

Annual Financial Report
of the
Town of East Haven, Connecticut
For the Year Ended June 30, 2020

Town of East Haven, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2020**

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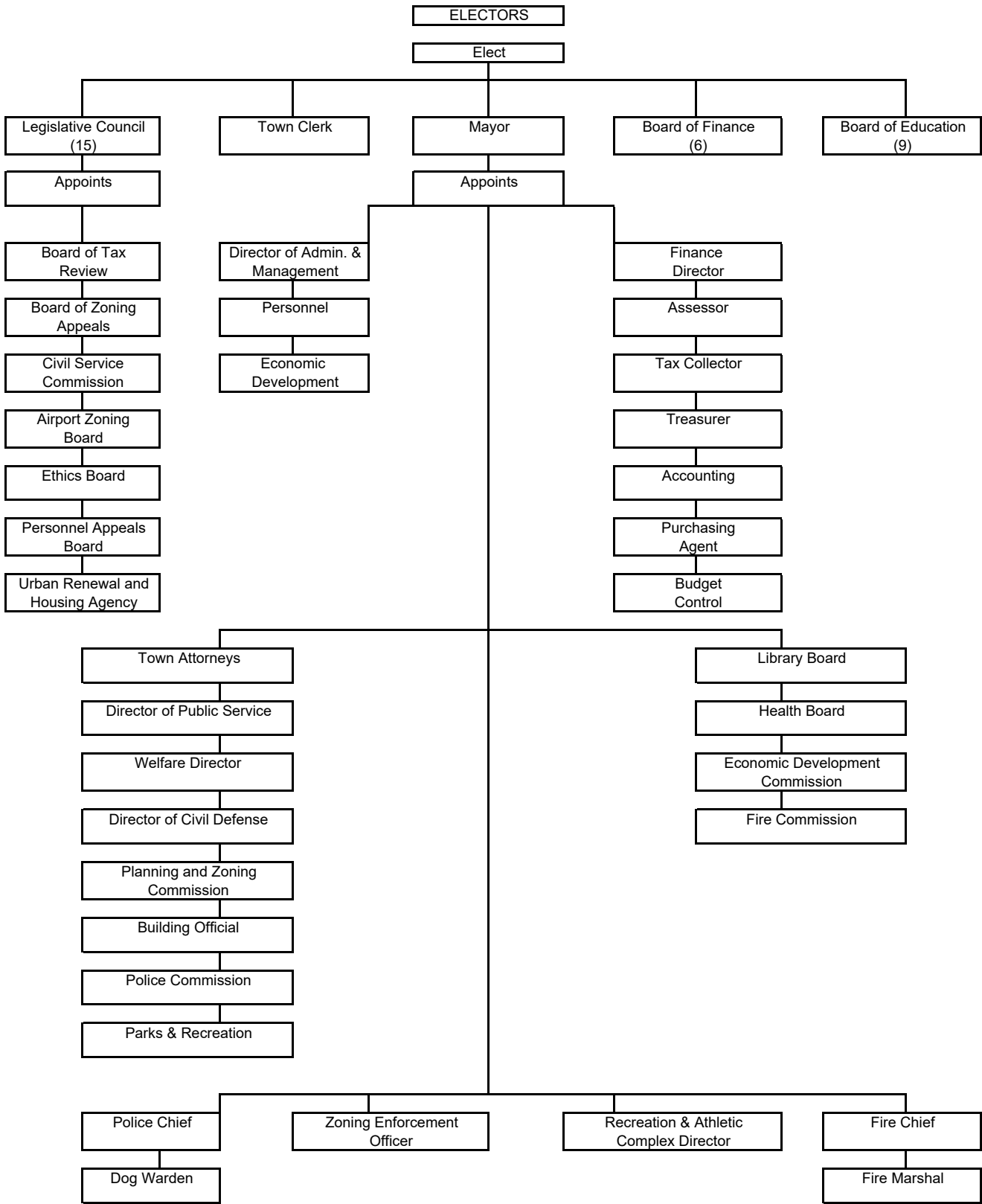
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Introductory Section

Town of East Haven, Connecticut

Organizational Chart



Financial Section

Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**Board of Finance
Town of East Haven, 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 of East Haven, Connecticut, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison for the general fund and the pension and other post-employment benefit plans schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

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.

**Board of Finance
Town of East Haven, Connecticut**

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 28, 2020



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

As management of the Town of East Haven, Connecticut ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

Financial highlights

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

Change in net position	\$ (7,752,689)
Total net position	(70,697,212)
Unrestricted net position	(124,657,463)

- The significant factors of the decrease are as follows:

➤ deficit operations of the General Fund of	(1,819,143)
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The deficit operations were offset by:

➤ positive operations of the Capital Projects Fund of	2,295,308
➤ positive operations of the Library Fund of	406,141

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	7,937,158
➤ loss on disposal	(1,012,736)
➤ net principal debt activity of	(12,699,959)
➤ change in net pension liability	(2,986,836)
➤ change in OPEB liability	(13,008,458)
➤ amortization of pension and OPEB deferred outflows of resources of	7,732,138
➤ amortization of pension and OPEB deferred inflows of resources of	1,379,199

- At year end, the unassigned fund balance for the general fund was \$2,844,041, a decrease of \$1,819,143 from the prior year. The unassigned fund balance represents 3.2% of total budgetary expenditures as compared to 5.2% in the prior year.

- The Town's total long-term debt increased by \$12,421,255. The increase was due to the issuance of improvement and refunding bonds of \$11,315,000 and issuance of notes payable of \$7,821,075, offset by scheduled debt service payments of \$1,984,820 and refunded bonds of \$4,730,000.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Town of East Haven, Connecticut's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the 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 being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

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.

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital 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 presented in Schedules 2 and 3 of this report.

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 its self-insured workers' compensation, medical benefits and other claims. These activities have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

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

Government-wide financial analysis

The analysis below focuses on the net position and the changes in net position. Unrestricted net position at year-end totaled \$(124,657,463). This is a decrease of \$3,063,633 from the prior year.

**Summary Statement of Net Position
June 30**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 37,985,464	\$ 31,393,774
Capital assets (net)	<u>90,551,193</u>	<u>83,626,771</u>
Total assets	<u>128,536,657</u>	<u>115,020,545</u>
Deferred outflows of resources	<u>36,299,902</u>	<u>28,567,764</u>
Long-term liabilities	197,451,078	167,177,046
Current liabilities	<u>16,592,086</u>	<u>17,818,367</u>
Total liabilities	<u>214,043,164</u>	<u>184,995,413</u>
Deferred inflows of resources	<u>21,490,607</u>	<u>21,537,419</u>
Net investment in capital assets	50,531,444	56,188,341
Restricted	3,428,807	2,460,966
Unrestricted	<u>(124,657,463)</u>	<u>(121,593,830)</u>
Total net position	<u>\$ (70,697,212)</u>	<u>\$ (62,944,523)</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 improvements, buildings, building improvements, 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.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used of \$3,428,807. The remaining balance of unrestricted net position is a deficit balance of \$124,657,463.

Net position may serve over time as a useful indicator of the Town's financial position. The Town's total net position decreased by \$7,752,689.

Management's Discussion and Analysis (continued)

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

Revenues

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

- Charges for services decreased by \$405,629 primarily due to decreases in the following funds as a result of school closures related to the pandemic:
 - Daycare fund \$ 163,831
 - School lunch fund 232,110
 - Education grants fund 94,554
- Property taxes increased by \$614,051 due to the increase in the amount required to fund the general fund adopted budget.
- Gain on sale of capital assets decreased by \$559,769 due to a property sale that occurred in the prior year.

Expenses

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

- General government expenses increased by \$2,395,164 primarily due to an increase in the MERS pension expense of \$1,113,620, OPEB expense of \$342,724, and claims expense of \$1,185,765.
- Public safety expenses decreased by \$14,324,317 primarily due to a decrease in the MERS pension expense of \$15,152,955, offset by an increase in the OPEB expense of \$1,815,600.
- Public works expenses increased by \$2,154,873 primarily due to an increase in capital outlay of \$544,914, the MERS pension expense of \$845,040, general services of \$837,708.
- Education expenses increased by \$2,303,606 primarily due to an increase in compensated absences of \$893,580, the MERS pension expense of \$1,820,952, and claims expense of \$694,541, offset by a decrease in the OPEB expense of \$463,642 and education grants fund expenses of \$1,552,257.

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

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,445,652	\$ 3,851,281
Operating grants and contributions	33,164,366	33,005,422
Capital grants and contributions	1,001,266	730,578
General revenues:		
Property taxes	65,281,841	64,667,790
Grants and contributions not restricted to specific programs	728,790	688,620
Income from investments	395,659	388,485
Gain on sale of capital assets	-	559,769
Other	46,292	165,595
Total revenues	<u>104,063,866</u>	<u>104,057,540</u>
Expenses:		
General government	7,173,388	4,778,224
Public safety	27,446,229	41,770,546
Public works	10,012,727	7,857,854
Health and welfare	2,015,115	1,626,953
Culture and recreation	2,458,667	2,450,819
Education	61,650,269	59,346,663
Interest	1,060,160	764,279
Total expenses	<u>111,816,555</u>	<u>118,595,338</u>
Change in net position	(7,752,689)	(14,537,798)
Net position - July 1	<u>(62,944,523)</u>	<u>(48,406,725)</u>
Net position - June 30	<u>\$ (70,697,212)</u>	<u>\$ (62,944,523)</u>

Financial analysis of the Town's funds

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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.

Management's Discussion and Analysis (continued)

The components of fund balance were as follows:

Nonspendable for endowments	\$ 100,000
Restricted	3,328,807
Committed	928,149
Assigned	1,554,763
Unassigned	<u>1,441,411</u>
Total	<u>\$ 7,353,130</u>

The total fund balance increased by \$2,479,994 to \$7,353,130. This increase is the result of the following activity:

General fund

The general fund is the operating fund of the Town. The fund balance of the general fund decreased by \$1,819,143 during the fiscal year. This decrease is mainly due to the following factors:

- Property taxes were \$1,688,538 less than budgeted due to less receipts of motor vehicle and personal property taxes than expected of \$538,690, less delinquent taxes of \$385,507, and less interest, penalties and liens of \$398,719. Collections of delinquent taxes and interest were partially impacted by the State's COVID-19 related restrictions on tax sales for the last quarter of the year.
- Intergovernmental revenues were \$1,103,664 less than budgeted due to no receipts for the following grants: state aid school construction of \$790,636 and elderly circuit breaker of \$340,500.
- General government expenditures were under budget by \$225,352 due to savings in the personnel, administration and management department due to less spending than budgeted for the youth center, conservation and development, and counseling/employee assistance services.
- Public safety expenditures were under budget by \$258,118 primarily due to savings in the police department salaries, holiday pay and vacation days of \$160,392 due to vacancies.
- Public services and engineering expenditures were under budget by \$334,024 primarily due to savings from salaries of \$211,466 due to vacancies.
- Culture and recreation expenditures were under budget by \$258,320 primarily due to savings in the following departments as a result of closures related to the pandemic:
 - Library department salaries of \$60,716
 - Recreation department pool and utilities of \$35,778
 - Ice rink utilities of \$29,375
 - Community services events of \$35,000
- Employee benefits expenditures were underspent by \$368,162 due to lower annual amortization charges from the MERS pension plan for Police and Fire employees.

Capital projects fund

This fund's net change in fund balance was an increase of \$2,295,308 for the fiscal year, resulting in a deficit fund balance at the end of the year of \$1,402,630 due to the timing of the funding and spending of projects. The increase was a result of the issuance of debt offset by capital outlay of \$11,317,680 for various projects in the current year.

General fund budgetary highlights

The significant budget transfers during the year were as follows:

The general services budget was decreased by \$359,298 and the majority was transferred to the sanitation department to address the underfunded budget amount for the trash contractual agreement.

The legal budget was increased by \$89,750 for the settlement of preexisting legal claims. This was partial funded by transfers from the senior center and counseling and community service departments which were under expended due to COVID-19.

Capital assets and debt administration

Capital assets

The Town's net investment in capital assets of \$90,551,193 (net of accumulated depreciation) is as follows:

**Capital Assets
(Net of Accumulated Depreciation)
June 30**

	<u>2020</u>	<u>2019</u>
Land	\$ 3,505,816	\$ 3,505,816
Construction in progress	9,825,431	3,431,671
Land improvements	1,427,515	1,948,992
Buildings	36,489,279	37,462,553
Building improvements	3,448,411	3,467,943
Machinery and equipment	4,516,104	3,711,697
Vehicles	3,090,308	2,378,422
Infrastructure	<u>28,248,329</u>	<u>27,719,677</u>
Total	<u>\$ 90,551,193</u>	<u>\$ 83,626,771</u>

Management's Discussion and Analysis (continued)

The significant capital asset additions consisted of the following:

➤ Construction in progress:	
○ Energy performance equipment	\$ 6,724,796
○ Town-wide paving	460,126
○ Coe and Hemingway Avenues	222,200
➤ Machinery and equipment:	
○ Police console system upgrade	773,830
○ Freightliner vactor	422,123
○ Dispatch center radios	199,737
○ John Deere backhoe	129,764
➤ Vehicles:	
○ Public safety pumper truck and equipment	567,286
○ Public safety other vehicles	433,267
○ Public works	177,281
➤ Infrastructure:	
○ Town-wide paving	1,069,444

The capital asset additions were offset by depreciation expense of \$2,742,885 and disposals of \$1,012,736, resulting in the net increase in capital assets of \$6,924,422.

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

Long-term debt

At the end of the current fiscal year, the Town had total debt outstanding of \$38,781,273.

Long-Term Debt June 30

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 30,735,000	\$ 25,795,000
Notes payable	<u>8,046,273</u>	<u>565,018</u>
Total	<u>\$ 38,781,273</u>	<u>\$ 26,360,018</u>

The Town's total long-term debt increased by \$12,421,255. The increase was due to the issuance of improvement and refunding bonds of \$11,315,000 and issuance of notes payable of \$7,821,075, offset by scheduled debt service payments of \$1,984,820 and refunded bonds of \$4,730,000.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$444,832,801, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic factors and next year's budgets and rates

As of June 2020, the unemployment rate for the Town was at 10.9%, as compared to 4.2% in the prior year. This is higher than the State average unemployment rate of 10.1% and lower than the national unemployment rate of 11.1%.

Town officials considered many factors when setting the fiscal year 2021 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to its residents and taxpayers.

The 2021 general fund budget is \$99,540,433 an increase of 1.61% over the prior year. The Town continues to focus on managing the tax rate in an environment of changing levels of state funding.

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

Requests for information

This financial report is designed to familiarize the Town's citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Director of Finance, Town of East Haven, 250 Main Street, East Haven, Connecticut 06512.

Basic Financial Statements

Town of East Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Assets

Current assets	
Cash	\$ 13,884,177
Investments	17,285,461
Receivables	
Property taxes	1,061,033
Intergovernmental	399,608
Loans	35,442
Other	444,637
Other	171,565
Total current assets	<u>33,281,923</u>
Noncurrent assets	
Restricted assets	
Temporarily restricted	
Cash	436,224
Investments	1,651,487
Permanently restricted	
Investments	100,000
Total restricted assets	<u>2,187,711</u>
Receivables (net)	
Property taxes	<u>2,515,830</u>
Capital assets (net of accumulated depreciation)	
Land	3,505,816
Construction in progress	9,825,431
Land improvements	1,427,515
Buildings	36,489,279
Building improvements	3,448,411
Machinery and equipment	4,516,104
Vehicles	3,090,308
Infrastructure	28,248,329
Total capital assets (net of accumulated depreciation)	<u>90,551,193</u>
Total noncurrent assets	<u>95,254,734</u>
Total assets	<u>128,536,657</u>

Deferred Outflows of Resources

Pension related	18,486,125
OPEB related	17,813,777
Total deferred outflows of resources	<u>36,299,902</u>

(Continued)

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

Town of East Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Liabilities

Current liabilities	
Accounts payable	\$ 3,718,509
Accrued payroll	5,376,449
Retainage payable	237,195
Unearned revenue	112,256
Other	237,632
Accrued interest payable	331,517
Bonds and notes payable	762,269
Compensated absences	1,329,614
Claims payable	4,486,645
Total current liabilities	<u>16,592,086</u>
Noncurrent liabilities	
Bonds, notes, and related liabilities	39,112,474
Compensated absences	5,318,458
Net pension liability	37,960,518
OPEB liability	107,141,745
Claims payable	7,917,883
Total noncurrent liabilities	<u>197,451,078</u>
Total liabilities	<u>214,043,164</u>

Deferred Inflows of Resources

Advance property tax collections	2,289,361
Deferred charge on refunding	145,006
Pension related	2,364,105
OPEB related	16,692,135
Total deferred inflows of resources	<u>21,490,607</u>

Net Position

Net investment in capital assets	50,531,444
Restricted for	
Endowments	
Nonexpendable	100,000
Expendable	2,087,711
Capital replacement	154,108
Road maintenance	540,633
Historical document preservation	25,103
Housing rehabilitation programs	190,538
Cafeteria operations	284,477
Education programs	46,237
Unrestricted	<u>(124,657,463)</u>
Total net position	<u>\$ (70,697,212)</u>

(Concluded)

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

Town of East Haven, Connecticut

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 7,173,388	\$ 766,813	\$ 83,409	\$ -	\$ (6,323,166)
Public safety	27,446,229	959,929	348,864	-	(26,137,436)
Public works	10,012,727	454,973	-	1,001,266	(8,556,488)
Health and welfare	2,015,115	448,940	65,661	-	(1,500,514)
Culture and recreation	2,458,667	280,020	408,582	-	(1,770,065)
Education	61,650,269	534,977	32,257,850	-	(28,857,442)
Interest	1,060,160	-	-	-	(1,060,160)
Total	<u>\$ 111,816,555</u>	<u>\$ 3,445,652</u>	<u>\$ 33,164,366</u>	<u>\$ 1,001,266</u>	<u>(74,205,271)</u>
General revenues					
Property taxes					65,281,841
Grants and contributions not restricted to specific programs					728,790
Income from investments					395,659
Other					<u>46,292</u>
Total general revenues					<u>66,452,582</u>
Change in net position					(7,752,689)
Net position - July 1, 2019					<u>(62,944,523)</u>
Net position - June 30, 2020					<u>\$ (70,697,212)</u>

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

Town of East Haven, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 10,600,075	\$ -	\$ 1,819,038	\$ 12,419,113
Investments	10,520,089	-	1,751,839	12,271,928
Receivables				
Property taxes	3,055,103	-	-	3,055,103
Intergovernmental	75,909	-	323,699	399,608
Loans	-	-	35,442	35,442
Other	409,037	-	537	409,574
Due from other funds	1,549,566	-	2,861,423	4,410,989
Other	-	-	36,285	36,285
Total assets	<u>\$ 26,209,779</u>	<u>\$ -</u>	<u>\$ 6,828,263</u>	<u>\$ 33,038,042</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,389,073	\$ 962,668	\$ 366,768	\$ 3,718,509
Accrued payroll	5,073,713	-	302,736	5,376,449
Retainage payable	-	237,195	-	237,195
Due to other funds	10,323,356	202,767	132,284	10,658,407
Unearned revenue	-	-	112,256	112,256
Other	235,132	-	2,500	237,632
Total liabilities	<u>18,021,274</u>	<u>1,402,630</u>	<u>916,544</u>	<u>20,340,448</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	3,055,103	-	-	3,055,103
Advance property tax collections	2,289,361	-	-	2,289,361
Total deferred inflows of resources	<u>5,344,464</u>	<u>-</u>	<u>-</u>	<u>5,344,464</u>
<u>Fund Balances</u>				
Nonspendable	-	-	100,000	100,000
Restricted	-	-	3,328,807	3,328,807
Committed	-	-	928,149	928,149
Assigned	-	-	1,554,763	1,554,763
Unassigned	2,844,041	(1,402,630)	-	1,441,411
Total fund balances	<u>2,844,041</u>	<u>(1,402,630)</u>	<u>5,911,719</u>	<u>7,353,130</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,209,779</u>	<u>\$ -</u>	<u>\$ 6,828,263</u>	<u>\$ 33,038,042</u>

(Continued)

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

Town of East Haven, Connecticut

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

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

Total fund balances (Exhibit C, page 1)	\$ 7,353,130
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets	83,626,771
Capital asset additions (net of construction in progress)	10,680,043
Depreciation expense	(2,742,885)
Disposal of capital assets	(1,012,736)

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

Property tax interest and lien accrual	2,106,760
Allowance for doubtful accounts	(1,585,000)
Deferred outflows related to pension	18,486,125
Deferred outflows related to OPEB	17,813,777

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

Property tax receivable - accrual basis change	3,055,103
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Internal service funds are used by management to charge the costs of various self-insured risk premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,679,541
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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	(38,781,273)
Premium	(1,093,470)
Compensated absences	(6,648,072)
Net pension liability	(37,960,518)
OPEB liability	(107,141,745)
Deferred charge on refunding	(145,006)
Deferred inflows related to pension	(2,364,105)
Deferred inflows related to OPEB	(16,692,135)
Accrued interest payable	(331,517)

Change in net position (Exhibit A)	<u>\$ (70,697,212)</u>
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(Concluded)

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

Town of East Haven, Connecticut

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

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 64,982,655	\$ -	\$ -	\$ 64,982,655
Intergovernmental	26,059,700	501,000	7,865,131	34,425,831
Charges for services	2,520,086	-	925,566	3,445,652
Income from investments	280,956	-	50,701	331,657
Change in fair value of investments	-	-	36,057	36,057
Contributions	-	-	468,591	468,591
Other	1,019,247	-	-	1,019,247
Total revenues	<u>94,862,644</u>	<u>501,000</u>	<u>9,346,046</u>	<u>104,709,690</u>
Expenditures				
Current				
General government	2,888,954	-	50,117	2,939,071
Public safety	13,773,850	-	82,634	13,856,484
Public works	5,352,802	422,123	344,238	6,119,163
Health and welfare	1,001,041	-	278,691	1,279,732
Culture and recreation	1,681,007	-	247,855	1,928,862
Employee benefits and insurance	13,200,991	-	-	13,200,991
Education	54,506,206	60,362	7,191,576	61,758,144
General services	1,572,757	-	-	1,572,757
Debt service	2,706,478	-	237,412	2,943,890
Capital outlay	-	11,317,680	-	11,317,680
Total expenditures	<u>96,684,086</u>	<u>11,800,165</u>	<u>8,432,523</u>	<u>116,916,774</u>
Excess (deficiency) of revenues over expenditures	<u>(1,821,442)</u>	<u>(11,299,165)</u>	<u>913,523</u>	<u>(12,207,084)</u>
Other financing sources (uses)				
Issuance of debt	-	13,682,485	138,590	13,821,075
Issuance of refunding bonds	-	4,903,267	411,733	5,315,000
Payments to bond escrow agents	-	(4,903,267)	-	(4,903,267)
Premium	-	-	451,971	451,971
Sale of Town owned property	2,299	-	-	2,299
Transfers in	-	-	88,012	88,012
Transfers out	-	(88,012)	-	(88,012)
Net other financing sources (uses)	<u>2,299</u>	<u>13,594,473</u>	<u>1,090,306</u>	<u>14,687,078</u>
Net change in fund balances	(1,819,143)	2,295,308	2,003,829	2,479,994
Fund balances - July 1, 2019	<u>4,663,184</u>	<u>(3,697,938)</u>	<u>3,907,890</u>	<u>4,873,136</u>
Fund balances - June 30, 2020	<u>\$ 2,844,041</u>	<u>\$ (1,402,630)</u>	<u>\$ 5,911,719</u>	<u>\$ 7,353,130</u>

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

Town of East Haven, Connecticut

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

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

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 2,479,994</u>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	10,680,043
Depreciation expense	<u>(2,742,885)</u>
 Total	 <u>7,937,158</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:

Loss on disposal of assets	<u>(1,012,736)</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 receivable - accrual basis change	134,105
Change in property tax interest and lien revenue	<u>165,081</u>
 Total	 <u>299,186</u>

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 refunding bonds	(5,315,000)
Issuance of bonds	(6,000,000)
Issuance of notes payable	(7,821,075)
Premium	(451,971)
Deferred charge on refunding	173,267
 Principal repayments:	
General obligation bonds (including refunding bonds)	6,375,000
Notes	<u>339,820</u>
 Total	 <u>(12,699,959)</u>

(Continued)

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

Town of East Haven, Connecticut

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

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	\$ 123,208
Change in:	
Compensated absences	(66,139)
Net pension liability	(2,986,836)
OPEB liability	(13,008,458)
Accrued interest payable	120,090
Amortization of deferred charge on refunding	(4,568)
Amortization of deferred outflows of resources related to pension	(3,319,460)
Amortization of deferred outflows of resources related to OPEB	11,051,598
Amortization of deferred inflows of resources related to pension	(470,446)
Amortization of deferred inflows of resources related to OPEB	<u>1,849,645</u>
Total	<u>(6,711,366)</u>
The net revenue (expense) of the activities of the internal service funds is reported with governmental activities	<u>1,955,034</u>
Change in net position (Exhibit B)	<u><u>\$ (7,752,689)</u></u>
	(Concluded)

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

Town of East Haven, Connecticut

Statement of Net Position

Internal Service Funds

June 30, 2020

Assets

Current assets

Cash	\$ 1,901,288
Investments	6,765,020
Accounts receivable	35,063
Due from other funds	7,581,131
Other	<u>135,280</u>

Total assets	<u>16,417,782</u>
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Liabilities

Current liabilities

Claims payable	4,486,645
Due to other funds	<u>1,333,713</u>

Total current liabilities	5,820,358
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Noncurrent liabilities

Claims payable	<u>7,917,883</u>
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Total liabilities	<u>13,738,241</u>
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Net Position

Unrestricted	<u><u>\$ 2,679,541</u></u>
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The notes to financial statements are an integral part of this statement.

Town of East Haven, Connecticut

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

Operating revenues	
Charges for services	<u>\$ 19,068,443</u>
Operating expenses	
Claims	15,355,284
Administration	<u>1,786,070</u>
Total operating expenses	<u>17,141,354</u>
Operating income (loss)	1,927,089
Nonoperating revenues	
Income from investments	<u>27,945</u>
Change in net position	1,955,034
Total net position - July 1, 2019	<u>724,507</u>
Total net position - June 30, 2020	<u><u>\$ 2,679,541</u></u>

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

Town of East Haven, Connecticut

Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

Cash flows from (used in) operating activities:	
Premiums received	\$ 18,645,218
Payments for interfund services	214,000
Payments to vendors	(1,786,070)
Payments for claims	<u>(15,485,301)</u>
Net cash from (used in) operating activities	1,587,847
Cash flows from (used in) investing activities:	
Income from investments	<u>27,945</u>
Net increase (decrease) in cash and cash equivalents	1,615,792
Cash and cash equivalents - July 1, 2019	<u>7,050,516</u>
Cash and cash equivalents - June 30, 2020	<u><u>\$ 8,666,308</u></u>
Reconciliation to statement of net position cash:	
Cash and cash equivalents per above	\$ 8,666,308
Cash and cash equivalents reported as investments	<u>(6,765,020)</u>
Statement of net position cash	<u><u>\$ 1,901,288</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 1,927,089
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	185,472
Due from other funds	803,290
Other	(44,674)
Increase (decrease) in:	
Due to other funds	(1,153,313)
Claims payable	<u>(130,017)</u>
Net cash from (used in) operating activities	<u><u>\$ 1,587,847</u></u>

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

Town of East Haven, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash	\$ 228,531
Investments	42,531
Accounts receivable	<u>32,481</u>
Total assets	<u>303,543</u>
<u>Liabilities</u>	
Accounts payable	<u>42,806</u>
<u>Net Position</u>	
Restricted for individuals and organizations	<u><u>\$ 260,737</u></u>

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

Town of East Haven, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Custodial Funds</u>
Additions:	
Activity fees	\$ 377,514
Investment income (loss):	
Income from investments	<u>59</u>
Total additions	377,573
Deductions:	
Activities and scholarships awarded	<u>363,321</u>
Changes in net position	14,252
Net position - July 1, 2019	<u>246,485</u>
Net position - June 30, 2020	<u><u>\$ 260,737</u></u>

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

Town of East Haven, Connecticut

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

The Town of East Haven, Connecticut (the "Town") was incorporated in May 1785. The Town covers 89 square miles and is located 77 miles east of New York City. The Town operates under a Mayor-Council form of government and the Town Charter as amended on November 7, 1978. The Town provides a full range of services as authorized by its charter including public safety (police and fire), public works, sanitation, health and social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 East Haven, Connecticut

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

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

Reimbursement type grants, certain intergovernmental revenues, charges, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for resources to be used for capital expenditures.

Additionally, the Town reports the following fund types:

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

The *Debt Service Fund* is used to account for and report resources and expenditures that are assigned for the repayment of debt.

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

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

The *Internal Service Funds* account for risk financing activities for medical insurance benefits, general liability, and workers' compensation as allowed by GASB Statement No. 10.

The *Custodial Funds* account for monies held on behalf of students.

Town of East Haven, Connecticut

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

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

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

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 to the Town funds for medical insurance benefits, workers' compensation claims, judgments and claims and property insurance deductibles. Operating expenses for the internal service fund include the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 OPEB plans, the Connecticut Municipal Employees' Retirement System ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's 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 East Haven, Connecticut

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

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

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; and

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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 does not have a formal policy with respect to custodial credit risk.

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 foreign currency risk.

Town of East Haven, Connecticut

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

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**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 government-wide financial statements, property tax and related interest and lien fee receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 19% to 47% of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable, which have not been collected as of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

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

3. Restricted assets

The restricted assets for the Town are restricted for endowment purposes. The Town has several bequests that restrict expenditures to investment income and only for the donor-designated purpose.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,150 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Town of East Haven, Connecticut

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

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

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings	10-75
Building improvements	50
Machinery and equipment	5-40
Vehicles	10-20
Infrastructure:	
Bridges	50
Roads	80

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.

Deferred inflows of resources also include deferred inflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the 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.

Town of East Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****6. Compensated absences**

Employees are paid by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for vacation pay, and in some instances sick pay, does vest and can be paid upon death, retirement or termination, up to certain limits. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts are only reported in governmental funds if they are due and payable to employees who have resigned or retired before or at fiscal year-end.

7. Long-term obligations

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

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

8. Fund equity and net position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Town of East Haven, Connecticut

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

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

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

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

Nonspendable

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

Restricted

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

Committed

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

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. Intent is expressed by an action by the Town Council or by a properly approved purchase order.

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 Town Council has provided otherwise in its commitment or assignment actions.

Town of East Haven, Connecticut

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

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

10. Reclassifications

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

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

Only the General Fund has a legally adopted annual budget.

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

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

B. Donor-restricted endowments

The Town has received certain endowments for the Hagan Memorial Library and Thompson Education fund. The amounts are reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by the Library Board. The amount of appreciation (depreciation) included in restricted fund balance for the Hagan Memorial Library was \$191,056.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Town of East Haven, Connecticut

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

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

At year end, the Town's bank balance including certificates of deposit classified as investments, was \$16,081,793 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,026,790
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,008,931</u>
Total amount subject to custodial credit risk	<u>\$ 15,035,721</u>

Financial instruments that potentially subject the Town to significant concentrations of custodial 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 custodial credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

2. Investments

- a. The Town's investments (including restricted 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
Mutual funds:				
Domestic equities	\$ 834,269	\$ 834,269	\$ -	\$ -
International equities	217,448	217,448	-	-
Domestic bonds	200,473	-	-	200,473
International bonds	34,046	-	-	34,046
Certificates of deposit	491,325	-	491,325	-
Bank money market	917,516	-	917,516	-
Pooled fixed income	10,356,454	-	10,356,454	-
Pooled bank money market	6,027,596	-	6,027,596	-
Common stock	352	352	-	-
Total	<u>\$ 19,079,479</u>	<u>\$ 1,052,069</u>	<u>\$ 17,792,891</u>	<u>\$ 234,519</u>

Town of East Haven, Connecticut

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

A. Cash and investments (continued)

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

<u>Investments at Fair Value Level</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets Level 1</u>
Mutual funds:		
Domestic equity	\$ 834,269	\$ 834,269
International equities	217,448	217,448
Domestic bonds	200,473	200,473
International bonds	34,046	34,046
Common stock	352	352
	<u>1,286,588</u>	<u>\$ 1,286,588</u>
Total investments by fair value level		
	<u>1,286,588</u>	<u>\$ 1,286,588</u>
<u>Other Investments not Subject to Fair Value Measurement:</u>		
Certificates of deposit	491,325	
Bank money market	917,516	
Pooled fixed income	10,356,454	
Pooled bank money market	6,027,596	
	<u>17,792,891</u>	
Total other investments		
	<u>17,792,891</u>	
Total investments		
	<u>\$ 19,079,479</u>	

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

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

Type of Investment	Ratings						Totals
	AAA	AA	BBB	BB	B	CCC	
Mutual funds:							
Domestic bonds	\$ 200,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,473
International bonds	-	1,702	2,724	16,342	10,895	2,383	34,046
Pooled fixed income	10,356,454	-	-	-	-	-	10,356,454
Total	<u>\$ 10,556,927</u>	<u>\$ 1,702</u>	<u>\$ 2,724</u>	<u>\$ 16,342</u>	<u>\$ 10,895</u>	<u>\$ 2,383</u>	<u>\$ 10,590,973</u>

d. The Town's investments are not subject to custodial credit risk.

Town of East Haven, Connecticut

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

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

	Property Taxes		
	Taxes	Interest and Lien Fees	Total
Current portion	\$ 851,152	\$ 209,881	\$ 1,061,033
Long-term portion	\$ 2,203,951	\$ 1,896,879	\$ 4,100,830
Less allowance for uncollectible	(585,000)	(1,000,000)	(1,585,000)
Net long-term portion	\$ 1,618,951	\$ 896,879	\$ 2,515,830

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

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
Major Funds:			
General Fund:			
Capital projects	N/A	\$ 202,767	\$ -
Public safety	N/A	-	131,197
General government	N/A	-	34,174
Culture and recreation	N/A	-	5,853
Health and welfare	N/A	-	392,068
Roads state aid	N/A	-	551,349
School lunch	N/A	13,086	-
Education grants	N/A	-	802,190
Debt service	N/A	-	626,292
Open space	N/A	-	45,000
LOCIP	N/A	-	154,102
Self-insurance	N/A	1,333,713	-
Workers' compensation	N/A	-	4,959,829
Town medical insurance	N/A	-	1,545,783
Education medical insurance	N/A	-	1,075,519
Total General Fund		1,549,566	10,323,356
Capital Projects	General Fund	-	202,767

Town of East Haven, Connecticut

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

C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
Other Governmental Funds:			
Special Revenue Funds:			
Public safety	General fund	\$ 131,197	\$ -
General government	General fund	34,174	-
Culture and recreation	General fund	5,853	-
Health and welfare	General fund	392,068	-
Health and welfare	Education grants	-	55,000
Public works state aid	General fund	551,349	-
Daycare	School lunch	50,000	-
Daycare	Education grants	-	14,198
School lunch	General fund	-	13,086
School lunch	Daycare	-	50,000
Education grants	General fund	802,190	-
Education grants	Health and welfare	55,000	-
Education grants	Daycare	14,198	-
Total Special Revenue Funds		<u>2,036,029</u>	<u>132,284</u>
Debt service fund	General fund	<u>626,292</u>	<u>-</u>
Capital Projects Funds:			
Open space	General fund	45,000	-
LOCIP	General fund	<u>154,102</u>	<u>-</u>
Total Capital Projects Fund		<u>199,102</u>	<u>-</u>
Total Other Governmental Funds		<u>2,861,423</u>	<u>132,284</u>
Internal Service Funds:			
Self-insurance	General fund	-	1,333,713
Workers' compensation	General fund	4,959,829	-
Town medical insurance	General fund	1,545,783	-
Education medical insurance	General fund	<u>1,075,519</u>	<u>-</u>
Total Internal Service Funds		<u>7,581,131</u>	<u>1,333,713</u>
Grand Total		<u><u>\$ 11,992,120</u></u>	<u><u>\$ 11,992,120</u></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.

Town of East Haven, Connecticut

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

C. Interfund accounts (continued)**2. Interfund transfers**

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

	Corresponding Fund	Transfers In	Transfers Out
Major Funds:			
Capital Projects	LOCIP	\$ -	\$ 88,012
Other Governmental Funds:			
LOCIP	Capital projects	88,012	-
Grand Total		<u>\$ 88,012</u>	<u>\$ 88,012</u>

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

Town of East Haven, Connecticut

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

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Capital assets, not being depreciated:</u>				
Land	\$ 3,505,816	\$ -	\$ -	\$ 3,505,816
Construction in progress	3,431,671	7,732,403	1,338,643	9,825,431
Total capital assets, not being depreciated	6,937,487	7,732,403	1,338,643	13,331,247
<u>Capital assets, being depreciated:</u>				
Land improvements	4,808,668	94,539	1,207,252	3,695,955
Buildings	62,712,818	-	-	62,712,818
Building improvements	13,397,805	215,891	109,555	13,504,141
Machinery and equipment	9,042,252	1,668,760	1,673,202	9,037,810
Vehicles	6,887,252	1,237,649	1,036,967	7,087,934
Infrastructure	41,260,016	1,069,444	305,346	42,024,114
Total capital assets, being depreciated	138,108,811	4,286,283	4,332,322	138,062,772
Total capital assets	145,046,298	12,018,686	5,670,965	151,394,019
<u>Less accumulated depreciation for:</u>				
Land improvements	2,859,676	144,123	735,359	2,268,440
Buildings	25,250,265	973,274	-	26,223,539
Building improvements	9,929,862	174,863	48,995	10,055,730
Machinery and equipment	5,330,555	586,828	1,395,677	4,521,706
Vehicles	4,508,830	323,005	834,209	3,997,626
Infrastructure	13,540,339	540,792	305,346	13,775,785
Total accumulated depreciation	61,419,527	2,742,885	3,319,586	60,842,826
Total capital assets, being depreciated, net	76,689,284	1,543,398	1,012,736	77,219,946
Capital assets, net	\$ 83,626,771	\$ 9,275,801	\$ 2,351,379	\$ 90,551,193

Town of East Haven, Connecticut

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

D. Capital assets (continued)

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

General government	\$ 57,875
Public safety	372,758
Public works	583,412
Culture and recreation	82,835
Health and welfare	16,732
Education	<u>1,629,273</u>
Total depreciation expense	<u>\$2,742,885</u>

E. Construction commitments

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

High school turf field and track	\$ 925,752
Reconstruction of Coe and Hemingway Avenues	<u>896,723</u>
Total commitments	<u>\$ 1,822,475</u>

Town of East Haven, Connecticut

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

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

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2019	Additions	Deductions/ Refunded *	Balance June 30, 2020	Current Portion	Long-term Portion
Bonds/Notes:										
General purpose:										
Refunding	\$3,880,000	7/28/10	2030	3.00%	\$ 445,000	\$ -	445,000	\$ -	\$ -	\$ -
Improvement	3,655,000	7/28/10	2031	3.00%	776,377	-	776,377	-	-	-
Improvement	1,275,000	7/26/11	2026	2.00%	472,000	-	352,000	120,000	-	120,000
Improvement	3,150,000	7/17/13	2026	2.00-4.00%	2,046,840	-	639,240	1,407,600	-	1,407,600
Refunding	3,421,340	8/5/14	2025	5.00%	2,241,990	-	1,035,330	1,206,660	-	1,206,660
Improvement	3,500,000	11/17/16	2037	3.00-4.00%	3,500,000	-	600,000	2,900,000	-	2,900,000
Refunding	5,230,000	11/17/16	2030	3.00-4.00%	4,991,576	-	477,205	4,514,371	-	4,514,371
Improvement	2,885,000	12/27/18	2039	4.25-6.00%	2,885,000	-	300,000	2,585,000	-	2,585,000
Refunding (taxable)	3,460,000	12/13/18	2039	4.25-6.00%	3,460,000	-	-	3,460,000	-	3,460,000
Improvement / refunding	6,850,000	6/16/20	2045	2.5 -5%	-	6,850,000	-	6,850,000	-	6,850,000
Improvement / refunding (taxable)	3,214,800	6/16/20	2045	2.37-4.15%	-	3,214,800	-	3,214,800	-	3,214,800
Total general purpose	40,521,140				20,818,783	10,064,800	4,625,152	26,258,431	-	26,258,431
Schools:										
School	1,500,000	7/28/10	2031	3.00%	318,623	-	318,623	-	-	-
School	270,000	7/26/11	2021	2.00%	53,000	-	53,000	-	-	-
Improvement	1,285,000	7/17/13	2026	2.00-4.00%	808,160	-	260,760	547,400	-	547,400
Refunding	3,468,660	8/5/14	2025	5.00%	2,273,010	-	1,049,670	1,223,340	-	1,223,340
Refunding	5,230,000	11/17/16	2030	3.00-4.00%	238,424	-	22,795	215,629	-	215,629
Improvement	420,000	12/27/18	2039	4.25-6.00%	420,000	-	45,000	375,000	-	375,000
Refunding (taxable)	865,000	12/13/18	2039	4.25-6.00%	865,000	-	-	865,000	-	865,000
Improvement / refunding (taxable)	1,250,200	6/16/20	2045	2.37-4.15%	-	1,250,200	-	1,250,200	-	1,250,200
Total schools	14,288,860				4,976,217	1,250,200	1,749,848	4,476,569	-	4,476,569
Total bonds					25,795,000	11,315,000	6,375,000	30,735,000	-	30,735,000
Notes:										
Equipment financing notes	1,321,321	9/15/18	2026	2.30-6.70%	565,018	482,485	339,820	707,683	337,269	370,414
Energy financing notes	7,200,000	7/1/19	2034	2.83%	-	7,200,000	-	7,200,000	425,000	6,775,000
Paycheck protection program note	138,590	5/13/20	2026	1.00%	-	138,590	-	138,590	-	138,590
Total notes	8,659,911				565,018	7,821,075	339,820	8,046,273	762,269	7,284,004
Total bonds and notes					26,360,018	19,136,075	6,714,820	38,781,273	762,269	38,019,004
Premium					764,707	451,971	123,208	1,093,470	-	1,093,470
Total bonds, notes and related liabilities					27,124,725	19,588,046	6,838,028	39,874,743	762,269	39,112,474
Compensated absences					6,581,933	2,423,067	2,356,928	6,648,072	1,329,614	5,318,458
Net pension liability					34,973,682	9,183,673	6,196,837	37,960,518	-	37,960,518
OPEB liability					94,133,287	21,992,562	8,984,104	107,141,745	-	107,141,745
Claims payable					11,335,520	2,966,972	2,980,748	11,321,744	3,403,861	7,917,883
Total long-term obligations					\$ 174,149,147	\$ 56,154,320	\$ 27,356,645	\$ 202,946,822	\$ 5,495,744	\$ 197,451,078

* Deductions/Refunded included \$4,730,000 of refunded bonds.

Town of East Haven, Connecticut

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

F. Changes in long-term obligations (continued)

The following is a summary of bond maturities:

Fiscal Year Ended June 30,	Bonds		Notes	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 796,801	\$ 762,269	\$ 229,747
2022	-	796,801	530,387	202,601
2023	2,260,000	1,143,689	541,435	186,681
2024	2,355,000	1,045,673	528,923	170,886
2025	2,445,000	999,001	536,627	156,254
2026	2,085,000	849,066	553,042	141,394
2027	1,975,000	765,894	505,000	126,077
2028	1,935,000	689,025	520,000	111,785
2029	1,990,000	616,234	535,000	97,069
2030	1,635,000	547,110	545,000	81,929
2031	1,050,000	492,928	565,000	66,505
2032	1,075,000	451,357	580,000	50,516
2033	1,105,000	411,064	595,000	34,102
2034	1,135,000	369,517	610,000	17,263
2035	1,165,000	326,391	-	-
2036	1,205,000	281,563	-	-
2037	1,245,000	235,373	-	-
2038	1,105,000	191,413	-	-
2039	1,145,000	149,473	-	-
2040	585,000	119,060	-	-
2041	605,000	100,660	-	-
2042	625,000	80,485	-	-
2043	645,000	58,503	-	-
2044	670,000	35,730	-	-
2045	695,000	12,064	-	-
Total	<u>\$ 30,735,000</u>	<u>\$ 11,564,875</u>	<u>\$ 7,907,683</u>	<u>\$ 1,672,809</u>

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

Town of East Haven, Connecticut

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

F. Changes in long-term obligations (continued)

On May 13, 2020, the Town received loan proceeds in the amount of \$138,590 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks ("Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors.

Although, the Town believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness. The unforgiven portion of the PPP Loan, if any, is payable within two to five years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If the Town does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of the year end, the PPP loan is recognized as debt on the statement of net position. The Town will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA.

The future scheduled maturities are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2022	\$ 34,647	\$ 346
2023	69,296	693
2024	34,647	346
Total	<u>\$ 138,590</u>	<u>\$ 1,385</u>

2. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$142,981,972	\$ 26,258,431	\$ 116,723,541
Schools	285,963,944	4,476,569	281,487,375
Sewers	238,303,286	-	238,303,286
Urban renewal	206,529,515	-	206,529,515
Pension deficit	190,642,629	-	190,642,629

Town of East Haven, Connecticut

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

F. Changes in long-term obligations (continued)

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year's taxation, \$444,832,801.

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.

3. Assets pledged as collateral

The Town's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$7,907,683.

4. Authorized/Unissued Bonds

The Town had authorized and unissued bonds as follows:

	<u>Authorized/ Unissued Bonds</u>
General purpose	\$ 8,778,693
Schools	<u>2,846,000</u>
Total	<u>\$ 11,624,693</u>

5. Current year advance refunding

In June 2020, the Town issued \$5,315,000 of general obligation refunding bonds with interest rates of 2.37% to 5%. These refunding bonds were issued to defease 8 bonds issued from August 2010 through December 2018. The refunding resulted in an economic loss of \$130,490 and an increase in debt service payments of \$11,622,871.

6. Prior years' advanced refunding

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. At fiscal year-end, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$7,860,000.

Town of East Haven, Connecticut

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

G. Fund balances and restricted net position

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:				
Library operations	\$ -	\$ -	\$ 100,000	\$ 100,000
Restricted:				
Capital projects and replacement	-	-	154,108	154,108
Road maintenance	-	-	540,633	540,633
Donor purpose restrictions	-	-	2,087,711	2,087,711
Historical document preservation	-	-	25,103	25,103
Housing rehabilitation programs	-	-	190,538	190,538
Cafeteria operations	-	-	284,477	284,477
Education programs	-	-	46,237	46,237
Total restricted	-	-	3,328,807	3,328,807
Committed:				
Daycare program	-	-	104,990	104,990
Education programs	-	-	823,159	823,159
Total committed	-	-	928,149	928,149
Assigned:				
Public safety programs	-	-	130,203	130,203
Open space	-	-	45,000	45,000
Health and welfare programs	-	-	105,366	105,366
Emergency medical service	-	-	251,221	251,221
Economic development programs	-	-	12,081	12,081
Library operations	-	-	177,397	177,397
Education programs	-	-	207,203	207,203
Debt service	-	-	626,292	626,292
Total assigned	-	-	1,554,763	1,554,763
Unassigned	2,844,041	(1,402,630)	-	1,441,411
Total	<u>\$ 2,844,041</u>	<u>\$ (1,402,630)</u>	<u>\$ 5,911,719</u>	<u>\$ 7,353,130</u>

The amount of restricted net position, which was restricted by enabling legislation, totaled \$309,580.

Town of East Haven, Connecticut

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

IV. Other information**A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town is self-insured for all claims and purchases stop loss insurance for claims over \$1,000,000. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

The Town established Internal Service Funds, the Town Medical Insurance Fund, the Education Medical Insurance Fund, and the Workers' Compensation Fund, to account for and finance the retained risk of loss for Town Employee medical benefits coverage and workers' compensation claims. A third party administers the plans for which the fund pays a fee.

The Town has purchased a stop loss policy for individual claims exceeding \$150,000 for the Town Medical Insurance Fund, \$175,000 for the Education Medical Insurance Fund, and \$750,000 for the Workers' Compensation Fund.

In addition, the Town has established the Self-Insurance Fund, to pay judgments and claims and reduce the cost of commercial insurance by raising the deductibles on the policies purchased.

The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

The claim accrual does not include other allocated or unallocated claims adjustment expenses.

Fiscal Year End/Fund	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,	Current Portion	Long-Term Portion
<u>Self-Insurance Fund</u>						
2018-2019	\$ 2,284,543	\$ 221,496	\$ 286,000	\$ 2,220,039	\$ 300,000	\$ 1,920,039
2019-2020	2,220,039	966,536	504,504	2,682,071	100,000	2,582,071
<u>Workers' Compensation Fund</u>						
2018-2019	8,945,077	2,414,635	2,244,231	9,115,481	3,451,978	5,663,503
2019-2020	9,115,481	2,000,436	2,476,244	8,639,673	3,303,861	5,335,812
<u>Subtotal</u>						
2018-2019	11,229,620	2,636,131	2,530,231	11,335,520	3,751,978	7,583,542
2019-2020	11,335,520	2,966,972	2,980,748	11,321,744	3,403,861	7,917,883

Town of East Haven, Connecticut

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

A. Risk management (continued)

Fiscal Year End/Fund	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,	Current Portion	Long-Term Portion
<u>Town Medical Insurance Fund</u>						
2018-2019	\$ 1,192,000	\$13,093,971	\$13,086,946	\$ 1,199,025	\$1,199,025	\$ -
2019-2020	1,199,025	4,861,252	5,705,021	355,256	355,256	-
<u>Education Medical Insurance Fund</u>						
2019-2020	-	7,527,060	6,799,532	727,528	727,528	-
<u>Total</u>						
2018-2019	12,421,620	15,730,102	15,617,177	12,534,545	4,951,003	7,583,542
2019-2020	<u>\$12,534,545</u>	<u>\$15,355,284</u>	<u>\$15,485,301</u>	<u>\$12,404,528</u>	<u>\$4,486,645</u>	<u>\$ 7,917,883</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. In the opinion of the Town attorney, the resolution of these matters will not 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 and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the interest rate reduction program. The impact of this program on property tax and user fee revenues and delinquent interest collections was not significant during this period.

Town of East Haven, Connecticut

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

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

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

V. Pensions and other post-employment benefit plans**A. 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

Town of East Haven, Connecticut

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

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

Town of East Haven, Connecticut

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

A. Connecticut municipal employees' retirement system (continued)**3. Contributions**Employer

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

Employees

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

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

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

The Town reported \$37,960,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 6.807427% for the general employees without social security sub plan and 6.116068% for the police and fire without social security sub plan.

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

For the fiscal year, the Town recognized pension expense of \$10,100,783. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of East Haven, Connecticut

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

A. Connecticut municipal employees' retirement system (continued)

Description of outflows/inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 3,496,518	\$ (720,498)	\$ 2,776,020
Changes in assumptions	9,421,664	-	9,421,664
Changes in proportional share of employer	568,019	(1,643,607)	(1,075,588)
Net difference between projected and actual earnings on pension plan investments	1,499,588	-	1,499,588
Contributions subsequent to measurement date	<u>3,500,336</u>	<u>-</u>	<u>3,500,336</u>
Total	<u>\$ 18,486,125</u>	<u>\$(2,364,105)</u>	16,122,020
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(3,500,336)</u>
Net amortized amount of deferred inflows and outflows			<u>\$12,621,684</u>

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

Year Ending June 30,	
2020	\$ 4,950,160
2021	3,253,280
2022	3,931,053
2023	<u>487,191</u>
Total	<u>\$ 12,621,684</u>

Town of East Haven, Connecticut

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

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

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

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

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

Town of East Haven, Connecticut

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

A. Connecticut municipal employees' retirement system (continued)

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

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

6. Discount rate

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

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

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Town's proportional share of the net pension liability	<u>\$ 55,638,433</u>	<u>\$ 37,960,518</u>	<u>\$ 23,205,676</u>

Town of East Haven, Connecticut

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

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

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

B. 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.
Non-service connected disability service requirement	Five years of credited service
Vesting - Service	10 years of service
Vesting - Amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

Town of East Haven, Connecticut

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

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

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

Employer (school districts)

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

Employees

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

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>83,740,282</u>
Total	<u>\$ 83,740,282</u>

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

During the year, the Town recognized pension expense and revenue of \$6,338,693 for on-behalf amounts for contributions to the plan by the State.

Town of East Haven, Connecticut

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

B. Connecticut state teachers' retirement system (continued)**5. Actuarial assumptions**

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

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

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

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

Changes in assumptions and inputs

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

Long-term expected rate of return

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

Town of East Haven, Connecticut

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

B. Connecticut state teachers' retirement system (continued)

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

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

6. Discount rate

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

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

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

8. Plan fiduciary net position

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

Town of East Haven, Connecticut

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

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

The Town administers two single-employer, post-retirement healthcare plans for the Town and the Board of Education. The Town and Board of Education plans provide medical, prescription drug, dental and vision benefits for eligible retirees and their spouses. Certain groups within the Town are also offered life insurance. The plans are not accounted for in a trust and therefore do not issue standalone financial reports.

b. Plan membership

As of July 1, 2019, the following employees are covered by the benefit terms:

	<u>Town</u>	<u>Education</u>
Inactive plan members or beneficiaries currently receiving benefit payments	233	223
Active plan members	<u>170</u>	<u>274</u>
Total	<u>403</u>	<u>497</u>

2. Benefit provisions

The Town plan provides for medical, prescription drug, dental and vision benefits for all eligible Town Dispatcher, Fire, Police, Public Service, Supervisor and Town Hall retirees and their spouses. The Board of Education plan provides for medical, prescription drug, dental and vision benefits for all Board of Education Teacher, Administrator, Mid-Management, Custodian, Nurse, Cafeteria and Secretary retirees and their spouses. Life insurance is offered for certain groups with the Town. Public Service, Supervisor and Town Hall retirees do not have surviving spouse coverage. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

3. Contributions**Employer contributions**

The Town and Board of Education are currently funding the plan on a pay as you go basis.

Employee contributions

There are no employee contributions to the plan. 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 teachers are required to contribute the cost of the insurance to the Town.

Town of East Haven, Connecticut

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

C. Other post-employment benefit plan ("OPEB") (continued)**4. Actuarial methods and significant assumptions**

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Discount rate	3.50%
Salary increases	4.00%
Healthcare cost trend rates:	
Medical	7.00%
Prescription drug	6.00%
Dental, administrative costs	3.00%
Mortality rates	
Healthy participants other than Teachers, Police and Fire participants	Based on the RP-2006 mortality tables projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB
Healthy Police and Fire participants	Based on the Blue Collar RP-2006 mortality tables projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB
Disabled retirees other than Teachers	Based on the RP-2014 disabled mortality tables projected to 2020 with Scale BB
Healthy Teachers	Based on the RP-2014 mortality tables projected to 2020 with Scale BB
Disabled Teachers	Based on the RP-2014 disabled mortality tables projected to 2017 with Scale BB

The discount rate was based on the S&P municipal bond 20-year high grade index as of the measurement date.

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future.

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

The Town and Board of Education's OPEB liability changed due to the following changes in valuation assumptions:

Town of East Haven, Connecticut

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

C. Other post-employment benefit plan ("OPEB") (continued)

- The discount rate decreased from 3.87% to 3.50%.
- Mortality tables used changed from RP-2014 adjusted to 2006 with Scale MP-2018 to RP-2006 projected to 2015 with Scale MP-2017 projected to 2022 with Scale BB for healthy non-teachers and healthy police and fire participants.
- Mortality tables used changed from RP-2014 adjusted to 2006 projected generationally with Scale MP-2018 to RP-2014 projected to 2020 with Scale BB for disabled non-teachers.

b. Changes in benefit terms

There were no changes in benefit terms.

6. Changes in the OPEB Liability

	Town	Education	Total
Balance at July 1, 2019	\$ 63,595,728	\$ 30,537,559	\$ 94,133,287
Service cost	1,475,596	171,969	1,647,565
Interest	2,471,687	1,149,729	3,621,416
Differences between expected and actual experience	(2,218,424)	322,681	(1,895,743)
Changes in assumptions	16,400,900	(2,357,248)	14,043,652
Benefit payments	(2,406,876)	(2,001,556)	(4,408,432)
Net change	15,722,883	(2,714,425)	13,008,458
Balance at June 30, 2020	\$ 79,318,611	\$ 27,823,134	\$ 107,141,745

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

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

OPEB Liability	1% Decrease	Discount Rate	1% Increase
Town	\$ 89,570,069	\$ 79,318,611	\$ 70,785,413
Education	\$ 30,903,683	\$ 27,823,134	\$ 25,206,724

Town of East Haven, Connecticut

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

C. Other post-employment benefit plan ("OPEB") (continued)**8. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate**

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

<u>OPEB Liability</u>	<u>1% Decrease in Health Care Cost Trend Rates</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase in Health Care Cost Trend Rates</u>
Town	<u>\$ 69,039,246</u>	<u>\$ 79,318,611</u>	<u>\$ 91,872,171</u>
Education	<u>\$ 25,137,617</u>	<u>\$ 27,823,134</u>	<u>\$ 30,991,111</u>

9. OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year, the Town and Education recognized OPEB expense of \$6,427,119 and \$(1,911,472), respectively. The Town plan reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Town 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	\$ 4,257,669	\$ (1,797,471)	\$ 2,460,198
Changes in assumptions	<u>13,288,775</u>	<u>(5,165,027)</u>	<u>8,123,748</u>
Total	<u>\$ 17,546,444</u>	<u>\$ (6,962,498)</u>	<u>\$ 10,583,946</u>

The Education plan reported deferred inflows of resources related to OPEB from the following sources:

<u>Education 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	\$ 267,333	\$ (3,418,053)	\$ (3,150,720)
Changes in assumptions	<u>-</u>	<u>(6,311,584)</u>	<u>(6,311,584)</u>
Total	<u>\$ 267,333</u>	<u>\$ (9,729,637)</u>	<u>\$ (9,462,304)</u>

Experience losses (gain) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which were 4.93 years for the Town plan and 5.72 years for the Education plan.

Town of East Haven, Connecticut

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

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

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

Year ending June 30,	Town	Education
2021	\$ 2,479,836	\$ (3,233,170)
2022	2,378,812	(3,233,170)
2023	2,307,510	(2,253,351)
2024	2,691,172	(452,961)
2025	726,616	(289,652)
Total	<u>\$ 10,583,946</u>	<u>\$ (9,462,304)</u>

D. 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.

2. Benefit provisions

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

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

Town of East Haven, Connecticut

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

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

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

Survivor health care coverage

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

3. Contributions**State of Connecticut**

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

Town of East Haven, Connecticut

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

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**Employer (school districts)**

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution.

The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>13,059,768</u>
Total	<u><u>\$ 13,059,768</u></u>

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

During the year the Town recognized OPEB expense and revenue of \$173,242 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale
Year fund net position will be depleted	2020

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

Town of East Haven, Connecticut

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

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

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

Long-term expected rate of return

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

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

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that no future employer contributions were assumed to be made.

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

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

8. Plan fiduciary net position

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

Town of East Haven, Connecticut

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

E. Total OPEB plans

	<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Town	\$ 79,318,611	\$ 17,546,444	\$ (6,962,498)	\$ 6,427,119
Education	<u>27,823,134</u>	<u>267,333</u>	<u>(9,729,637)</u>	<u>(1,911,472)</u>
Total	<u>\$ 107,141,745</u>	<u>\$ 17,813,777</u>	<u>\$ (16,692,135)</u>	<u>\$ 4,515,647</u>

Required Supplementary Information

Type	Description
General Fund - Budgetary	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Municipal Employees' Retirement System State Teachers' Retirement System	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 Education Plan State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in OPEB Liability
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of East Haven, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 66,671,193	\$ -	\$ 66,671,193	\$ 64,982,655	\$ (1,688,538)
Intergovernmental	20,651,429	-	20,651,429	19,547,765	(1,103,664)
Charges for services	2,416,668	-	2,416,668	2,520,086	103,418
Income from investments	275,850	-	275,850	280,956	5,106
Other	1,513,959	-	1,513,959	1,019,247	(494,712)
Total revenues	91,529,099	-	91,529,099	88,350,709	(3,178,390)
Expenditures:					
Current:					
General government	3,018,354	95,952	3,114,306	2,888,954	225,352
Public safety	13,864,820	167,148	14,031,968	13,773,850	258,118
Public services and engineering	2,502,351	-	2,502,351	2,168,327	334,024
Sanitation and maintenance	3,131,746	222,000	3,353,746	3,184,475	169,271
Health and welfare	1,197,797	(20,000)	1,177,797	1,001,041	176,756
Culture and recreation	1,996,327	(57,000)	1,939,327	1,681,007	258,320
Employee benefits and insurance	13,617,955	(48,802)	13,569,153	13,200,991	368,162
Education	47,994,271	-	47,994,271	47,994,271	-
General services	2,002,500	(359,298)	1,643,202	1,572,757	70,445
Debt service	2,706,478	-	2,706,478	2,706,478	-
Total expenditures	92,032,599	-	92,032,599	90,172,151	1,860,448
Excess (deficiency) of revenues over expenditures	(503,500)	-	(503,500)	(1,821,442)	(1,317,942)
Other financing sources:					
Sale of Town owned property	503,500	-	503,500	2,299	(501,201)
Net change in fund balance	\$ -	\$ -	\$ -	(1,819,143)	\$ (1,819,143)
Fund balance - July 1, 2019				4,663,184	
Fund balances - June 30, 2020				\$ 2,844,041	

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary Basis - RSI-1	\$ 88,350,709	\$ 90,172,151
State Teachers' pension on behalf amount	6,338,693	6,338,693
State Teachers' OPEB on behalf amount	173,242	173,242
GAAP Basis - Exhibit D	\$ 94,862,644	\$ 96,684,086

Town of East Haven, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Real estate	\$ 55,687,242	\$ -	\$ 55,687,242	\$ 55,469,327	\$ (217,915)
Motor vehicle and personal property	7,446,895	-	7,446,895	6,908,205	(538,690)
Supplemental motor vehicle	887,345	-	887,345	794,025	(93,320)
Delinquent taxes	845,355	-	845,355	459,848	(385,507)
Suspense collections	139,548	-	139,548	96,742	(42,806)
Interest, penalties and liens	759,540	-	759,540	360,821	(398,719)
PILOT water authority	788,668	-	788,668	788,572	(96)
PILOT GNHWPCA	63,000	-	63,000	63,000	-
Telecommunication property tax	53,600	-	53,600	42,115	(11,485)
Total property taxes	66,671,193	-	66,671,193	64,982,655	(1,688,538)
Intergovernmental:					
State aid school construction	790,636	-	790,636	-	(790,636)
Health and welfare nonpublic school	27,895	-	27,895	-	(27,895)
Education cost sharing	18,764,125	-	18,764,125	18,743,066	(21,059)
PILOT state property	462,397	-	462,397	462,357	(40)
PILOT Pequot funds	82,006	-	82,006	82,006	-
Elderly circuit breaker	340,500	-	340,500	-	(340,500)
Tax relief elderly	4,000	-	4,000	2,000	(2,000)
Veterans' exemption	79,520	-	79,520	58,356	(21,164)
Disability reimbursement	5,400	-	5,400	4,239	(1,161)
Off Track Betting (OTB)	79,200	-	79,200	32,570	(46,630)
State of CT department of children	15,750	-	15,750	20,340	4,590
COVID - Assistance to firefighters	-	-	-	66,922	66,922
CARES Act unemployment grant	-	-	-	75,909	75,909
Total intergovernmental	20,651,429	-	20,651,429	19,547,765	(1,103,664)
Charges for services:					
Zoning board of appeals	5,673	-	5,673	1,848	(3,825)
Zoning fees	24,025	-	24,025	15,294	(8,731)
Police permits, tags, etc.	56,095	-	56,095	30,500	(25,595)
Fire permits/fees	1,067	-	1,067	135	(932)
Town clerk fees	483,647	-	483,647	581,373	97,726
Building department permits	297,354	-	297,354	375,858	78,504
Recreation fees	92,650	-	92,650	33,952	(58,698)
Pool fees	29,100	-	29,100	5,541	(23,559)
Athletic complex fees	354,758	-	354,758	224,080	(130,678)
C.A.M. fees	1,850	-	1,850	-	(1,850)
Human services fees	260,584	-	260,584	205,012	(55,572)
Landfill fees	16,500	-	16,500	9,760	(6,740)
Solid waste hauler fees	12,500	-	12,500	-	(12,500)
Inland/wetland prints	500	-	500	-	(500)
Flood and erosion	5,000	-	5,000	-	(5,000)
Police special assignments	775,365	-	775,365	904,236	128,871
Blight revenue	-	-	-	132,497	132,497
Total charges for services	2,416,668	-	2,416,668	2,520,086	103,418

(Continued)

Town of East Haven, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Income from investments	\$ 275,850	\$ -	\$ 275,850	\$ 280,956	\$ 5,106
Other:					
Employee benefit cost sharing	697,303	-	697,303	647,371	(49,932)
Workers' compensation reimbursement	467,255	-	467,255	325,584	(141,671)
Other	349,401	-	349,401	46,292	(303,109)
Total other	1,513,959	-	1,513,959	1,019,247	(494,712)
Total revenues	91,529,099	-	91,529,099	88,350,709	(3,178,390)
Other financing sources:					
Sale of Town owned property	503,500	-	503,500	2,299	(501,201)
Total revenues and other financing sources	<u>\$ 92,032,599</u>	<u>\$ -</u>	<u>\$ 92,032,599</u>	<u>\$ 88,353,008</u>	<u>\$ (3,679,591)</u>

(Concluded)

Town of East Haven, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town Council	\$ 102,100	\$ -	\$ 102,100	\$ 89,756	\$ 12,344
Board of Finance	6,800	-	6,800	5,555	1,245
Mayor	176,619	-	176,619	171,445	5,174
Finance	490,836	(988)	489,848	468,833	21,015
Purchasing	53,628	-	53,628	44,103	9,525
Tax collector	294,368	24,400	318,768	285,777	32,991
Assessor	302,315	-	302,315	302,240	75
Personnel, administration and management	393,492	(17,210)	376,282	329,995	46,287
Board of assessment appeals	2,500	-	2,500	2,250	250
Town clerk	298,369	-	298,369	280,912	17,457
Registrar of voters	147,890	-	147,890	132,590	15,300
Planning and zoning	194,520	-	194,520	187,589	6,931
Zoning board of appeals	3,625	-	3,625	2,905	720
Legal	474,660	89,750	564,410	528,452	35,958
Probate	21,700	-	21,700	14,714	6,986
Civil service	49,732	-	49,732	37,984	11,748
Flood and erosion	600	-	600	100	500
Inland/wetland	2,000	-	2,000	1,354	646
School building committee	2,600	-	2,600	2,400	200
Total general government	3,018,354	95,952	3,114,306	2,888,954	225,352
Public safety:					
Board of police commissioners	3,250	-	3,250	1,675	1,575
Animal shelter	266,609	-	266,609	246,039	20,570
Police department	6,394,969	(24,211)	6,370,758	6,162,730	208,028
Board of fire commissioners	15,550	-	15,550	14,970	580
Fire department	6,289,956	167,148	6,457,104	6,443,322	13,782
Public safety command center	894,486	24,211	918,697	905,114	13,583
Total public safety	13,864,820	167,148	14,031,968	13,773,850	258,118
Public services and engineering:					
Engineering	171,324	-	171,324	151,140	20,184
Public services	2,331,027	-	2,331,027	2,017,187	313,840
Total public services and engineering	2,502,351	-	2,502,351	2,168,327	334,024
Sanitation and maintenance:					
Building department	163,344	-	163,344	162,004	1,340
Sanitation	2,069,573	222,000	2,291,573	2,278,741	12,832
Building maintenance	898,829	-	898,829	743,730	155,099
Total sanitation and maintenance	3,131,746	222,000	3,353,746	3,184,475	169,271

(Continued)

Town of East Haven, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Health and welfare:					
Public health	\$ 266,722	\$ -	\$ 266,722	\$ 264,022	\$ 2,700
Social services	130,142	-	130,142	127,561	2,581
Counseling and community services	757,633	(20,000)	737,633	606,068	131,565
Housing authority	850	-	850	250	600
Urban renewal	42,450	-	42,450	3,140	39,310
Total health and welfare	1,197,797	(20,000)	1,177,797	1,001,041	176,756
Culture and recreation:					
Recreation	518,196	-	518,196	463,466	54,730
Recreation - ice rink	293,749	-	293,749	258,634	35,115
Senior center	228,621	(57,000)	171,621	148,590	23,031
Library	846,561	-	846,561	758,290	88,271
Community services	109,200	-	109,200	52,027	57,173
Total culture and recreation	1,996,327	(57,000)	1,939,327	1,681,007	258,320
Employee benefits and insurance:					
Employee benefits	11,229,955	(7,852)	11,222,103	10,918,206	303,897
Insurance	2,388,000	(40,950)	2,347,050	2,282,785	64,265
Total employee benefits and insurance	13,617,955	(48,802)	13,569,153	13,200,991	368,162
Education	47,994,271	-	47,994,271	47,994,271	-
General services	2,002,500	(359,298)	1,643,202	1,572,757	70,445
Debt service:					
Principal	1,645,000	-	1,645,000	1,645,000	-
Interest	1,061,478	-	1,061,478	1,061,478	-
Total debt service	2,706,478	-	2,706,478	2,706,478	-
Total expenditures	\$ 92,032,599	\$ -	\$ 92,032,599	\$ 90,172,151	\$ 1,860,448

(Concluded)

Town of East Haven, Connecticut**Notes to Required Supplementary Information****Budgets and Budgetary Accounting
For the Year Ended June 30, 2020**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements in accordance with the Town Charter. 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.

This budget is adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) with the following exceptions:

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

Prior to March 4, the Mayor submits to the Board of Finance a proposed operating budget for the year commencing the following July 1. The Board of Finance returns the budget to the Mayor with its recommendations by March 23. On or before March 31, the Mayor submits the budget to the Town Council, which calls a public hearing. By April 28, the Town Council votes to adopt the budget. The budget is adopted on a basis consistent with generally accepted accounting principles.

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

The Director of Finance may make transfers within a department of amounts not to exceed \$2,500 in any one account in any one year. The Board of Finance is authorized to transfer budgeted amounts within and between departments for amounts up to \$25,000. The Town Council, upon recommendation of the Board of Finance, approves transfers in excess of \$25,000 but not to exceed \$50,000. Transfers in excess of \$50,000 may be authorized only by ordinance. Additional appropriations may be made by ordinance of the Town Council.

The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

Budgeted amounts shown are as originally adopted, or as amended by the Board of Finance and Town Council during the course of the year.

There were no additional appropriations during the year.

Town of East Haven, Connecticut

Required Supplementary Information

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

	2020	2019	2018	2017	2016	2015
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Schedule of Proportionate Share of the Net Pension Liability

Town's proportion of the net pension (asset) liability for the general employees without social security sub plan	<u>6.807427%</u>	<u>7.049960%</u>	<u>6.605138%</u>	<u>6.605138%</u>	<u>6.260323%</u>	<u>6.260323%</u>
Town's proportion of the net pension (asset) liability for the policemen and firemen without social security sub plan	<u>6.116068%</u>	<u>6.792200%</u>	<u>5.964528%</u>	<u>5.964528%</u>	<u>6.399948%</u>	<u>6.399948%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 37,960,518</u>	<u>\$ 34,973,682</u>	<u>\$ 3,326,427</u>	<u>\$ 6,281,761</u>	<u>\$ 1,655,172</u>	<u>\$ (1,456,428)</u>
Town's covered payroll	<u>N/A</u>	<u>\$ 19,616,243</u>	<u>\$ 21,318,457</u>	<u>\$ 17,639,314</u>	<u>\$ 17,639,314</u>	<u>\$ 16,645,682</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>N/A</u>	<u>178.29%</u>	<u>15.60%</u>	<u>35.61%</u>	<u>9.38%</u>	<u>(8.94)%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>92.72%</u>	<u>92.72%</u>	<u>92.72%</u>

Schedule of Contributions

Contractually required contribution	<u>\$ 2,991,669</u>	<u>\$ 2,937,040</u>	<u>\$ 2,394,514</u>	<u>\$ 2,373,870</u>	<u>\$ 2,567,016</u>	<u>\$ 2,502,937</u>
Contributions in relation to the contractually required contribution	<u>2,991,669</u>	<u>2,937,040</u>	<u>2,394,514</u>	<u>2,373,870</u>	<u>2,567,016</u>	<u>2,502,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u>	<u>\$ 19,616,243</u>	<u>\$ 21,318,457</u>	<u>\$ 17,639,314</u>	<u>\$ 17,639,314</u>	<u>\$ 16,290,888</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>14.97%</u>	<u>11.23%</u>	<u>13.46%</u>	<u>14.55%</u>	<u>15.36%</u>

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

N/A - Not available

Town of East Haven, Connecticut

Notes to Required Supplementary Information

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

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 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
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	21 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries

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

Town of East Haven, Connecticut

Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>						
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>83,740,282</u>	<u>64,568,622</u>	<u>74,004,319</u>	<u>78,075,123</u>	<u>58,217,951</u>	<u>53,810,829</u>
Total	<u>\$ 83,740,282</u>	<u>\$ 64,568,622</u>	<u>\$ 74,004,319</u>	<u>\$ 78,075,123</u>	<u>\$ 58,217,951</u>	<u>\$ 53,810,829</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<u>Schedule of Contributions</u>						
Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

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

Town of East Haven, Connecticut

Notes to Required Supplementary Information

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

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return (Net)	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	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 they become available.

Town of East Haven, Connecticut
Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plans
Last Three Years (1)

Schedule of Changes in OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town Plan</u>			
OPEB liability:			
Service cost	\$ 1,475,596	\$ 1,652,879	\$ 2,715,495
Interest	2,471,687	2,326,716	2,471,758
Differences between expected and actual experience	(2,218,424)	-	11,771,199
Changes in assumptions	16,400,900	(2,576,018)	(10,188,458)
Benefit payments	<u>(2,406,876)</u>	<u>(2,294,079)</u>	<u>(2,193,267)</u>
Net change in total OPEB liability	15,722,883	(890,502)	4,576,727
OPEB liability - July 1	<u>63,595,728</u>	<u>64,486,230</u>	<u>59,909,503</u>
OPEB liability - June 30 *	<u><u>\$ 79,318,611</u></u>	<u><u>\$ 63,595,728</u></u>	<u><u>\$ 64,486,230</u></u>
<u>Education Plan</u>			
OPEB liability:			
Service cost	\$ 171,969	\$ 198,053	\$ 440,264
Interest	1,149,729	1,120,214	1,520,774
Differences between expected and actual experience	322,681	-	(7,302,204)
Changes in assumptions	(2,357,248)	(916,308)	(8,048,304)
Benefit payments	<u>(2,001,556)</u>	<u>(1,914,465)</u>	<u>(2,361,365)</u>
Net change in OPEB liability	(2,714,425)	(1,512,506)	(15,750,835)
OPEB liability - July 1	<u>30,537,559</u>	<u>32,050,065</u>	<u>47,800,900</u>
OPEB liability - June 30 *	<u><u>\$ 27,823,134</u></u>	<u><u>\$ 30,537,559</u></u>	<u><u>\$ 32,050,065</u></u>

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

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

Town of East Haven, Connecticut

Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>			
Town's proportionate share of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>13,059,768</u>	<u>12,907,700</u>	<u>19,047,874</u>
Total	<u>\$ 13,059,768</u>	<u>\$ 12,907,700</u>	<u>\$ 19,047,874</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Schedule of Contributions

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

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

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

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

Town of East Haven, Connecticut

Notes to Required Supplementary Information

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

	2020	2019	2018
Changes of Benefit Terms	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:			
Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Fair value	Fair value	Fair value
Inflation	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

(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, culture and recreation, health and welfare, benefits and insurance, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of East Haven, Connecticut

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

Grand List Year	Uncollected Taxes July 1, 2019	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2003	\$ 24,931	\$ -	\$ -	\$ 24,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	28,303	-	-	-	-	28,303	-	-	-	28,303
2005	34,233	-	-	-	-	34,233	-	-	-	34,233
2006	68,941	-	-	-	-	68,941	-	-	-	68,941
2007	68,972	-	-	-	-	68,972	-	-	-	68,972
2008	71,583	-	-	-	-	71,583	24	110	134	71,559
2009	92,732	-	-	-	-	92,732	-	136	136	92,732
2010	91,761	-	-	-	-	91,761	-	-	-	91,761
2011	48,066	-	-	-	-	48,066	-	-	-	48,066
2012	149,498	-	-	-	-	149,498	-	-	-	149,498
2013	267,893	-	296	296	245	267,648	1,207	380	1,587	266,441
2014	264,639	-	98	-	-	264,737	98	6,136	6,234	264,639
2015	302,221	-	14,558	512	-	316,267	43,943	6,650	50,593	272,324
2016	413,456	-	3,031	82,585	52,304	281,598	84,719	50,143	134,862	196,879
2017	1,217,839	-	7,572	112,472	216,179	896,760	612,780	115,021	727,801	283,980
Total Prior Years	3,145,068	-	25,555	220,796	268,728	2,681,099	742,771	178,576	921,347	1,938,328
2018	-	64,337,804	92,363	287,570	5,420	64,137,177	63,020,402	220,649	63,241,051	1,116,775
Total	<u>\$ 3,145,068</u>	<u>\$ 64,337,804</u>	<u>\$ 117,918</u>	<u>\$ 508,366</u>	<u>\$ 274,148</u>	<u>\$ 66,818,276</u>	<u>\$ 63,763,173</u>	<u>\$ 399,225</u>	<u>\$ 64,162,398</u>	<u>\$ 3,055,103</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
Public Safety	Grants, fees and contributions	Public safety programs
General Government	Grants and fees	Historical document preservation
Culture and Recreation	User fees	Recreation programs
Health and Welfare	Grants and fees	Health and welfare programs
Roads State Aid	Grants	Road maintenance
Small Cities	Grants and program income	Community development
Hagaman Memorial Library	Charges for services and contributions	Library operations
Daycare	Fees	Daycare operations
Athletic Department	Charges for services	Athletic programs
High School Rental	User fees	Building maintenance
School Lunch	Sale of lunches and grants	Cafeteria operations
Adult Education	User fees	Adult education programs
Education Grants	Federal and state grants	Education programs

Debt Service

Debt service	Bond issues and premiums	Debt service
--------------	--------------------------	--------------

Other Governmental Funds

Capital Projects Funds

Capital project funds are used to account for acquisition and construction of major capital assets other than those

Fund	Funding Source	Function
Open Space	General fund appropriations	Purchase of open space property
LOCIP	Grants and fees	Capital purchases

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not

Fund	Funding Source	Function
J. Woodward Thompson Education Fund	Income from investments	Education programs
Library Fund	Income from investments and contributions	Library programs
Isaac Hagaman Library Fund	Income from investments	Library building maintenance and support

Town of East Haven, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	Public Safety	General Government	Culture and Recreation	Health and Welfare	Roads State Aid	Small Cities	Hagaman Memorial Library
<u>Assets</u>							
Cash	\$ 8,702	\$ -	\$ 6,228	\$ 71,839	\$ -	\$ 155,096	\$ 216,762
Investments	-	-	-	-	-	-	-
Receivables:							
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	35,442	-
Other	48	36	-	447	-	-	-
Due from other funds	131,197	34,174	5,853	392,068	551,349	-	-
Other	-	-	-	-	-	-	-
Total assets	<u>\$ 139,947</u>	<u>\$ 34,210</u>	<u>\$ 12,081</u>	<u>\$ 464,354</u>	<u>\$ 551,349</u>	<u>\$ 190,538</u>	<u>\$ 216,762</u>
<u>Liabilities</u>							
Accounts payable	\$ 5,776	\$ 9,107	\$ -	\$ 52,767	\$ 10,716	\$ -	\$ 39,365
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	55,000	-	-	-
Unearned revenue	3,968	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total liabilities	<u>9,744</u>	<u>9,107</u>	<u>-</u>	<u>107,767</u>	<u>10,716</u>	<u>-</u>	<u>39,365</u>
<u>Fund balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	25,103	-	-	540,633	190,538	-
Committed	-	-	-	-	-	-	-
Assigned	130,203	-	12,081	356,587	-	-	177,397
Total fund balances	<u>130,203</u>	<u>25,103</u>	<u>12,081</u>	<u>356,587</u>	<u>540,633</u>	<u>190,538</u>	<u>177,397</u>
Total liabilities and fund balances	<u>\$ 139,947</u>	<u>\$ 34,210</u>	<u>\$ 12,081</u>	<u>\$ 464,354</u>	<u>\$ 551,349</u>	<u>\$ 190,538</u>	<u>\$ 216,762</u>

(Continued)

Town of East Haven, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	Daycare	Athletic Department	High School Rental	School Lunch	Adult Education	Education Grants	Total Special Revenue Funds	Debt Service
<u>Assets</u>								
Cash	\$ 70,907	\$ 29,039	\$ 221,108	\$ 148,487	\$ 54,104	\$ 400,542	\$ 1,382,814	\$ -
Investments	-	-	352	-	-	-	352	-
Receivables:								
Intergovernmental	-	-	-	226,673	-	97,026	323,699	-
Loans	-	-	-	-	-	-	35,442	-
Other	-	-	-	-	-	-	531	-
Due from other funds	50,000	-	-	-	-	871,388	2,036,029	626,292
Other	-	-	-	36,285	-	-	36,285	-
Total assets	<u>\$ 120,907</u>	<u>\$ 29,039</u>	<u>\$ 221,460</u>	<u>\$ 411,445</u>	<u>\$ 54,104</u>	<u>\$ 1,368,956</u>	<u>\$ 3,815,152</u>	<u>\$ 626,292</u>
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ 40,796	\$ 52,936	\$ 7,867	\$ 147,438	\$ 366,768	\$ -
Accrued payroll	1,719	-	-	-	-	301,017	302,736	-
Due to other funds	14,198	-	-	63,086	-	-	132,284	-
Unearned revenue	-	-	-	10,946	-	97,342	112,256	-
Other	-	-	2,500	-	-	-	2,500	-
Total liabilities	<u>15,917</u>	<u>-</u>	<u>43,296</u>	<u>126,968</u>	<u>7,867</u>	<u>545,797</u>	<u>916,544</u>	<u>-</u>
<u>Fund balances</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	284,477	46,237	-	1,086,988	-
Committed	104,990	-	-	-	-	823,159	928,149	-
Assigned	-	29,039	178,164	-	-	-	883,471	626,292
Total fund balances	<u>104,990</u>	<u>29,039</u>	<u>178,164</u>	<u>284,477</u>	<u>46,237</u>	<u>823,159</u>	<u>2,898,608</u>	<u>626,292</u>
Total liabilities and fund balances	<u>\$ 120,907</u>	<u>\$ 29,039</u>	<u>\$ 221,460</u>	<u>\$ 411,445</u>	<u>\$ 54,104</u>	<u>\$ 1,368,956</u>	<u>\$ 3,815,152</u>	<u>\$ 626,292</u>

(Continued)

Town of East Haven, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Capital Projects Funds			Permanent Funds				
	Open Space	LOCIP	Total Capital Projects	J. Woodward Thompson Education Fund	Library Fund	Isaac Hagaman Library Fund	Total Permanent Funds	Total
<u>Assets</u>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ 436,224	\$ -	\$ 436,224	\$ 1,819,038
Investments	-	-	-	448,794	36,490	1,266,203	1,751,487	1,751,839
Receivables:								
Intergovernmental	-	-	-	-	-	-	-	323,699
Loans	-	-	-	-	-	-	-	35,442
Other	-	6	6	-	-	-	-	537
Due from other funds	45,000	154,102	199,102	-	-	-	-	2,861,423
Other	-	-	-	-	-	-	-	36,285
Total assets	<u>\$ 45,000</u>	<u>\$ 154,108</u>	<u>\$ 199,108</u>	<u>\$ 448,794</u>	<u>\$ 472,714</u>	<u>\$ 1,266,203</u>	<u>\$ 2,187,711</u>	<u>\$ 6,828,263</u>
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,768
Accrued payroll	-	-	-	-	-	-	-	302,736
Due to other funds	-	-	-	-	-	-	-	132,284
Unearned revenue	-	-	-	-	-	-	-	112,256
Other	-	-	-	-	-	-	-	2,500
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,544</u>
<u>Fund balances</u>								
Nonspendable	-	-	-	-	-	100,000	100,000	100,000
Restricted	-	154,108	154,108	448,794	472,714	1,166,203	2,087,711	3,328,807
Committed	-	-	-	-	-	-	-	928,149
Assigned	45,000	-	45,000	-	-	-	-	1,554,763
Total fund balances	<u>45,000</u>	<u>154,108</u>	<u>199,108</u>	<u>448,794</u>	<u>472,714</u>	<u>1,266,203</u>	<u>2,187,711</u>	<u>5,911,719</u>
Total liabilities and fund balances	<u>\$ 45,000</u>	<u>\$ 154,108</u>	<u>\$ 199,108</u>	<u>\$ 448,794</u>	<u>\$ 472,714</u>	<u>\$ 1,266,203</u>	<u>\$ 2,187,711</u>	<u>\$ 6,828,263</u>

(Concluded)

Town of East Haven, Connecticut

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

Special Revenue Funds

	Public Safety	General Government	Culture and Recreation	Health and Welfare	Roads State Aid	Small Cities	Hagaman Memorial Library
Revenues:							
Intergovernmental	\$ 347,214	\$ 7,500	\$ -	\$ 65,661	\$ 443,782	\$ -	\$ 1,474
Charges for services	25,058	35,801	16,447	243,928	-	58,300	41,561
Income from investments	-	-	-	-	-	28	-
Change in fair value of investments	-	-	-	-	-	-	-
Contributions	1,650	-	-	-	-	-	58,359
Total revenues	373,922	43,301	16,447	309,589	443,782	58,328	101,394
Expenditures:							
Current:							
General government	-	50,117	-	-	-	-	-
Public safety	82,634	-	-	-	-	-	-
Public works	-	-	-	-	287,754	-	-
Health and welfare	-	-	-	274,805	-	3,886	-
Culture and recreation	-	-	18,927	-	-	-	156,384
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	82,634	50,117	18,927	274,805	287,754	3,886	156,384
Excess (deficiency) of revenues over expenditures	291,288	(6,816)	(2,480)	34,784	156,028	54,442	(54,990)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	138,590
Issuance of refunding bonds	-	-	-	-	-	-	-
Premium	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-	138,590
Net change in fund balances	291,288	(6,816)	(2,480)	34,784	156,028	54,442	83,600
Fund balances - July 1, 2019	(161,085)	31,919	14,561	321,803	384,605	136,096	93,797
Fund balances - June 30, 2020	\$ 130,203	\$ 25,103	\$ 12,081	\$ 356,587	\$ 540,633	\$ 190,538	\$ 177,397

(Continued)

Town of East Haven, Connecticut

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

Special Revenue Funds

	Daycare	Athletic Department	High School Rental	School Lunch	Adult Education	Education Grants	Total Special Revenue Funds	Debt Service
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,504,939	\$ -	\$ 5,438,077	\$ 7,808,647	\$ -
Charges for services	229,811	-	19,802	63,775	4,270	175,758	914,511	-
Income from investments	-	503	-	-	-	408	939	-
Change in fair value of investments	-	-	(121)	-	-	-	(121)	-
Contributions	-	-	-	-	-	-	60,009	-
Total revenues	229,811	503	19,681	1,568,714	4,270	5,614,243	8,783,985	-
Expenditures:								
Current:								
General government	-	-	-	-	-	-	50,117	-
Public safety	-	-	-	-	-	-	82,634	-
Public works	-	-	-	-	-	-	287,754	-
Health and welfare	-	-	-	-	-	-	278,691	-
Culture and recreation	-	-	-	-	-	-	175,311	-
Education	183,933	14,628	67,656	1,312,174	17,668	5,595,517	7,191,576	-
Debt service	-	-	-	-	-	-	-	237,412
Total expenditures	183,933	14,628	67,656	1,312,174	17,668	5,595,517	8,066,083	237,412
Excess (deficiency) of revenues over expenditures	45,878	(14,125)	(47,975)	256,540	(13,398)	18,726	717,902	(237,412)
Other financing sources (uses):								
Issuance of debt	-	-	-	-	-	-	138,590	-
Issuance of refunding bonds	-	-	-	-	-	-	-	411,733
Premium	-	-	-	-	-	-	-	451,971
Transfers in	-	-	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-	138,590	863,704
Net change in fund balances	45,878	(14,125)	(47,975)	256,540	(13,398)	18,726	856,492	626,292
Fund balances - July 1, 2019	59,112	43,164	226,139	27,937	59,635	804,433	2,042,116	-
Fund balances - June 30, 2020	\$ 104,990	\$ 29,039	\$ 178,164	\$ 284,477	\$ 46,237	\$ 823,159	\$ 2,898,608	\$ 626,292

(Continued)

Town of East Haven, Connecticut

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

	Capital Projects Funds			Permanent Funds			
	Open Space	LOCIP	Total Capital Projects Funds	J. Woodward Thompson Education Fund	Library Fund	Isaac Hagaman Library Fund	Total Permanent Funds
							Total
Revenues:							
Intergovernmental	\$ -	\$ 56,484	\$ 56,484	\$ -	\$ -	\$ -	\$ -
Charges for services	-	11,055	11,055	-	-	-	-
Income from investments	-	-	-	19,529	6	30,227	49,762
Change in fair value of investments	-	-	-	-	225	35,953	36,178
Contributions	-	-	-	-	408,582	-	408,582
Total revenues	-	67,539	67,539	19,529	408,813	66,180	494,522
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	56,484	56,484	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,672	69,872	72,544
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	-	56,484	56,484	-	2,672	69,872	72,544
Excess (deficiency) of revenues over expenditures	-	11,055	11,055	19,529	406,141	(3,692)	421,978
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-
Premium	-	-	-	-	-	-	-
Transfers in	-	88,012	88,012	-	-	-	-
Net other financing sources (uses)	-	88,012	88,012	-	-	-	-
Net change in fund balances	-	99,067	99,067	19,529	406,141	(3,692)	421,978
Fund balances - July 1, 2019	45,000	55,041	100,041	429,265	66,573	1,269,895	1,765,733
Fund balances - June 30, 2020	\$ 45,000	\$ 154,108	\$ 199,108	\$ 448,794	\$ 472,714	\$ 1,266,203	\$ 2,187,711

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention.

Fund	Function
Self-Insurance Fund	To account for the resources used to pay various claims and judgements
Workers' Compensation Fund	To account for workers' compensation claims of the Town
Town Medical Insurance Fund	To account for self-insured medical benefits for Town employees
Education Medical Insurance Fund	To account for self-insured medical benefits for Education employees

Town of East Haven, Connecticut

Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Self- Insurance Fund	Workers' Compensation Fund	Town Medical Insurance Fund	Education Medical Insurance Fund	Total
<u>Assets</u>					
Current assets:					
Cash	\$ -	\$ -	\$ 1,825,503	\$ 75,785	\$ 1,901,288
Investments	737,424	-	-	6,027,596	6,765,020
Accounts receivable	-	-	13,916	21,147	35,063
Due from other funds	-	4,959,829	1,545,783	1,075,519	7,581,131
Other	-	135,280	-	-	135,280
Total assets	737,424	5,095,109	3,385,202	7,200,047	16,417,782
<u>Liabilities</u>					
Current liabilities:					
Claims payable	100,000	3,303,861	355,256	727,528	4,486,645
Due to other funds	1,333,713	-	-	-	1,333,713
Total current liabilities	1,433,713	3,303,861	355,256	727,528	5,820,358
Noncurrent liabilities:					
Claims payable	2,582,071	5,335,812	-	-	7,917,883
Total liabilities	4,015,784	8,639,673	355,256	727,528	13,738,241
<u>Net Position</u>					
Unrestricted	\$ (3,278,360)	\$ (3,544,564)	\$ 3,029,946	\$ 6,472,519	\$ 2,679,541

Town of East Haven, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Self- Insurance Fund	Workers' Compensation Fund	Town Medical Insurance Fund	Education Medical Insurance Fund	Eliminations	Total
Operating revenues:						
Charges for services	\$ 10,062	\$ 2,973,447	\$ 6,830,788	\$ 9,254,146	\$ -	\$ 19,068,443
Operating expenses:						
Claims	966,536	2,000,436	4,861,252	7,527,060	-	15,355,284
Administration	-	-	845,614	940,456	-	1,786,070
Total operating expenses	966,536	2,000,436	5,706,866	8,467,516	-	17,141,354
Operating income (loss) before transfers in and out and nonoperating revenues	(956,474)	973,011	1,123,922	786,630	-	1,927,089
Nonoperating revenues:						
Income from investments	-	-	4,597	23,348	-	27,945
Transfers in	-	-	-	4,950,000	(4,950,000)	-
Transfers out	-	-	(4,950,000)	-	4,950,000	-
Change in net position	(956,474)	973,011	(3,821,481)	5,759,978	-	1,955,034
Total net position - July 1, 2019	(2,321,886)	(4,517,575)	6,851,427	712,541	-	724,507
Total net position - June 30, 2020	<u>\$ (3,278,360)</u>	<u>\$ (3,544,564)</u>	<u>\$ 3,029,946</u>	<u>\$ 6,472,519</u>	<u>\$ -</u>	<u>\$ 2,679,541</u>

Town of East Haven, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Self- Insurance Fund	Workers' Compensation Fund	Town Medical Insurance Fund	Education Medical Insurance Fund	Total
Cash flows from (used in) operating activities:					
Premiums received	\$ 10,062	\$ 2,476,244	\$ 9,154,745	\$ 7,004,167	\$ 18,645,218
Payments for interfund services	214,000	-	-	-	214,000
Payments to vendors	-	-	(845,614)	(940,456)	(1,786,070)
Payments for claims	(504,504)	(2,476,244)	(5,705,021)	(6,799,532)	(15,485,301)
Net cash from (used in) operating activities	(280,442)	-	2,604,110	(735,821)	1,587,847
Cash flows from (used in) investing activities:					
Income from investments	-	-	4,597	23,348	27,945
Cash flows from (used in) noncapital and related financing activities:					
Transfers in	-	-	-	4,950,000	4,950,000
Transfers out	-	-	(4,950,000)	-	(4,950,000)
Net cash from (used in) noncapital and related financing activities	-	-	(4,950,000)	4,950,000	-
Net increase (decrease) in cash and cash equivalents	(280,442)	-	(2,341,293)	4,237,527	1,615,792
Cash and cash equivalents - July 1, 2019	1,017,866	-	4,166,796	1,865,854	7,050,516
Cash and cash equivalents - June 30, 2020	<u>\$ 737,424</u>	<u>\$ -</u>	<u>\$ 1,825,503</u>	<u>\$ 6,103,381</u>	<u>\$ 8,666,308</u>
Reconciliation to statement of net position cash:					
Cash and cash equivalents per above	\$ 737,424	\$ -	\$ 1,825,503	\$ 6,103,381	\$ 8,666,308
Cash and cash equivalents reported as investments	(737,424)	-	-	(6,027,596)	(6,765,020)
Statement of net position cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,825,503</u>	<u>\$ 75,785</u>	<u>\$ 1,901,288</u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:					
Operating income (loss)	\$ (956,474)	\$ 973,011	\$ 1,123,922	\$ 786,630	\$ 1,927,089
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:					
(Increase) decrease in:					
Accounts receivable	-	4,890	201,729	(21,147)	185,472
Due from other funds	214,000	(457,419)	2,122,228	(1,075,519)	803,290
Other	-	(44,674)	-	-	(44,674)
Increase (decrease) in:					
Due to other funds	-	-	-	(1,153,313)	(1,153,313)
Claims payable	462,032	(475,808)	(843,769)	727,528	(130,017)
Net cash from (used in) operating activities	<u>\$ (280,442)</u>	<u>\$ -</u>	<u>\$ 2,604,110</u>	<u>\$ (735,821)</u>	<u>\$ 1,587,847</u>

Trend Information

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

Table	Description
Financial Trends (Tables 1-4)	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 5)	This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

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

Table 1

Town of East Haven, Connecticut

**Net Position by Component
Last Ten Years
(Unaudited)**

June 30

	2020	2019	2018 (as restated)	2017	2016	2015 (as restated)	2014	2013	2012	2011
Net investment in capital assets	\$ 50,531,444	\$ 56,188,341	\$ 56,763,497	\$ 54,831,555	\$ 54,687,757	\$ 54,538,832	\$ 52,762,397	\$ 51,037,398	\$ 48,709,002	\$ 44,377,039
Restricted for:										
Endowments:										
Nonexpendable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Expendable	2,087,711	1,665,733	1,670,014	1,613,042	1,528,957	1,616,073	1,674,276	1,567,686	1,669,073	1,877,310
Capital replacement	154,108	143,053	364,232	-	-	-	-	-	-	-
Road maintenance	540,633	384,605	182,928	308,113	89,075	173,286	36,929	-	-	-
Health and welfare	-	6,364	161,817	402,150	167,226	224,418	69,256	210,138	-	-
Historical document preservation	25,103	31,919	24,081	24,413	22,450	23,528	17,690	15,018	16,228	22,348
Housing rehabilitation	190,538	136,096	131,372	66,260	49,247	20,727	6,835	95,914	62,109	110,505
Public safety	-	-	34,238	20,274	28,236	25,076	21,975	50,702	40,216	61,789
Cafeteria operations	284,477	27,937	70,904	-	-	-	-	-	-	15,321
Education programs	46,237	285,774	343,021	243,100	171,937	132,147	81,604	74,143	142,268	84,226
Unrestricted	(124,657,463)	(121,914,345)	(108,252,829)	(24,440,551)	(29,291,319)	(25,117,096)	(32,679,922)	(20,786,659)	(14,803,563)	(8,086,441)
Total net position	<u>\$ (70,697,212)</u>	<u>\$ (62,944,523)</u>	<u>\$ (48,406,725)</u>	<u>\$ 33,168,356</u>	<u>\$ 27,553,566</u>	<u>\$ 31,736,991</u>	<u>\$ 22,091,040</u>	<u>\$ 32,364,340</u>	<u>\$ 35,935,333</u>	<u>\$ 38,562,097</u>

Town of East Haven, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

For the Year Ended June 30

Expenses:

Governmental activities:

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	\$ 7,173,388	\$ 4,778,224	\$ 4,713,737	\$ 4,420,083	\$ 4,573,742	\$ 4,487,048	\$ 4,569,185	\$ 5,554,632	\$ 5,239,574	\$ 5,646,738
Public safety	27,446,229	41,770,546	21,518,460	14,930,997	20,167,431	19,419,729	20,060,343	21,286,890	19,531,501	14,694,490
Public works	10,012,727	7,857,854	6,946,876	7,896,236	9,284,044	8,361,845	8,836,442	9,403,321	9,957,576	9,312,188
Health and welfare	2,015,115	1,626,953	1,402,662	1,428,002	1,486,625	1,302,182	1,662,460	1,963,182	1,988,889	2,736,590
Culture and recreation	2,458,667	2,450,819	2,235,957	2,416,107	2,514,190	2,531,765	2,419,910	2,480,332	2,538,126	2,707,752
Education	61,650,269	59,346,663	61,146,314	67,507,850	65,203,368	60,805,829	62,587,934	57,965,388	58,978,842	55,340,891
Interest	1,060,160	764,279	3,146,589	944,761	1,158,231	1,467,224	1,752,349	1,812,284	2,124,579	2,201,822
Total expenses	111,816,555	118,595,338	101,110,595	99,544,036	104,387,631	98,375,622	101,888,623	100,466,029	100,359,087	92,640,471

Program revenues:

Governmental activities:

Charges for services:

General government	766,813	570,555	470,579	490,447	493,847	501,595	404,022	819,450	799,212	981,806
Public safety	959,929	760,070	770,094	580,678	768,586	855,473	556,395	597,263	715,801	651,684
Public works	454,973	474,289	304,998	300,614	299,185	265,860	256,565	253,482	211,734	164,944
Health and welfare	448,940	482,616	237,887	307,195	298,403	246,843	323,616	222,330	223,679	292,526
Culture and recreation	280,020	453,855	393,485	500,631	497,181	497,191	495,828	439,414	443,601	599,630
Education	534,977	1,109,896	1,458,426	1,140,545	1,116,049	1,244,761	2,465,337	1,699,666	1,661,315	1,677,875
Operating grants and contributions	33,164,366	33,005,422	35,450,104	34,998,871	30,819,650	29,716,676	30,937,361	28,911,829	29,707,082	26,793,155
Capital grants and contributions	1,001,266	730,578	816,822	57,206	331,519	331,519	639,485	789,422	1,178,046	4,791,019

Total program revenues	37,611,284	37,587,281	39,902,395	38,376,187	34,624,420	33,659,918	36,078,609	33,732,856	34,940,470	35,952,639
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Net revenue (expenses)	(74,205,271)	(81,008,057)	(61,208,200)	(61,167,849)	(69,763,211)	(64,715,704)	(65,804,611)	(66,733,173)	(65,418,617)	(56,687,832)
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General revenues:

Property taxes	65,281,841	64,667,790	63,775,171	64,860,332	64,515,021	64,585,031	62,223,623	61,295,638	61,176,525	61,534,772
Grants and contributions not restricted to specific programs	728,790	688,620	544,213	1,470,420	897,510	1,039,493	990,995	1,180,008	1,262,527	924,343
Income from investments	395,659	388,485	355,811	373,983	43,120	147,232	313,667	237,361	96,601	378,759
Gain on sale of capital assets	-	559,769	-	-	-	-	-	-	-	1,672,168
Other	46,292	165,595	358,507	77,904	124,135	129,870	186,932	449,173	256,200	293,075

Total general revenues	66,452,582	66,470,259	65,033,702	66,782,639	65,579,786	65,901,626	63,715,217	63,162,180	62,791,853	64,803,117
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Change in net position	\$ (7,752,689)	\$ (14,537,798)	\$ 3,825,502	\$ 5,614,790	\$ (4,183,425)	\$ 1,185,922	\$ (2,089,394)	\$ (3,570,993)	\$ (2,626,764)	\$ 8,115,285
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Table 3

Town of East Haven, Connecticut

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

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property taxes	\$ 64,982,655	\$ 64,605,676	\$ 63,509,176	\$ 64,677,274	\$ 64,114,541	\$ 64,161,304	\$ 62,439,118	\$ 61,664,960	\$ 60,386,012	\$ 61,263,927
Intergovernmental	19,547,765	19,091,803	20,541,003	21,353,106	21,408,594	21,718,741	21,540,125	22,217,570	22,375,855	19,455,134
Charges for services	2,520,086	2,372,660	2,093,243	1,962,418	2,112,569	2,116,598	1,820,124	1,644,392	1,749,105	1,628,024
Income from investments	280,956	333,234	247,238	100,899	46,659	20,894	23,742	23,074	20,046	30,947
Other	1,019,247	1,175,125	742,302	980,080	828,263	644,473	796,263	748,688	782,732	985,929
Total revenues	88,350,709	87,578,498	87,132,962	89,073,777	88,510,626	88,662,010	86,619,372	86,298,684	85,313,750	83,363,961
Expenditures										
Current										
General government	2,888,954	2,966,702	2,679,681	2,672,977	2,543,298	2,528,352	2,534,763	2,549,199	2,477,694	2,088,152
Public safety	13,773,850	13,076,582	12,637,790	12,520,030	11,311,874	11,168,583	11,002,841	11,201,915	11,339,409	10,521,624
Public services and engineering	2,168,327	2,169,603	2,162,715	2,231,127	2,312,697	2,258,845	2,213,932	2,289,059	2,249,103	2,209,697
Sanitation and maintenance	3,184,475	3,086,606	2,907,482	2,878,561	2,775,307	2,804,735	2,842,320	2,784,149	2,905,858	2,801,405
Health and welfare	1,001,041	1,141,332	1,016,003	1,098,996	958,128	927,309	948,859	989,959	1,003,618	958,147
Culture and recreation	1,681,007	1,847,051	1,792,413	1,828,137	1,823,489	1,778,635	1,759,712	1,698,347	1,711,892	1,739,039
Employee benefits and insurance	13,200,991	12,663,658	12,007,025	12,425,247	10,685,347	11,119,309	10,443,692	10,329,345	10,507,369	9,766,598
Education	47,994,271	47,944,271	47,683,005	47,342,941	48,079,032	46,410,357	45,437,659	44,310,133	44,300,000	40,717,846
General services	1,572,757	1,369,822	982,304	1,262,015	1,464,322	1,643,858	1,379,304	1,882,355	1,645,157	1,598,974
Debt service	2,706,478	3,051,025	3,207,801	4,370,489	5,448,298	6,784,455	7,103,860	7,100,343	6,949,576	7,236,711
Total expenditures	90,172,151	89,316,652	87,076,219	88,630,520	87,401,792	87,424,438	85,666,942	85,134,804	85,089,676	79,638,193
Excess (deficiency) of revenues over expenditures	(1,821,442)	(1,738,154)	56,743	443,257	1,108,834	1,237,572	952,430	1,163,880	224,074.0	3,725,768
Other financing sources (uses)										
Sale of Town owned property	2,299	559,769	297,832	9,023	-	-	-	-	-	1,672,168
Transfers in	-	25,000	25,000	-	25,015	61,290	-	-	12,969	-
Transfers out	-	-	-	-	-	-	(904)	(1,273)	-	-
Net other financing sources (uses)	2,299	584,769	322,832	9,023	25,015	61,290	(904)	(1,273)	12,969	1,672,168
Net change in fund balances	\$ (1,819,143)	\$ (1,153,385)	\$ 379,575	\$ 452,280	\$ 1,133,849	\$ 1,298,862	\$ 951,526	\$ 1,162,607	\$ 237,043	\$ 5,397,936
Debt service as a percentage of expenditures	3.00%	3.42%	3.68%	4.93%	6.23%	7.76%	8.29%	8.34%	8.17%	9.09%

Table 4**Town of East Haven, Connecticut****Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)**

<u>Year Ended June 30</u>	<u>Grand List of October 1,</u>	<u>(1) Tax Rate in Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Net Tax Collections</u>	<u>Percent of Levy Collected</u>
2011	2009	26.84	\$ 60,332,253	\$ 58,975,641	97.75%
2012	2010	26.59	60,056,771	58,428,197	97.29%
2013	2011	30.95	60,631,831	59,178,695	97.60%
2014	2012	30.95	60,695,731	59,331,720	97.75%
2015	2013	32.05	62,880,229	61,458,442	97.74%
2016	2014	31.55	63,039,498	61,734,456	97.93%
2017	2015	31.55	63,819,560	62,441,210	97.84%
2018	2016	31.55	61,771,861	60,571,894	98.06%
2019	2017	32.45	63,495,844	62,278,005	98.08%
2020	2018	32.42	64,137,177	63,020,402	98.26%

Source: Tax Collector

There is no overlapping tax rate for the Town.

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

Table 5

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

Tax Base:

Total tax collections (including interest and lien fees) for prior year	\$ 63,545,543
Reimbursement for revenue loss on:	
Tax relief for elderly freeze	<u>2,000</u>
Base for debt limitation computation	<u><u>\$ 63,547,543</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 142,981,972	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	285,963,944	-	-	-
3 3/4 times base	-	-	238,303,286	-	-
3 1/4 times base	-	-	-	206,529,515	-
3 times base	-	-	-	-	190,642,629
Total debt limitation	142,981,972	285,963,944	238,303,286	206,529,515	190,642,629
Indebtedness:					
Bonds payable	<u>26,258,431</u>	<u>4,476,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u><u>\$ 116,723,541</u></u>	<u><u>\$ 281,487,375</u></u>	<u><u>\$ 238,303,286</u></u>	<u><u>\$ 206,529,515</u></u>	<u><u>\$ 190,642,629</u></u>
The total of the above net indebtedness amounts to:					<u><u>\$ 30,735,000</u></u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation.					<u><u>\$ 444,832,801</u></u>
There is no overlapping debt for the Town.					