, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2021

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>
<u>Assets</u>							
Cash	\$ 393,600	\$ 384,290	\$ -	\$ -	\$ 73,777	\$ 47,170	\$ 62,155
Investments	-	40,988	80,148	-	70,420	-	-
Receivables:							
Intergovernmental	-	-	-	-	-	-	-
Other	-	-	-	-	50	50	80,000
Total assets	<u>\$ 393,600</u>	<u>\$ 425,278</u>	<u>\$ 80,148</u>	<u>\$ -</u>	<u>\$ 144,247</u>	<u>\$ 47,220</u>	<u>\$ 142,155</u>
<u>Liabilities</u>							
Accounts payable	\$ 402	\$ 6,527	\$ -	\$ 1,263	\$ -	\$ 7,062	\$ 8,767
Due to other funds	-	-	20,460	44,795	-	-	-
Unearned revenue	49,657	-	-	-	-	3,800	-
Total liabilities	<u>50,059</u>	<u>6,527</u>	<u>20,460</u>	<u>46,058</u>	<u>-</u>	<u>10,862</u>	<u>8,767</u>
<u>Fund Balances</u>							
Restricted	-	-	59,688	-	144,247	-	-
Committed	343,541	418,751	-	-	-	36,358	133,388
Unassigned	-	-	-	(46,058)	-	-	-
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 393,600</u>	<u>\$ 425,278</u>	<u>\$ 80,148</u>	<u>\$ -</u>	<u>\$ 144,247</u>	<u>\$ 47,220</u>	<u>\$ 142,155</u>

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2021

	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	\$ -	\$ 64,397	\$ 16,010	\$ 59,745	\$1,101,144	\$ 946,972	\$ 89,084	\$1,036,056	\$ 2,137,200
Investments	-	1,018,949	-	-	1,210,505	-	864,728	864,728	2,075,233
Receivables:									
Intergovernmental	-	-	3,890	-	3,890	-	-	-	3,890
Other	108,103	-	-	-	188,203	-	-	-	188,203
Total assets	<u>\$ 108,103</u>	<u>\$ 1,083,346</u>	<u>\$ 19,900</u>	<u>\$ 59,745</u>	<u>\$ 2,503,742</u>	<u>\$ 946,972</u>	<u>\$ 953,812</u>	<u>\$ 1,900,784</u>	<u>\$ 4,404,526</u>
<u>Liabilities</u>									
Accounts payable	\$ 28,668	\$ -	\$ 11,942	\$ -	\$ 64,631	\$ 223	\$ -	\$ 223	\$ 64,854
Due to other funds	21,777	-	-	-	87,032	-	-	-	87,032
Unearned revenue	-	-	3,349	-	56,806	-	-	-	56,806
Total liabilities	<u>50,445</u>	<u>-</u>	<u>15,291</u>	<u>-</u>	<u>208,469</u>	<u>223</u>	<u>-</u>	<u>223</u>	<u>208,692</u>
<u>Fund Balances</u>									
Restricted	-	-	-	-	203,935	-	-	-	203,935
Committed	57,658	1,083,346	4,609	59,745	2,137,396	946,749	953,812	1,900,561	4,037,957
Unassigned	-	-	-	-	(46,058)	-	-	-	(46,058)
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 108,103</u>	<u>\$ 1,083,346</u>	<u>\$ 19,900</u>	<u>\$ 59,745</u>	<u>\$ 2,503,742</u>	<u>\$ 946,972</u>	<u>\$ 953,812</u>	<u>\$ 1,900,784</u>	<u>\$ 4,404,526</u>

(Concluded)

Town of Easton, Connecticut

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2021

Special Revenue Funds

	<u>Park and Recreation</u>	<u>Public Safety</u>	<u>Health and Welfare</u>	<u>Senior Center</u>	<u>Town Clerk</u>	<u>Miscellaneous Grants</u>	<u>EMS Special Services</u>
Revenues:							
Intergovernmental	\$ -	\$ 2,477	\$ -	\$ 54,299	\$ -	\$ 64,072	\$ -
Charges for services	156,505	96,433	-	-	18,965	1,300	157,935
Income from investments	-	41	82	-	71	-	-
Contributions	-	1,300	4,770	2,500	-	-	-
Total revenues	<u>156,505</u>	<u>100,251</u>	<u>4,852</u>	<u>56,799</u>	<u>19,036</u>	<u>65,372</u>	<u>157,935</u>
Expenditures:							
Current:							
General government	-	-	-	-	24,304	38,790	-
Public safety	-	116,473	-	-	-	-	42,027
Public works	-	-	-	-	-	-	-
Health and welfare	-	-	4,751	57,786	-	22,142	-
Education	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Park and recreation	108,559	-	-	-	-	5,500	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>108,559</u>	<u>116,473</u>	<u>4,751</u>	<u>57,786</u>	<u>24,304</u>	<u>66,432</u>	<u>42,027</u>
Excess (deficiency) of revenues over expenditures	47,946	(16,222)	101	(987)	(5,268)	(1,060)	115,908
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	(190,000)
Net change in fund balances	47,946	(16,222)	101	(987)	(5,268)	(1,060)	(74,092)
Fund balances - July 1, 2020 (as restated)	<u>295,595</u>	<u>434,973</u>	<u>59,587</u>	<u>(45,071)</u>	<u>149,515</u>	<u>37,418</u>	<u>207,480</u>
Fund balances - June 30, 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>

(Continued)

Town of Easton, Connecticut

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2021

	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	
Revenues:									
Intergovernmental	\$ -	\$ 4,754	\$ 505,957	\$ -	\$ 631,559	\$ -	\$ -	\$ -	\$ 631,559
Charges for services	331,894	8,944	-	30,005	801,981	36,000	-	36,000	837,981
Income from investments	-	498	-	-	692	-	948	948	1,640
Contributions	-	-	-	-	8,570	-	17,249	17,249	25,819
Total revenues	<u>331,894</u>	<u>14,196</u>	<u>505,957</u>	<u>30,005</u>	<u>1,442,802</u>	<u>36,000</u>	<u>18,197</u>	<u>54,197</u>	<u>1,496,999</u>
Expenditures:									
Current:									
General government	-	-	-	-	63,094	-	-	-	63,094
Public safety	-	-	-	-	158,500	-	-	-	158,500
Public works	321,692	-	-	-	321,692	-	-	-	321,692
Health and welfare	-	-	-	-	84,679	-	-	-	84,679
Education	-	-	505,957	12,782	518,739	-	-	-	518,739
Library	-	6,721	-	-	6,721	-	-	-	6,721
Park and recreation	-	-	-	-	114,059	-	-	-	114,059
Capital outlay	-	-	-	-	-	582	6,968	7,550	7,550
Total expenditures	<u>321,692</u>	<u>6,721</u>	<u>505,957</u>	<u>12,782</u>	<u>1,267,484</u>	<u>582</u>	<u>6,968</u>	<u>7,550</u>	<u>1,275,034</u>
Excess (deficiency) of revenues over expenditures	10,202	7,475	-	17,223	175,318	35,418	11,229	46,647	221,965
Other financing sources (uses):									
Transfers out	-	-	-	-	(190,000)	-	-	-	(190,000)
Net change in fund balances	10,202	7,475	-	17,223	(14,682)	35,418	11,229	46,647	31,965
Fund balances - July 1, 2020 (as restated)	47,456	1,075,871	4,609	42,522	2,309,955	911,331	942,583	1,853,914	4,163,869
Fund balances - June 30, 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>

(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.

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

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

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

For the Year Ended June 30

	<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>	<u>2012</u>
Revenues:										
Property taxes	\$ 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	\$ 37,864,061
Intergovernmental	486,691	521,826	554,071	583,365	660,204	993,174	1,009,452	1,248,785	1,095,588	850,514
Charges for services	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	1,480,688
Income from investments	64,296	382,153	527,714	106,145	25,974	137,356	73,861	126,299	41,325	243,904
Other	61,621	82,454	-	-	-	-	-	-	-	-
Total revenues	<u>43,153,446</u>	<u>42,407,386</u>	<u>42,857,611</u>	<u>45,358,637</u>	<u>43,170,864</u>	<u>44,031,281</u>	<u>42,455,325</u>	<u>42,056,333</u>	<u>40,332,804</u>	<u>40,439,167</u>
Expenditures:										
Current:										
General government	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	1,950,414
Public safety	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	2,532,072
Public works	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	1,839,025
Health and welfare	501,046	412,675	382,110	378,701	593,667	401,438	382,019	366,138	344,298	329,184
Education	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	25,269,448
Library	580,108	589,392	604,438	578,806	623,341	592,319	583,703	552,238	495,895	523,656
Park and recreation	383,331	361,810	399,395	401,228	420,225	390,947	386,051	358,229	330,648	378,364
Employee benefits	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	3,234,146
Insurance	650,538	622,962	746,188	796,688	804,698	857,210	904,856	734,942	661,276	638,232
Debt service	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	3,333,582
Total expenditures	<u>43,312,662</u>	<u>41,171,614</u>	<u>43,075,418</u>	<u>42,923,845</u>	<u>42,270,314</u>	<u>43,067,436</u>	<u>41,227,081</u>	<u>40,572,600</u>	<u>40,118,379</u>	<u>40,028,123</u>
Excess (deficiency) of revenues over expenditures	<u>(159,216)</u>	<u>1,235,772</u>	<u>(217,807)</u>	<u>2,434,792</u>	<u>900,550</u>	<u>963,845</u>	<u>1,228,244</u>	<u>1,483,733</u>	<u>214,425</u>	<u>411,044.0</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,031
Transfers in	190,000	150,000	-	-	-	-	-	197,180	111,051	95,000
Transfers out	(493,094)	(350,000)	(234,388)	(159,340)	(163,205)	(243,714)	(559,628)	(388,157)	(552,195)	(138,805)
Net other financing sources (uses)	<u>(303,094)</u>	<u>(200,000)</u>	<u>(234,388)</u>	<u>(159,340)</u>	<u>(163,205)</u>	<u>(243,714)</u>	<u>(559,628)</u>	<u>(190,977)</u>	<u>(441,144)</u>	<u>(42,774)</u>
Net change in fund balances	<u>\$ (462,310)</u>	<u>\$ 1,035,772</u>	<u>\$ (452,195)</u>	<u>\$ 2,275,452</u>	<u>\$ 737,345</u>	<u>\$ 720,131</u>	<u>\$ 668,616</u>	<u>\$ 1,292,756</u>	<u>\$ (226,719)</u>	<u>\$ 368,270</u>
Debt service as a percentage of expenditures	<u>7.00%</u>	<u>7.61%</u>	<u>7.52%</u>	<u>7.89%</u>	<u>8.05%</u>	<u>7.85%</u>	<u>8.31%</u>	<u>8.27%</u>	<u>7.80%</u>	<u>8.33%</u>

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>
2012	2010	22.95	\$ 38,033,479	\$ 37,508,478	98.62%
2013	2011	29.10	38,098,917	37,507,925	98.45%
2014	2012	29.30	38,571,418	38,019,338	98.57%
2015	2013	29.90	39,556,949	39,015,384	98.63%
2016	2014	30.38	40,356,348	39,891,209	98.85%
2017	2015	30.81	41,170,899	40,615,715	98.65%
2018	2016	33.38	42,568,524	42,056,214	98.80%
2019	2017	31.38	40,262,550	39,761,478	98.76%
2020	2018	31.33	40,326,981	39,676,191	98.39%
2021	2019	31.00	40,058,721	39,621,201	98.91%

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, 2021
(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	\$ 9,610,000	45.68%	\$ 4,389,848
Town of Easton direct debt			<u>10,420,000</u>
Total direct and overlapping debt			<u>\$ 14,809,848</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, 2021
(Unaudited)

Tax base:

Total tax collections (including interest and lien fees) for prior year \$ 40,084,734

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	\$ 90,190,652	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	180,381,303	-	-	-
3 3/4 times base	-	-	150,317,753	-	-
3 1/4 times base	-	-	-	130,275,386	-
3 times base	-	-	-	-	120,254,202
Total debt limitation	<u>90,190,652</u>	<u>180,381,303</u>	<u>150,317,753</u>	<u>130,275,386</u>	<u>120,254,202</u>
Indebtedness:					
Bonds	3,799,000	6,521,000	100,000	-	-
Easton's portion of Regional School District No. 9 bonds	-	4,389,848	-	-	-
Total indebtedness	<u>3,799,000</u>	<u>10,910,848</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 86,391,652</u>	<u>\$ 169,470,455</u>	<u>\$ 150,217,753</u>	<u>\$ 130,275,386</u>	<u>\$ 120,254,202</u>
The total net indebtedness above amounts to:					<u>\$ 14,809,848</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 280,593,138</u>

Source: Current and prior year financial statements.