

TOWN OF EAST GRANBY, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

TOWN OF EAST GRANBY, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of East Granby, 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 Granby, Connecticut (the "Town"), as of and for the year ended June 30, 2018, 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.

Auditor's 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 auditor's 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.

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 Granby, Connecticut, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted a new accounting guidance, GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 51 through 61 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules on pages 62 through 80 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, 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 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 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.

Maloney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
December 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

As management of the Town of East Granby (the "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, 2018.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,610,243 (net position). Of this amount, \$3,861,702 represents the unrestricted net position of the Town.
- The Town's total net position decreased by \$287,078 during the current fiscal year.
- The beginning net position of the Town was decreased by \$152,134 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,965,010, an increase of \$403,282 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$2,799,982 or 11.7% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.
- The Town's total capital assets decreased by \$1,024,919 or 3.5% during the current fiscal year due to Town approved capital projects and yearly depreciation expense.
- The Town's total long-term bonded debt decreased by \$525,000 or 10.0% during the current fiscal year due to scheduled debt service repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town'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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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/inflows of resources, and liabilities, with net position as the residual of these elements. 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.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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.

The government-wide financial statements display information about the Town's governmental activities, which include general government, culture and recreation, public safety, public works, sanitation and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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 two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 50 of this report.

Other Information

Required supplementary information and combining and individual fund statements and schedules and can be found on pages 51 through 80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

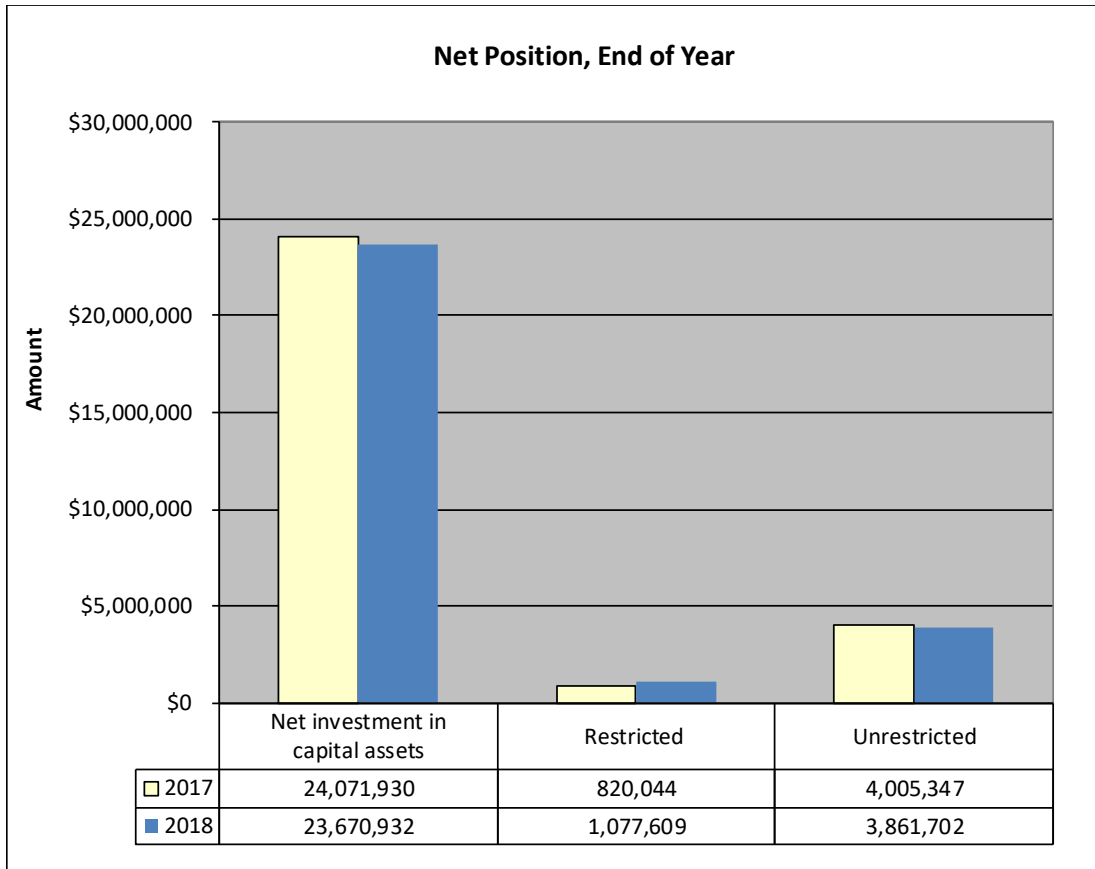
Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$28,610,243 as of June 30, 2018 and \$28,897,321 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

	2018	2017		
		(As Adjusted)	\$ Change	% Change
Current and other assets	\$ 8,834,420	\$ 7,975,130	\$ 859,290	10.8%
Capital assets, net	28,450,617	29,475,536	(1,024,919)	-3.5%
Total assets	<u>37,285,037</u>	<u>37,450,666</u>	<u>(165,629)</u>	-0.4%
Other liabilities	1,449,609	632,524	817,085	129.2%
Long-term liabilities	7,159,131	7,711,646	(552,515)	-7.2%
Total liabilities	<u>8,608,740</u>	<u>8,344,170</u>	<u>264,570</u>	3.2%
Deferred inflows of resources	<u>66,054</u>	<u>209,175</u>	<u>(143,121)</u>	-68.4%
Net position:				
Net investment in capital assets	23,670,932	24,071,930	(400,998)	-1.7%
Restricted	1,077,609	820,044	257,565	31.4%
Unrestricted	3,861,702	4,005,347	(143,645)	-3.6%
Total net position	<u>\$ 28,610,243</u>	<u>\$ 28,897,321</u>	<u>\$ (287,078)</u>	-1.0%

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 82.7% reflects its investment in capital assets, 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.

3.8% of the Town's net position is subject to external restrictions on how they may be used and are, therefore, presented as restricted.

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

Overall, net position decreased by \$287,078.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

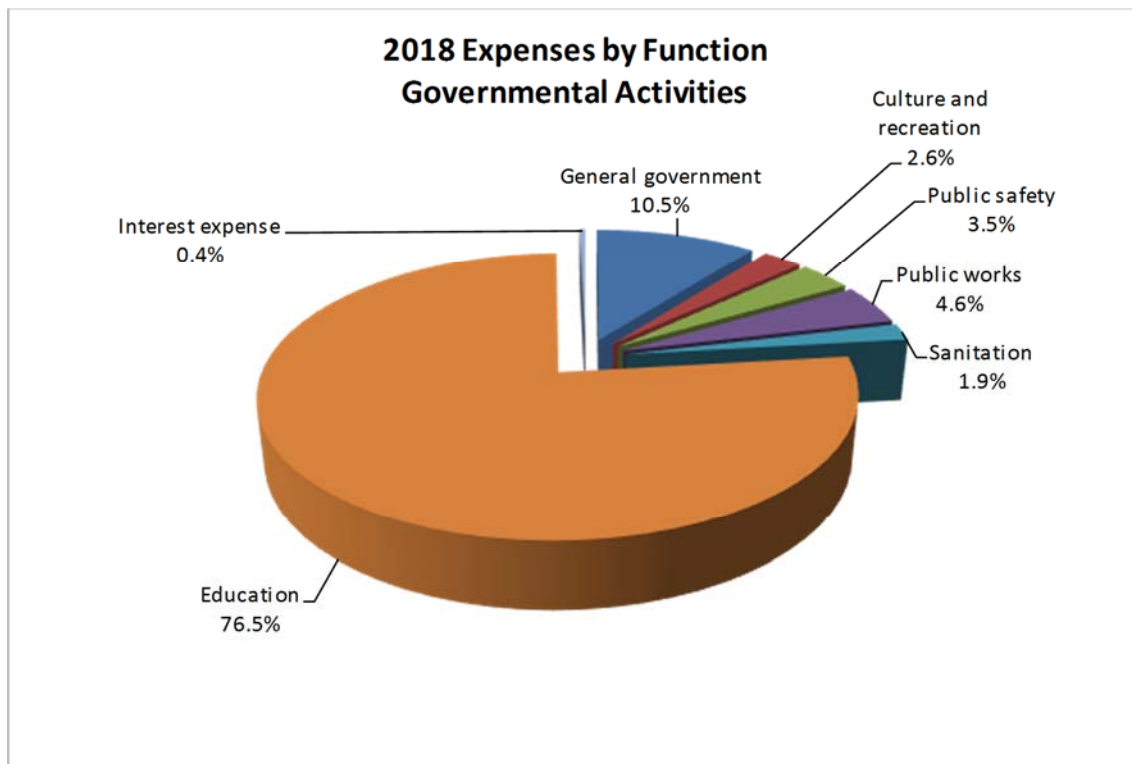
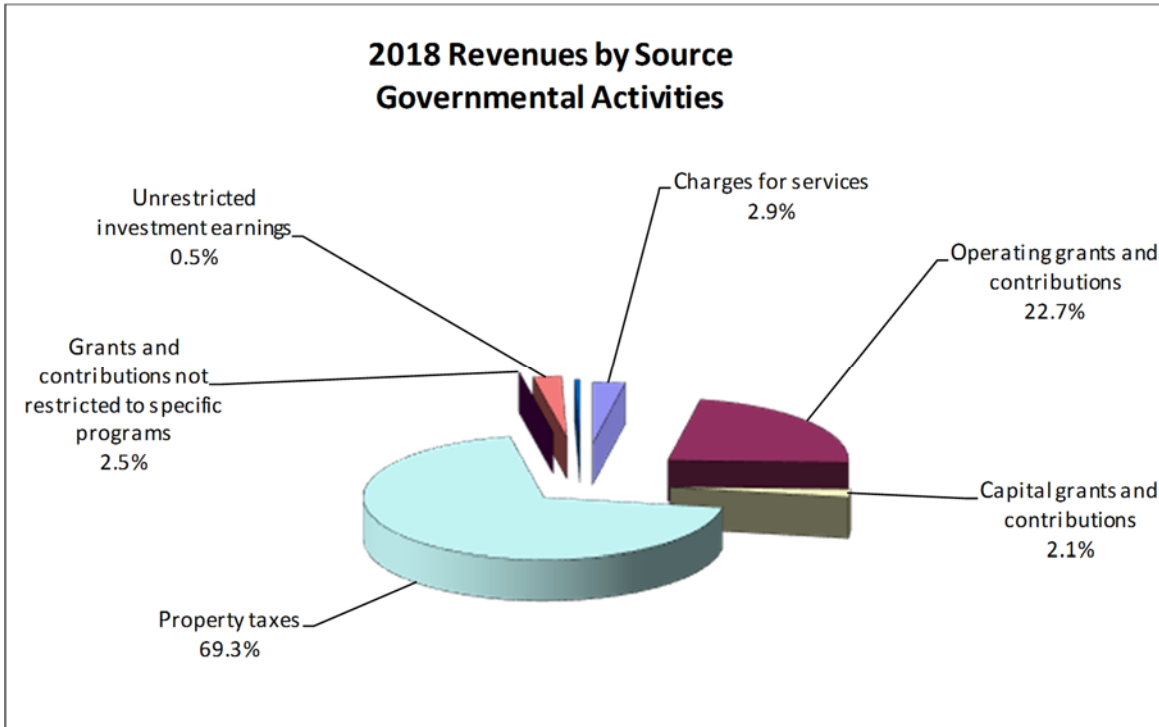
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 796,327	\$ 827,533	\$ (31,206)	-3.8%
Operating grants and contributions	6,225,554	5,711,949	513,605	9.0%
Capital grants and contributions	571,099	573,566	(2,467)	-0.4%
General revenues:				
Property taxes	19,053,598	18,644,079	409,519	2.2%
Grants and contributions not restricted to specific programs	696,610	869,084	(172,474)	-19.8%
Investment earnings	131,305	68,004	63,301	93.1%
Total revenues	<u>27,474,493</u>	<u>26,694,215</u>	<u>780,278</u>	2.9%
Program expenses:				
General government	2,921,621	2,478,644	442,977	17.9%
Culture and recreation	725,691	732,817	(7,126)	-1.0%
Public safety	968,583	964,190	4,393	0.5%
Public works	1,281,833	1,168,239	113,594	9.7%
Sanitation	536,603	575,871	(39,268)	-6.8%
Education	21,223,839	20,825,875	397,964	1.9%
Interest expense	103,401	118,738	(15,337)	-12.9%
Total expenses	<u>27,761,571</u>	<u>26,864,374</u>	<u>897,197</u>	9.3%
Change in net position	<u>\$ (287,078)</u>	<u>\$ (170,159)</u>	<u>\$ (116,919)</u>	68.7%

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Governmental activities decreased the Town's net position by \$287,078. Revenues generated by the Town increased by \$780,278 and expenses for the Town increased by \$897,197 in comparison to prior year.

Property tax revenues increased by \$409,519 or 2.2%, primarily driven by a 1.3% increase in the Town's mill rate combined with an increase in the Town's overall net taxable grand list.

General government expenses increased by \$442,977 or 17.9% primarily related to \$464,644 in costs incurred to fund roofing, site and energy improvements at Metacomet Village, a low income housing complex in Town. These costs are being funded through a Community Development Block Grant.

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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,965,010, an increase of \$403,282 in comparison with the prior year. \$5,885,264 or 84.5% of this amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,799,982 while total fund balance was \$4,241,402. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.7% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.

The fund balance of the General Fund increased by \$237,613 during the current fiscal year.

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Expenditures Fund increased by \$397,790 during the current fiscal year from \$1,085,585 to \$1,483,375. This increase was due primarily to transfers in from the General Fund in excess of current year capital outlays.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

School Open Choice Fund

The fund balance of the School Open Choice Fund decreased by \$242,592 during the year ended June 30, 2018 from \$747,396 to \$504,804. This decrease was due primarily to the use of a portion of fund balance to fund education expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the year ended June 30, 2018 planned for the use of fund balance in the amount of \$1,024,670 to balance the budget. Additional appropriations from fund balance of \$13,062 were authorized during the fiscal year and consisted of an appropriation to fund debt service payments on the Board of Education LED lighting project.

The change in fund balance on a budgetary basis totaled \$32,558 for the year ended June 30, 2018. Revenues exceeded budgetary estimates by \$886,666 or 4.0% due primarily to favorable property tax collections and the receipt of unbudgeted State grant funds. Expenditures were \$136,955 or 0.6% less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2018 totaled \$28,450,617 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery, equipment and furniture and fixtures, vehicles, and infrastructure. The Town's investment in capital assets decreased \$1,024,919 or 3.5%.

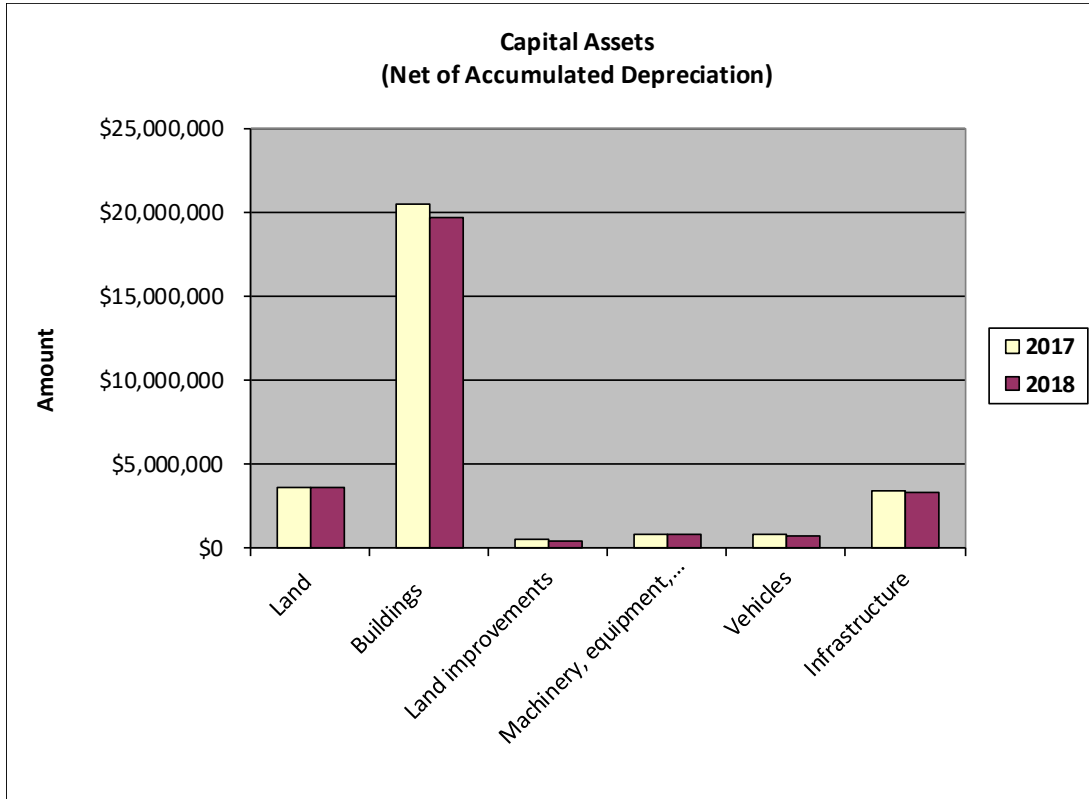
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2018</u>	<u>2017</u>
Land	\$ 3,571,922	\$ 3,571,922
Buildings	19,708,047	20,492,650
Land improvements	421,837	458,510
Machinery, equipment, furniture and fixtures	786,188	790,178
Vehicles	690,208	792,571
Infrastructure	3,272,415	3,369,705
Totals	<u>\$ 28,450,617</u>	<u>\$ 29,475,536</u>

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Major capital asset events during the current fiscal year consisted of depreciation expense of \$1,166,337.

Additional information on the Town's capital assets can be found in Note 3 of this report.

TOWN OF EAST GRANBY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

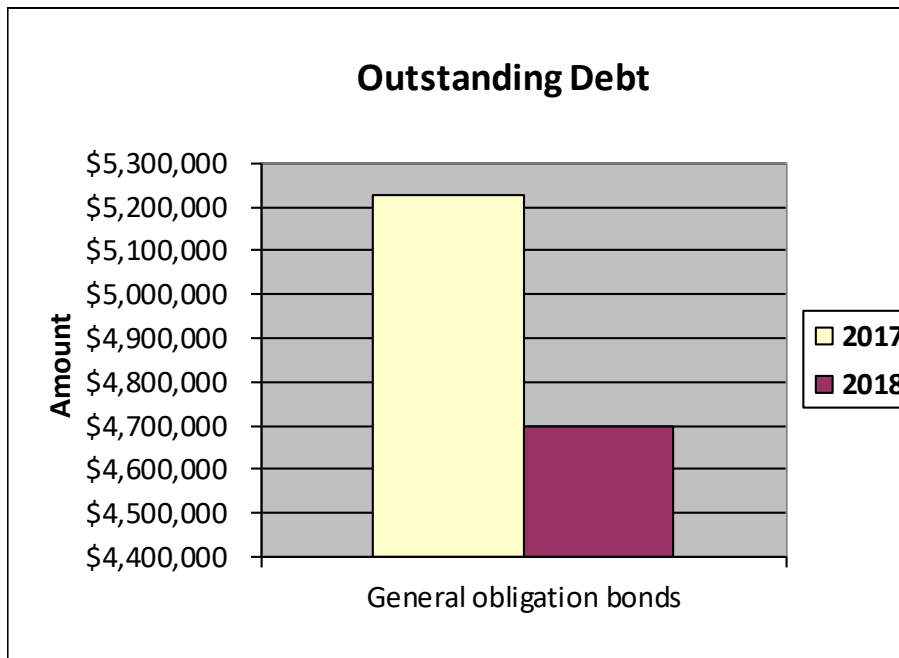
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$4,700,000, all of which is backed by the full faith and credit of the government. The Town's total bonded debt decreased by \$525,000 or 10.0% during the current fiscal year due to scheduled debt service payments.

The Town maintains an "Aa2" rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following is a two year comparison of long-term bonded debt:

	2018	2017
General obligation bonds	\$ 4,700,000	\$ 5,225,000



Additional information on the Town's long-term debt can be found in Note 6 of this report.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- Inflationary trends in the region approximate national indices.
- For purposes of calculating property tax revenues, the assessor's grand list is used along with an estimated tax rate and an estimated rate of collection, with deductions for payment in lieu of taxes to be paid by the State on-behalf of certain taxpayers.
- The Town receives a significant amount of municipal aid from the State of Connecticut. Potential cuts in funding could negatively impact the Town's mill rate and/or the types and quality of services provided to its citizens.

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 General Fund budget was approved on May 8, 2018. The fiscal year 2019 budget contemplates expenditures of \$22,660,263, an increase of \$364,375 or 1.6%, over the original budgeted expenditures for fiscal year 2018. The fiscal year 2019 budget contemplates the use of fund balance in the amount of \$950,000 to offset expected reductions in municipal aid from the State of Connecticut and to limit the impact on the Town's mill rate. The mill rate for fiscal year 2019 has been set at 33.0 mills, which is an increase of 0.6 mills or 1.8% over the prior year mill rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the First Selectman, 9 Center Street, P.O. Box 1858, East Granby, Connecticut 06026-1858.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,248,537
Receivables:	
Property taxes and interest, net	335,090
Grants and contracts	7,200
Other	241,456
Prepaid expenses	2,137
Capital assets:	
Non-depreciable	3,571,922
Depreciable, net	24,878,695
Total assets	37,285,037
LIABILITIES	
Accounts payable	1,196,293
Accrued liabilities	189,717
Unearned revenue	63,599
Noncurrent liabilities:	
Due within one year	744,808
Due in more than one year	6,414,323
Total liabilities	8,608,740
DEFERRED INFLOWS OF RESOURCES	
Advanced property tax collections	2,827
Deferred charges on OPEB expense	63,227
Total deferred inflows of resources	66,054
NET POSITION	
Net investment in capital assets	23,670,932
Restricted for:	
Capital purposes	440,922
Educational purposes	504,804
Other purposes	131,883
Unrestricted	3,861,702
Total net position	\$ 28,610,243

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,921,621	\$ 292,391	\$ 489,940	\$ 33,645	\$ (2,105,645)
Culture and recreation	725,691	167,165	28,608	-	(529,918)
Public safety	968,583	11,220	2,476	-	(954,887)
Public works	1,281,833	-	204,164	339,154	(738,515)
Sanitation	536,603	282,902	-	-	(253,701)
Education	21,223,839	42,649	5,500,366	198,300	(15,482,524)
Interest expense	103,401	-	-	-	(103,401)
Total governmental activities	<u>\$ 27,761,571</u>	<u>\$ 796,327</u>	<u>\$ 6,225,554</u>	<u>\$ 571,099</u>	<u>(20,168,591)</u>
General revenues:					
					19,053,598
					696,610
					131,305
					<u>19,881,513</u>
					(287,078)
					29,049,455
					(152,134)
					<u>28,897,321</u>
					<u>\$ 28,610,243</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST GRANBY, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>School Open Choice Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,276,350	\$ -	\$ 653,766	\$ 318,421	\$ 8,248,537
Receivables:					
Property taxes and interest, net	335,090	-	-	-	335,090
Grants and contracts	-	-	-	7,200	7,200
Other	105,716	-	-	135,740	241,456
Due from other funds	232,763	1,626,402	-	621,104	2,480,269
Prepaid items	2,137	-	-	-	2,137
Total assets	<u>\$ 7,952,056</u>	<u>\$ 1,626,402</u>	<u>\$ 653,766</u>	<u>\$ 1,082,465</u>	<u>\$ 11,314,689</u>
LIABILITIES					
Accounts payable	\$ 989,370	\$ 143,027	\$ 2,871	\$ 61,025	\$ 1,196,293
Salaries and benefits payable	162,652	-	-	-	162,652
Due to other funds	2,247,506	-	146,091	86,672	2,480,269
Unearned revenue	-	-	-	63,599	63,599
Total liabilities	<u>3,399,528</u>	<u>143,027</u>	<u>148,962</u>	<u>211,296</u>	<u>3,902,813</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	308,299	-	-	135,740	444,039
Advanced tax collections	2,827	-	-	-	2,827
Total deferred inflows of resources	<u>311,126</u>	<u>-</u>	<u>-</u>	<u>135,740</u>	<u>446,866</u>
FUND BALANCES					
Nonspendable	2,137	-	-	-	2,137
Restricted for:					
Capital purposes	-	440,922	-	-	440,922
Educational purposes	-	-	504,804	-	504,804
Other purposes	-	-	-	131,883	131,883
Committed for:					
Capital purposes	-	1,042,453	-	204,338	1,246,791
Educational purposes	-	-	-	111,330	111,330
Other purposes	-	-	-	336,019	336,019
Assigned to:					
Encumbrances	489,283	-	-	-	489,283
Use in subsequent year's budget	950,000	-	-	-	950,000
Unassigned	2,799,982	-	-	(48,141)	2,751,841
Total fund balances	<u>4,241,402</u>	<u>1,483,375</u>	<u>504,804</u>	<u>735,429</u>	<u>6,965,010</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,952,056</u>	<u>\$ 1,626,402</u>	<u>\$ 653,766</u>	<u>\$ 1,082,465</u>	<u>\$ 11,314,689</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance for governmental funds	\$	6,965,010
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Capital assets	\$ 59,748,204	
Less: accumulated depreciation	<u>(31,297,587)</u>	
Total capital assets, net		28,450,617
Some of the Town's taxes, assessments, and interest receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
		444,039
Deferred charges on the total OPEB liability is not susceptible to accrual and therefore is not reported in the funds.		
		(63,227)
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(27,075)	
Long-term debt:		
Bonds payable	(4,700,000)	
Unamortized bond premium	(60,577)	
Contracts payable	(94,649)	
Other long-term liabilities:		
Landfill post-closure care liability	(50,980)	
Early retirement incentives	(53,151)	
Compensated absences	(175,591)	
Total OPEB liability	<u>(2,024,173)</u>	
		<u>(7,186,196)</u>
Net position of governmental activities	\$	<u><u>28,610,243</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital and Nonrecurring Fund	School Open Choice Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 19,144,169	\$ -	\$ -	\$ -	\$ 19,144,169
Intergovernmental	4,675,356	14,706	399,261	979,420	6,068,743
Charges for services	328,117	-	-	434,173	762,290
Interest income	98,765	22,636	-	9,904	131,305
Other	-	2,088	19,900	82,216	104,204
Total revenues	<u>24,246,407</u>	<u>39,430</u>	<u>419,161</u>	<u>1,505,713</u>	<u>26,210,711</u>
EXPENDITURES					
Current:					
General government	2,441,630	-	-	497,414	2,939,044
Culture and recreation	311,222	-	-	178,688	489,910
Public safety	861,560	-	-	11,093	872,653
Public works	619,126	-	-	143,857	762,983
Sanitation	230,675	-	-	278,914	509,589
Education	18,117,644	-	661,753	311,520	19,090,917
Capital outlays	101,814	297,692	-	118,172	517,678
Debt service	675,123	-	-	-	675,123
Total expenditures	<u>23,358,794</u>	<u>297,692</u>	<u>661,753</u>	<u>1,539,658</u>	<u>25,857,897</u>
Excess (deficiency) of revenues over expenditures	887,613	(258,262)	(242,592)	(33,945)	352,814
OTHER FINANCING SOURCES (USES)					
Contract financing	-	-	-	50,468	50,468
Transfers in	-	656,052	-	-	656,052
Transfers out	(650,000)	-	-	(6,052)	(656,052)
Total other financing sources (uses)	<u>(650,000)</u>	<u>656,052</u>	<u>-</u>	<u>44,416</u>	<u>50,468</u>
Net change in fund balances	237,613	397,790	(242,592)	10,471	403,282
Fund balances - beginning	<u>4,003,789</u>	<u>1,085,585</u>	<u>747,396</u>	<u>724,958</u>	<u>6,561,728</u>
Fund balances - ending	<u>\$ 4,241,402</u>	<u>\$ 1,483,375</u>	<u>\$ 504,804</u>	<u>\$ 735,429</u>	<u>\$ 6,965,010</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ 403,282

Total change in net position reported for governmental activities in the statement of activities is different because:

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. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 141,418	
Depreciation and amortization expense	(1,166,337)	
Net adjustment		(1,024,919)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Contract financing	(50,468)	
Principal repayments:		
Bonds payable	525,000	
Contract payable	31,360	
Capital lease retirement	29,751	
Net adjustment		535,643

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	2,625	
Amortization of bond premium	12,737	
Landfill post-closure care liability	5,800	
Early retirement incentives	(10,798)	
Compensated absences	9,232	
Total OPEB liability	(70,290)	
Deferred charges on total OPEB liability	(63,227)	
		(113,921)

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as unavailable revenues in the governmental funds. This amount represents the change in unavailable revenues.

		(87,163)
Change in net position of governmental activities	\$	(287,078)

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund <u>Lloyd and Stephanie Giggs Scholarship Fund</u>	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 136,125	\$ 211,262
Investments	2,810,142	-	40,133
Loans receivable	18,933	-	-
Total assets	<u>2,829,075</u>	<u>136,125</u>	<u>\$ 251,395</u>
LIABILITIES			
Due to others	-	-	\$ 251,395
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 251,395</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 2,829,075</u>	<u>\$ 136,125</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund <u>Lloyd and Stephanie Giggs Scholarship Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 117,029	\$ -
Plan members	84,727	-
Total contributions	<u>201,756</u>	<u>-</u>
Investment earnings:		
Interest and dividends	14,828	1,917
Net change in the fair value of investment	178,890	-
Net investment earnings	<u>193,718</u>	<u>1,917</u>
Total additions	395,474	1,917
DEDUCTIONS		
Benefit payments	205,945	-
Administrative expenses	150	-
Scholarships	-	3,000
Total deductions	<u>206,095</u>	<u>3,000</u>
Change in net position	189,379	(1,083)
Net position - beginning	<u>2,639,696</u>	<u>137,208</u>
Net position - ending	<u>\$ 2,829,075</u>	<u>\$ 136,125</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of East Granby, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

History and Organization

The Town was formed under the Statutes of the State of Connecticut and is governed by an elected Board of Selectmen, a Board of Finance and through Town meetings. The Town provides general government, culture and recreation, public safety, public works, sanitation and education services.

The Board of Selectmen is the executive branch of the Town and is responsible for the administration of the Town. The legislative power, including enacting, amending or repealing ordinances and resolutions, is conducted through Town Meetings. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include, the primary government, organizations for which the primary government is financially accountable and 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 has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

Related Organizations

The Town is a member of the Capitol Region Council of Governments ("CRCOG"), which is a voluntary Council of Governments formed to initiate and implement regional programs of benefit to member towns within the Greater Hartford region. CRCOG is governed by the chief elected officials of 38 Metro Hartford municipalities and the First Selectman of the Town serves on the governing Policy Board and the Executive Committee.

The Town is a member of the Farmington Valley Health District (the "Health District"), which provides food protection, environmental health, community health and emergency preparedness services to its ten member towns. The chairman of the Town's Board of Finance serves on the Health District's governing Board of Directors.

The Town is a member of the Materials Innovation Recycling Authority's (the "Authority") Connecticut Solid Waste System, which provides municipal solid waste and recycling services. The First Selectman of the Town serves on the Authority's governing Board of Directors.

Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-Wide and Fund Financial Statements *(Continued)*

Government-wide Financial Statements *(Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

General Fund - This 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.

Capital and Nonrecurring Fund - This fund accounts for financial revenues used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment and capital additions.

School Open Choice Fund - This fund accounts for open choice revenues restricted to expenditures for educational purposes.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for the activities of the Town's defined contribution retirement plans, which accumulate resources for retirement benefit payments to qualified employees.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals. The Town utilizes a private purpose trust fund to account for student scholarships.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75, established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Implementation of Accounting Standards *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017.

	Governmental Activities
Net position - beginning, as originally reported	\$ 29,049,455
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	1,801,749
Adjustment to record net other post-employment liability recognized under GASB Statement No. 75	(1,953,883)
	(152,134)
Net position - beginning, as adjusted	\$ 28,897,321

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and insurance contracts as described below.

Investments in certain external investment pools consist of the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in STIF, which is permitted to measure its investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Investments in insurance contracts are measured by the Town at contract value, which approximates fair value.

Donor-restricted Endowments

The Town is a beneficiary of the Richard Dudley Seymour Charitable Trust, an irrevocable perpetual charitable support trust ("CST"). Under the CST, the Town receives 25% of the total annual income of the CST for the purpose of maintaining the upkeep of the Holcomb Cemetery.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Donor-restricted Endowments *(Continued)*

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Inventories and Prepaid Items

Inventories, if any, are reported at cost using the first-in first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$77,000 and \$98,000, respectively, as of June 30, 2018.

Sewer Usage Charges

Usage charges are billed either annually or semi-annually depending upon the bill amount. Usage charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Capital Assets *(Continued)*

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Machinery, equipment, furniture and Fixtures	5-10
Vehicles	8
Infrastructure	20-50

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources represent a consumption or an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

The Town reports unavailable revenues from property taxes, sewer usage charges, and related interest in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town also reports deferred charges on OPEB expense in the government-wide statement of net position, which resulted from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

Compensated Absences and Early Retirement Incentives

Employees are granted vacation and sick leave pursuant to Town policies and terms negotiated in union contracts. For Town employees, unused vacation and sick days can be accumulated from year to year up to certain limits. For Board of Education employees, only unused vacation days can be accumulated from year to year up to certain limits. Certain Board of Education personnel are also eligible for certain retirement incentives that are paid out over time.

All compensated absences and early retirement incentives are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences and early retirement incentives are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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. Bond issuance costs are expenses when incurred.

In the fund financial statements, governmental funds 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.

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources, which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action by the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the First Selectman and the Treasurer.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Net Position and Fund Balances *(Continued)*

Net Position Flow Assumption

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.

The Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, the carrying amount of the Town's cash deposits totaled \$2,348,459. As of June 30, 2018, \$1,815,666 of the Town's bank balance of \$2,532,263 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,634,099
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	181,567
	\$ 1,815,666

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 8,248,537
Statement of fiduciary net position	347,387
	8,595,924
Add: certificates of deposit considered cash deposits for disclosure purposes	40,133
Less: cash equivalents considered investments for disclosure purposes	(6,287,598)
Total cash deposits	\$ 2,348,459

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Investments:	
Statement of fiduciary net position	\$ 2,850,275
Add: cash equivalents considered investments for disclosure purposes	6,287,598
Less: certificates of deposit considered cash deposits for disclosure purposes	<u>(40,133)</u>
	<u><u>\$ 9,097,740</u></u>

As of June 30, 2018, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)		
				Less Than 1	1 to 5	6 to 10
Debt Securities:						
<i>Governmental activities:</i>						
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 6,287,598	<u>\$ 6,287,598</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments:						
<i>Fiduciary Funds:</i>						
Insurance contracts	Contract value	N/A	2,810,142			
			<u>\$ 9,097,740</u>			

Because investments in the Short-term Investment Fund have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments in external investment pools and insurance contracts are not evidenced by securities and are therefore not exposed to custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2018, 100.0% of the Town's governmental activities investments were invested in the Short-term Investment Fund, which is managed by the State of Connecticut Office of the Treasurer. In addition, as of June 30, 2018, 100.0% of the Town's fiduciary investments were invested in insurance contracts with Voya Financial.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority.

The Town's investments in debt securities consist of the Short-Term Investment Fund, which was rated as AAA by Standard & Poor's as of June 30, 2018.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,571,922	\$ -	\$ -	\$ 3,571,922
Total capital assets, not being depreciated	<u>3,571,922</u>	<u>-</u>	<u>-</u>	<u>3,571,922</u>
Capital assets, being depreciated:				
Buildings and improvements	38,201,181	29,565	-	38,230,746
Land improvements	1,815,792	5,767	-	1,821,559
Machinery, equipment, furniture and fixtures	3,536,814	95,186	-	3,632,000
Vehicles	3,513,631	10,900	-	3,524,531
Infrastructure	8,967,446	-	-	8,967,446
Total capital assets, being depreciated	<u>56,034,864</u>	<u>141,418</u>	<u>-</u>	<u>56,176,282</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	17,708,531	814,168	-	18,522,699
Land improvements	1,357,282	42,440	-	1,399,722
Machinery, equipment, furniture and fixtures	2,746,636	99,176	-	2,845,812
Vehicles	2,721,060	113,263	-	2,834,323
Infrastructure	5,597,741	97,290	-	5,695,031
Total accumulated depreciation and amortization	<u>30,131,250</u>	<u>1,166,337</u>	<u>-</u>	<u>31,297,587</u>
Total capital assets, being depreciated, net	<u>25,903,614</u>	<u>(1,024,919)</u>	<u>-</u>	<u>24,878,695</u>
Governmental activities capital assets, net	<u>\$ 29,475,536</u>	<u>\$ (1,024,919)</u>	<u>\$ -</u>	<u>\$ 28,450,617</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:	
General government	\$ 12,328
Public safety	95,930
Culture and recreation	235,781
Public Works	152,256
Sanitation	32,814
Education	<u>637,228</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,166,337</u></u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	School Open Choice Fund	\$ 146,091
	Nonmajor Governmental Funds	<u>86,672</u>
		<u>232,763</u>
Capital and Nonrecurring Fund	General Fund	<u>1,626,402</u>
Nonmajor Governmental Funds	General Fund	<u>621,104</u>
Total interfund receivables/payables		<u><u>\$ 2,480,269</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds		
Capital and Nonrecurring Fund	General Fund	\$ 650,000
	Nonmajor Governmental Funds	<u>6,052</u>
Total transfers		<u><u>\$ 656,052</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Governmental Activities	Beginning Balance (As Adjusted)	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 5,225,000	\$ -	\$ (525,000)	\$ 4,700,000	\$ 525,000
Unamortized premium	73,314	-	(12,737)	60,577	-
Total bonds payable	5,298,314	-	(537,737)	4,760,577	525,000
Other liabilities:					
Contracts payable	75,541	50,468	(31,360)	94,649	36,612
Capital leases	29,751	-	(29,751)	-	-
Early retirement incentives	112,544	106,303	(165,696)	53,151	53,151
Compensated absences	184,833	29,830	(39,062)	175,601	118,689
Landfill post-closure care liability (see Note 10)	56,780	-	(5,800)	50,980	11,356
Total OPEB Liability (see Note 9)	1,953,883	70,290	-	2,024,173	-
	<u>\$ 7,711,646</u>	<u>\$ 256,891</u>	<u>\$ (809,406)</u>	<u>\$ 7,159,131</u>	<u>\$ 744,808</u>

The above liabilities have typically been liquidated by the General Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Bonds Payable			
General obligation bonds issued April 2012, original amount of \$7,200,000	4/1/2027	2.0% - 3.0%	<u>\$ 4,700,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 525,000	\$ 108,262	\$ 633,262
2020	525,000	97,763	622,763
2021	525,000	87,262	612,262
2022	525,000	76,106	601,106
2023	525,000	64,031	589,031
2024-2028	2,075,000	131,438	2,206,438
	<u>\$ 4,700,000</u>	<u>\$ 564,862</u>	<u>\$ 5,264,862</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM LIABILITIES *(Continued)*

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

Contracts Payable

The Town has entered into contracts with a vendor for the installation of energy efficient lighting upgrades. The costs to the Town of 177,506, net of discounts of \$69,757, are payable in fixed monthly installments to the vendor.

Future annual contract payments are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities		
	Contracts Payable		
	Principal	Interest	Total
2019	\$ 36,612	\$ -	\$ 36,612
2020	36,612	-	36,612
2021	16,153	-	16,153
2022	5,272	-	5,272
	\$ 94,649	\$ -	\$ 94,649

NOTE 7 - FUND BALANCE

As of June 30, 2018, nonspendable, restricted, committed and assigned fund balance for other purposes consists of the following:

	General Fund	Capital and Nonrecurring Fund	School Open Choice Fund	Nonmajor Governmental Funds	Total
Nonspendable - prepaid insurance	\$ 2,137	\$ -	\$ -	\$ -	\$ 2,137
Restricted for:					
Capital purposes - grant restrictions	-	440,922	-	-	440,922
Educational purposes - grant restrictions	-	-	504,804	-	504,804
Other purposes - statutory restrictions	-	-	-	131,883	131,883
Committed for:					
Capital purposes	-	1,042,453	-	204,338	1,246,791
Educational programs	-	-	-	111,330	111,330
Sanitation programs	-	-	-	150,628	150,628
Other programs	-	-	-	185,391	185,391
Assigned to:					
Use in subsequent year's budget	950,000	-	-	-	950,000
Education encumbrances	292,953	-	-	-	292,953
Town encumbrances	196,330	-	-	-	196,330
Unassigned	2,799,982	-	-	(48,141)	2,751,841
	\$ 4,241,402	\$ 1,483,375	\$ 504,804	\$ 735,429	\$ 6,965,010

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - FUND BALANCE *(Continued)*

Deficit Fund Balance

The Sewer Use Fund has a deficit fund balance of \$48,141 as of June 30, 2018. This deficit is attributed to timing differences between when usage charges are billed and collected. Usage charges for the six month period ending June 30 are billed during the following October. Accordingly, the deficit will be eliminated in this fund when unavailable revenues of \$135,740 as of June 30 become available.

NOTE 8 - RETIREMENT PLANS

Defined Contribution Money Purchase Retirement Plans

Plan Descriptions

Effective September 1, 1978, East Granby established separate defined contribution money purchase plans for general government employees and Board of Education employees respectively. These types of plans provide retirement benefits in return for services rendered, an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The Plans cover all Town and Board of Education employees not covered by the State of Connecticut's Teachers' Retirement System who have completed one year of service. Town contributions vary based on designated employee classes. Eligible Board of Education employees who contribute 2.0% of compensation receive a Town contribution of 5.0%. Eligible Town employees who contribute 2.0% of compensation receive a Town contribution of 3.0%. In addition, Town employees that contribute an additional 3.0% of compensation receive an additional Town contribution of 3.0%. Plan participants are not required to contribute to the Plan. Contributions made by a participant vest immediately and contributions made by the Town vest after five years of service.

The Plans do not issue stand alone financial statements and are part of the Town's financial reporting entity since the Town has trustee responsibilities related to the participant accounts which contain employer contributions. As such, the Plans are accounted for in the fiduciary fund financial statements as pension trust funds.

The Plans are accounted for using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Investments consists of insurance contracts and are reported at contract value, which approximates fair value.

Employer contributions totaled \$79,651 and employee contributions totaled \$45,926 for the Town Plan for year ended June 30, 2018.

Employer contributions totaled \$37,378 and employee contributions totaled \$38,801 for the Board of Education Plan for year ended June 30, 2018.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. 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 average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the 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 amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$1,979,396 or 0.20% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$3,054,321. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$26,405,296 or approximately 0.20% of the total collective net pension liability.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% 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% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. 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% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100%</u>	

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

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

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 33,051,644	\$ 26,405,296	\$ 20,786,225

Deferred Compensation Plan

The Town offers employees who are eligible for benefits a deferred compensation plan in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Town has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan

Plan Descriptions

The Town's Board of Education administers a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides healthcare and dental insurance benefits for all eligible Board of Education retirees and their spouses through the Board of Education's group healthcare and dental insurance plans. Benefits provisions are established by contract and may be amended by union negotiations each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

Benefits Provided

The OPEB Plan provides for medical, prescription, dental and life insurance benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the participants and the Town are established by and may be amended through negotiations between the Town and the union representing the employees.

Under provisions of certain union negotiated contracts, the Town will contribute 25.0% of the health care premiums for the first three years of the employee's retirement, provided the employee notifies the Town prior to January 1st of the year in which they retire. Administrators' have a similar arrangement, but the Town will contribute 90.0% of the health care premiums for the first four years. Otherwise, participants are required to contribute 100% of their healthcare and dental premiums to the Town, less any reimbursements received by the Town from the State Retirement Board.

Teachers - The Town contributes 25.0% of the cost of insurance for teachers with 25 years of service for three years following retirement. Thereafter, the retiree contributes 100.0% of the cost, less any reimbursements received by the Town from the State Teachers' Retirement Board. Teachers with less than 25 years of service at retirement pay 100.0% of the cost, less any reimbursements received by the Town from the State Teachers' Retirement Board.

Administrators - Retirees with 15 or more years of service contribute 21.5% of the PPO, 25.0% of the dental insurance costs and 18.0% of the HMO/HSA insurance costs. The Town contributes the remaining percentage of the costs for three years (four years through June 30, 2015) following retirement. Thereafter, the retiree contributes 100.0%. Retirees with 10 or more years of service contribute 50.0% of the medical and dental insurance costs. The Town contributes the remaining percentage of the cost for three years following retirement. Thereafter, the retiree contributes 100.0%. NCE – The retiree contributes 75.0% of the cost for medical and dental insurance. The Town contributes the remaining percentage of the cost for three years following retirement. Thereafter, the retiree contributes 100.0%.

The Town pays the benefits on a pay-as-you-go basis.

Employees Covered by Benefit Terms

As of July 1, 2016, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	4
Active participants	<u>115</u>
	<u><u>119</u></u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

Total OPEB Liability

The Town's total OPEB liability reported as of June 30, 2018 totaled \$2,024,173. The total OPEB liability was measured as of June 30, 2018 using an actuarial valuation performed as of July 1, 2016.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal Cost
Amortization method:	Level Dollar Amount
Remaining amortization period:	30 years, closed
Actuarial assumptions:	
Discount rate	3.87%
Inflation rate	2.75%
Healthcare cost trend rate	7.30% initial 4.40% final

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP-2000 Mortality Table for Males and Females projected forward 19 years forward using Scale AAA, with a two-year age setback. This includes a margin for future improvements in longevity beyond the valuation date.

Assumptions regarding participation and coverage election relating to benefits provided to Teachers and Board of Education Administrators are as follows:

- 80% of teachers and administrators and 10% of all others active members are assumed to elect coverage at retirement. Beyond the period of BOE-subsidized benefits after retirement, 50% of retirees are assumed to elect coverage at retirement.
- 50% of current active teachers and administrators and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers Retirement System at age 65, or transfer to a Medicare Supplement Plan. 95% of current actives and pre-65 retirees are assumed to be Medicare eligible. All other current actives and pre-65 retirees are assumed to be covered under a Medicare Supplement plan at age 65.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2017	\$ 1,953,883
Changes for the year:	
Service cost	125,893
Interest	73,399
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(69,426)
Benefit payments	(59,576)
Net changes	70,290
Balance as of June 30, 2018	\$ 2,024,173

Changes in assumptions primarily reflects a change in the discount rate from 3.58% as of the June 30, 2017 measurement date to 3.87% as of the June 30, 2018 measurement date.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 2,277,951	\$ 2,024,173	\$ 1,807,524

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	\$ 1,714,851	\$ 2,024,173	\$ 2,412,986

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$193,093. As of June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following source:

	Deferred Inflows of Resources
Changes of assumptions	\$ 63,227

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year ended June 30,		
2019	\$	6,199
2020		6,199
2021		6,199
2022		6,199
2023		6,199
Thereafter		32,232
	\$	63,227

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 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 TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$38,960 or 0.19% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$314,980. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$6,796,417 or approximately 0.19% of the total collective net OPEB liability.

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre- Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- o Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- o Employee contributions were assumed to be made at the current member contribution rate.
- o Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- o No future employer contributions were assumed to be made.
- o For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1.00% Decrease (2.56%)	Current Rate (3.56%)	1.00% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 8,190,771	\$ 6,796,417	\$ 5,700,054

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 5,595,904	\$ 6,796,417	\$ 8,412,762

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - LANDFILL POST-CLOSURE CARE LIABILITY

The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 4 years are estimated to be \$50,980. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

NOTE 12 - CONTINGENCIES

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 13 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (UNAUDITED)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 18,756,754	\$ 18,756,754	\$ 19,144,169	\$ 387,415
Intergovernmental	2,247,465	2,247,465	2,657,000	409,535
Charges for services	242,417	242,417	257,950	15,533
Interest income	24,582	24,582	98,765	74,183
Total revenues	<u>21,271,218</u>	<u>21,271,218</u>	<u>22,157,884</u>	<u>886,666</u>
EXPENDITURES				
Current:				
General government	2,570,236	2,541,236	2,508,707	(32,529)
Culture and recreation	336,592	336,592	335,927	(665)
Public safety	865,129	884,129	883,709	(420)
Public works	619,575	629,575	629,292	(283)
Sanitation	216,468	216,468	216,468	-
Education	16,316,125	16,316,125	16,272,769	(43,356)
Contingency	54,000	54,000	-	(54,000)
Debt service:				
Principal payments	549,000	562,062	556,360	(5,702)
Interest and fiscal charges	118,763	118,763	118,763	-
Total expenditures	<u>21,645,888</u>	<u>21,658,950</u>	<u>21,521,995</u>	<u>(136,955)</u>
Deficiency (excess) of revenues over expenditures	(374,670)	(387,732)	635,889	1,023,621
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	1,024,670	1,037,732	-	(1,037,732)
Prior year unliquidated encumbrances	-	-	46,669	46,669
Transfers out	(650,000)	(650,000)	(650,000)	-
Total other financing sources (uses)	<u>374,670</u>	<u>387,732</u>	<u>(603,331)</u>	<u>(991,063)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,558</u>	<u>\$ 32,558</u>

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (UNAUDITED)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
PROPERTY TAXES:				
Property taxes - current year	\$ 18,549,043	\$ 18,549,043	\$ 18,880,355	\$ 331,312
Property taxes - prior years	129,912	129,912	181,255	51,343
Interest and lien fees	77,799	77,799	82,559	4,760
Total property taxes	<u>18,756,754</u>	<u>18,756,754</u>	<u>19,144,169</u>	<u>387,415</u>
INTERGOVERNMENTAL:				
Education cost sharing	457,073	457,073	1,257,143	800,070
PILOT - Airport Authority	680,024	680,024	657,991	(22,033)
Municipal grants-in-aid	-	-	537,454	537,454
Special education excess cost	885,065	885,065	178,954	(706,111)
Telephone line tax	14,098	14,098	10,801	(3,297)
Property tax relief	25,136	25,136	2,916	(22,220)
Adult education	1,511	1,511	1,545	34
Municipal revenue sharing	9,904	9,904	-	(9,904)
Other	174,654	174,654	10,196	(164,458)
Total intergovernmental	<u>2,247,465</u>	<u>2,247,465</u>	<u>2,657,000</u>	<u>409,535</u>
CHARGES FOR SERVICES:				
Building permits	61,942	61,942	82,447	20,505
Conveyance taxes	80,000	80,000	73,183	(6,817)
Other fees	23,675	23,675	40,534	16,859
Aircraft registration fees	40,000	40,000	33,500	(6,500)
Recording fees	36,800	36,800	28,286	(8,514)
Total charges for services	<u>242,417</u>	<u>242,417</u>	<u>257,950</u>	<u>15,533</u>
INTEREST INCOME				
	<u>24,582</u>	<u>24,582</u>	<u>98,765</u>	<u>74,183</u>
Total revenues	<u>21,271,218</u>	<u>21,271,218</u>	<u>22,157,884</u>	<u>886,666</u>
OTHER FINANCING SOURCES:				
Appropriation of fund balance	1,024,670	1,037,732	-	(1,037,732)
Prior year unliquidated encumbrances	-	-	46,669	46,669
Total other financing sources	<u>1,024,670</u>	<u>1,037,732</u>	<u>46,669</u>	<u>(991,063)</u>
Total revenues and other financing sources	<u>\$ 22,295,888</u>	<u>\$ 22,308,950</u>	<u>\$ 22,204,553</u>	<u>\$ (104,397)</u>

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) (UNAUDITED)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
GENERAL GOVERNMENT:				
Insurance	\$ 800,000	\$ 711,165	\$ 706,144	\$ (5,021)
Selectmen's office	181,376	181,376	181,317	(59)
Public buildings	176,711	192,711	192,711	-
Utilities	158,400	175,400	168,712	(6,688)
Payroll taxes	152,000	152,000	148,649	(3,351)
Assessor's office	140,272	140,272	140,272	-
Building inspector	129,767	129,767	129,767	-
Town clerk's office	118,454	118,454	118,454	-
Tax collector's office	100,674	102,674	102,046	(628)
Data services	95,600	109,600	109,600	-
Planning and Zoning Commission	93,957	101,957	101,957	-
Facilities maintenance	73,660	73,660	73,487	(173)
Commission on aging	67,900	67,900	69,719	1,819
Registrars	51,290	51,290	41,858	(9,432)
Street lighting	36,500	38,500	36,427	(2,073)
Health services	30,315	30,315	30,315	-
Social services	23,373	23,373	22,194	(1,179)
Treasurer's office	23,227	23,227	23,090	(137)
Audit	21,900	22,735	22,735	-
Commission on youth services	20,000	20,000	16,765	(3,235)
Legal	20,000	20,000	18,262	(1,738)
Dues and memberships	19,700	19,700	19,645	(55)
Animal control	16,000	16,000	16,000	-
Engineering	14,000	14,000	14,000	-
Economic and development	2,000	2,000	1,535	(465)
Board of Finance	1,700	1,700	1,675	(25)
Cemeteries	1,300	1,300	1,300	-
Miscellaneous	160	160	71	(89)
Total general government	<u>2,570,236</u>	<u>2,541,236</u>	<u>2,508,707</u>	<u>(32,529)</u>
CULTURE AND RECREATION:				
Library	204,000	204,000	204,000	-
Parks and recreation	132,592	132,592	131,927	(665)
Total culture and recreation	<u>336,592</u>	<u>336,592</u>	<u>335,927</u>	<u>(665)</u>

(Continued)

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) (UNAUDITED) *(Continued)*
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued) :				
PUBLIC SAFETY:				
Police department	\$ 630,435	\$ 645,435	\$ 645,422	\$ (13)
Fire department	122,885	122,886	122,886	-
Ambulance service	61,372	61,372	61,372	-
Fire marshal	39,187	43,187	42,780	(407)
Civil preparedness	11,250	11,249	11,249	-
Total public safety	<u>865,129</u>	<u>884,129</u>	<u>883,709</u>	<u>(420)</u>
PUBLIC WORKS	<u>619,575</u>	<u>629,575</u>	<u>629,292</u>	<u>(283)</u>
DEBT SERVICE:				
Principal	549,000	562,062	556,360	(5,702)
Interest	118,763	118,763	118,763	-
Total debt service	<u>667,763</u>	<u>680,825</u>	<u>675,123</u>	<u>(5,702)</u>
SANITATION	<u>216,468</u>	<u>216,468</u>	<u>216,468</u>	<u>-</u>
EDUCATION	<u>16,316,125</u>	<u>16,316,125</u>	<u>16,272,769</u>	<u>(43,356)</u>
CONTINGENCY	<u>54,000</u>	<u>54,000</u>	<u>-</u>	<u>(54,000)</u>
Total expenditures	<u>21,645,888</u>	<u>21,658,950</u>	<u>21,521,995</u>	<u>(136,955)</u>
OTHER FINANCING USES:				
TRANSFERS OUT:				
Capital and Nonrecurring Fund	650,000	650,000	650,000	-
Total other financing uses	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 22,295,888</u>	<u>\$ 22,308,950</u>	<u>\$ 22,171,995</u>	<u>\$ (136,955)</u> <i>(Concluded)</i>

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EDUCATION EXPENDITURES (UNAUDITED)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
EXPENDITURES:				
EDUCATION				
Certified personnel	\$ 7,835,087	\$ 7,823,784	\$ 7,796,249	\$ (27,535)
Noncertified personnel	1,463,595	1,484,898	1,477,347	(7,551)
Certified substitutes	124,279	124,279	106,071	(18,208)
Noncertified substitutes	7,500	7,500	384	(7,116)
Custodial overtime - events	-	-	2,155	2,155
Contracted substitutes	19,110	19,110	18,305	(805)
Other salaries	217,169	217,169	286,241	69,072
Group health life insurance	2,362,450	2,352,450	2,226,287	(126,163)
Social security	105,263	105,263	111,120	5,857
Medicare	140,186	140,186	139,569	(617)
Employer pension	66,551	66,551	67,777	1,226
Unemployment payments	27,722	27,722	11,063	(16,659)
Workers' compensation	107,027	107,027	98,721	(8,306)
Professional improvement	69,000	69,000	57,082	(11,918)
Assessment services	1,050	1,075	1,075	-
Other professional & technology services	381,252	381,227	487,392	106,165
Data processing	30,119	30,119	32,749	2,630
Water/Sewage	24,950	24,950	21,101	(3,849)
Rubbish removal	10,800	10,880	11,617	737
Contracted maintenance services	178,543	159,068	161,931	2,863
Repairs to buildings	53,200	100,700	222,292	121,592
Pupil transportation	865,931	828,281	690,104	(138,177)
Property insurance	29,373	29,373	31,476	2,103
Liability insurance	30,102	30,102	27,206	(2,896)
Errors & omissions insurance	19,765	19,765	19,005	(760)
Telephone	38,867	38,867	35,280	(3,587)
Postage	9,925	9,950	7,470	(2,480)
Advertisements	1,000	1,000	214	(786)
Job printing & binding	10,254	10,022	5,645	(4,377)
Public school tuition	345,764	209,264	176,064	(33,200)
Private school tuition	846,046	982,546	815,006	(167,540)
Travel & conferences	11,745	11,745	8,762	(2,983)
Field trips	2,500	2,600	3,754	1,154
Supplies	81,298	78,010	121,624	43,614
Administrative supplies	30,250	30,250	44,486	14,236
Natural gas	25,500	25,500	26,406	906
Electricity	311,118	313,318	379,374	66,056
Propane gas	525	525	283	(242)
Heating supplies oil	97,850	97,850	102,148	4,298
Books/textbooks/workbooks	82,569	82,725	124,086	41,361
Licenses/subscriptions	145,962	145,065	103,019	(42,046)
Equipment	15,063	24,715	120,278	95,563
Memberships & special programs	59,865	61,694	64,575	2,881
Legal fees	30,000	30,000	29,591	(409)
Other	-	-	385	385
Total education expenditures	<u>\$ 16,316,125</u>	<u>\$ 16,316,125</u>	<u>\$ 16,272,769</u>	<u>\$ (43,356)</u>

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
(Rounded to nearest thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.20%	0.20%	0.18%	0.18%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	<u>26,405,000</u>	<u>27,858,000</u>	<u>19,647,000</u>	<u>19,647,000</u>
Total	<u>\$ 26,405,000</u>	<u>\$ 27,858,000</u>	<u>\$ 19,647,000</u>	<u>\$ 19,647,000</u>
Town's covered payroll	\$ 7,796,000	\$ 7,640,000	\$ 7,490,000	\$ 7,047,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS
LAST FISCAL YEAR

	2018
Total OPEB liability	
Service cost	\$ 125,893
Interest	73,399
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(69,426)
Benefit payments, including refunds	(59,576)
Net change in total OPEB liability	70,290
Total OPEB liability - beginning	1,953,883
Total OPEB liability - ending	\$ 2,024,173

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FISCAL YEARS
(Rounded to the Nearest Thousand)

	2018
Proportion of the net OPEB liability attributed to the Town	0.196%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	6,796,000
Total	\$ 6,796,000
Town's covered payroll	\$ 7,796,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See accompanying notes to required supplementary information.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION *(Unaudited)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Selectmen, Board of Education and the Board of Finance prepare an operating budget for the fiscal year commencing July 1 which is presented at the annual Town meeting for approval or submitted to referendum. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects for amounts not exceeding \$20,000 or representing a second transfer to a department. Additional appropriations in excess of \$20,000 must be approved at a Town meeting. During the year, the Board of Finance and Town meetings approved additional appropriations from fund balance of \$13,062.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for intergovernmental revenues and encumbrances. Intergovernmental revenues and other reimbursement for certain costs are recorded as reductions to expenditures for budgetary purposes and “on-behalf” payments made by the State of Connecticut into the State Teachers’ Retirement System are not recorded for budgetary purposes. 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 budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end, except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (*Unaudited*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (*Continued*)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Net Change In Fund Balance</u>
Budgetary basis	\$ 22,157,884	\$ 21,521,995	\$ (603,331)	\$ 32,558
"On-behalf" payments - State Teachers' Retirement Fund	1,979,396	1,979,396	-	-
"On-behalf" payments - State Teachers' OPEB Retirement Fund	38,960	38,960	-	-
Encumbrances:				
June 30, 2018	-	(489,283)	-	489,283
June 30, 2017	-	237,559	(46,669)	(284,228)
Reimbursement for certain revenues recorded as a reduction to expenditures for budgetary purposes	70,167	70,167	-	-
GAAP basis	<u>\$ 24,246,407</u>	<u>\$ 23,358,794</u>	<u>\$ (650,000)</u>	<u>\$ 237,613</u>

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2017.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION *(Unaudited) (Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2016. The July 1, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2016	\$ -	\$ 19,034,396	\$ 41,958	\$ 84,313	\$ 358	\$ 18,991,683	\$ 18,906,293	\$ 42,830	\$ 18,949,123	\$ 85,390
2015	212,804	-	1,388	8,450	182	205,560	156,600	31,531	188,131	48,960
2014	53,125	-	49	3,024	380	49,770	23,157	6,715	29,872	26,613
2013	22,607	-	-	6	-	22,601	580	468	1,048	22,021
2012	18,265	-	-	6	-	18,259	118	117	235	18,141
2011	17,506	-	-	115	-	17,391	309	461	770	17,082
2010	16,492	-	-	5	8,249	8,238	109	377	486	8,129
2009	13,534	-	-	5	5,773	7,756	-	-	-	7,756
2008	7,659	-	-	5	-	7,654	-	-	-	7,654
2007	6,805	-	-	-	-	6,805	-	-	-	6,805
2006	6,577	-	32	-	-	6,609	-	-	-	6,609
2005	6,251	-	-	-	-	6,251	-	-	-	6,251
2004	5,965	-	-	-	-	5,965	-	-	-	5,965
2003	5,831	-	-	-	-	5,831	-	-	-	5,831
2002	4,877	-	-	-	-	4,877	-	-	-	4,877
2001	4,690	-	-	-	-	4,690	-	-	-	4,690
	<u>\$ 402,988</u>	<u>\$ 19,034,396</u>	<u>\$ 43,427</u>	<u>\$ 95,929</u>	<u>\$ 14,942</u>	<u>\$ 19,369,940</u>	<u>\$ 19,087,166</u>	<u>\$ 82,499</u>	<u>\$ 19,169,665</u>	<u>\$ 282,774</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2018

Total cash collections for the year ended
June 30, 2018:

Taxes	\$ 19,087,166
Interest and lien fees	82,499
Total	<u>19,169,665</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	24,125
--------------------------------------	--------

Base \$ 19,193,790

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 43,186,028	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	86,372,055	-	-	-
3-3/4 times base	-	-	71,976,713	-	-
3-1/4 times base	-	-	-	62,379,818	-
3 times base	-	-	-	-	57,581,370
Total debt limitation	<u>43,186,028</u>	<u>86,372,055</u>	<u>71,976,713</u>	<u>62,379,818</u>	<u>57,581,370</u>
Indebtedness:					
Bonds payable	-	4,700,000	-	-	-
Total indebtedness	<u>-</u>	<u>4,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 43,186,028</u>	<u>\$ 81,672,055</u>	<u>\$ 71,976,713</u>	<u>\$ 62,379,818</u>	<u>\$ 57,581,370</u>
Total capacity of borrowing (7 times base)	\$ 134,356,530				
Total present indebtedness	4,700,000				
Margin for additional borrowing	<u>\$ 129,656,530</u>				

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
CAPITAL AND NONRECURRING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2018

	Appropriations			Expenditures			Close Out of Appropriation	Remaining Balance June 30, 2018
	Balance June 30, 2017	Current Year	Balance June 30, 2018	Balance June 30, 2017	Current Year	Balance June 30, 2018		
Capital and Nonrecurring Fund								
Security initiatives	\$ 36,060	\$ -	\$ 36,060	\$ 33,568	\$ 2,165	\$ 35,733	\$ (327)	\$ -
Road maintenance	29,000	-	29,000	15,888	13,112	29,000	-	-
Phase I reappraisal and revaluation	67,000	-	67,000	-	67,000	67,000	-	-
Road maintenance	124,000	-	124,000	-	124,000	124,000	-	-
School technology	60,000	-	60,000	-	59,989	59,989	(11)	-
Revaluation phase II	-	75,000	75,000	-	24,242	24,242	-	50,758
Insulation Town Hall	-	11,000	11,000	-	-	-	-	11,000
Windows Town Hall	-	47,000	47,000	-	-	-	-	47,000
Backhoe	-	100,000	100,000	-	-	-	-	100,000
Plow truck	-	180,000	180,000	-	-	-	-	180,000
Fire department radios	-	77,000	77,000	-	-	-	-	77,000
Road maintenance	-	167,000	167,000	-	7,184	7,184	-	159,816
School technology	-	60,000	60,000	-	-	-	-	60,000
School telephone system	-	50,000	50,000	-	-	-	-	50,000
HS Roof access door	-	6,700	6,700	-	-	-	-	6,700
Allgrove parking lot	-	38,000	38,000	-	-	-	-	38,000
Allgrove A/C assessment	-	5,000	5,000	-	-	-	-	5,000
Total Capital and Nonrecurring Fund	\$ 316,060	\$ 816,700	\$ 1,132,760	\$ 49,456	\$ 297,692	\$ 347,148	\$ (338)	\$ 785,274

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Debt Service Sewer Assessment Fund	Permanent Holcomb Loomis Trust Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 316,901	\$ -	\$ -	\$ 1,520	\$ 318,421
Receivables:					
Grants and contracts	7,200	-	-	-	7,200
Other	135,740	-	-	-	135,740
Due from other funds	379,672	211,838	29,594	-	621,104
Total assets	<u>\$ 839,513</u>	<u>\$ 211,838</u>	<u>\$ 29,594</u>	<u>\$ 1,520</u>	<u>\$ 1,082,465</u>
LIABILITIES					
Accounts payable	\$ 53,525	\$ 7,500	\$ -	\$ -	\$ 61,025
Due to other funds	86,672	-	-	-	86,672
Unearned revenue	63,599	-	-	-	63,599
Total liabilities	<u>203,796</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>211,296</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	135,740	-	-	-	135,740
FUND BALANCES					
Restricted	130,363	-	-	1,520	131,883
Committed for:					
Capital purposes	-	204,338	-	-	204,338
Educational purposes	111,330	-	-	-	111,330
Other purposes	306,425	-	29,594	-	336,019
Unassigned	(48,141)	-	-	-	(48,141)
Total fund balances	<u>499,977</u>	<u>204,338</u>	<u>29,594</u>	<u>1,520</u>	<u>735,429</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 839,513</u>	<u>\$ 211,838</u>	<u>\$ 29,594</u>	<u>\$ 1,520</u>	<u>\$ 1,082,465</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Debt Service Sewer Assessment Fund	Permanent Holcomb Loomis Trust Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 979,420	\$ -	\$ -	\$ -	\$ 979,420
Charges for services	427,318	-	6,855	-	434,173
Interest income	9,487	-	411	6	9,904
Other	48,571	33,645	-	-	82,216
Total revenues	<u>1,464,796</u>	<u>33,645</u>	<u>7,266</u>	<u>6</u>	<u>1,505,713</u>
EXPENDITURES					
Current:					
General government	497,414	-	-	-	497,414
Culture and recreation	178,688	-	-	-	178,688
Public safety	11,093	-	-	-	11,093
Public works	143,857	-	-	-	143,857
Sanitation	278,914	-	-	-	278,914
Education	311,520	-	-	-	311,520
Capital outlays	-	118,172	-	-	118,172
Total expenditures	<u>1,421,486</u>	<u>118,172</u>	<u>-</u>	<u>-</u>	<u>1,539,658</u>
Excess (deficiency) of revenues over expenditures	43,310	(84,527)	7,266	6	(33,945)
OTHER FINANCING SOURCES (USES)					
Contract financing	-	50,468	-	-	50,468
Transfers out	-	(6,052)	-	-	(6,052)
Total other financing sources (uses)	<u>-</u>	<u>44,416</u>	<u>-</u>	<u>-</u>	<u>44,416</u>
Net change in fund balances	43,310	(40,111)	7,266	6	10,471
Fund balances - beginning	<u>456,667</u>	<u>244,449</u>	<u>22,328</u>	<u>1,514</u>	<u>724,958</u>
Fund balances - ending	<u>\$ 499,977</u>	<u>\$ 204,338</u>	<u>\$ 29,594</u>	<u>\$ 1,520</u>	<u>\$ 735,429</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Town Aid Roads Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 114,789	\$ 6,412	\$ 94,070	\$ -
Receivables:						
Grants and contracts	-	-	7,200	-	-	-
Other	-	-	-	-	-	-
Due from other funds	63,132	29,279	-	-	-	15,877
Total assets	<u>\$ 63,132</u>	<u>\$ 29,279</u>	<u>\$ 121,989</u>	<u>\$ 6,412</u>	<u>\$ 94,070</u>	<u>\$ 15,877</u>
LIABILITIES						
Accounts payable	\$ 4,494	\$ 4,180	\$ 16,528	\$ -	\$ -	\$ -
Due to other funds	-	-	61,302	-	-	-
Unearned revenue	-	-	44,159	-	19,440	-
Total liabilities	<u>4,494</u>	<u>4,180</u>	<u>121,989</u>	<u>-</u>	<u>19,440</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	-
FUND BALANCES						
Restricted	58,638	25,099	-	6,412	-	-
Committed for:						
Educational purposes	-	-	-	-	-	-
Other purposes	-	-	-	-	74,630	15,877
Unassigned	-	-	-	-	-	-
Total fund balances	<u>58,638</u>	<u>25,099</u>	<u>-</u>	<u>6,412</u>	<u>74,630</u>	<u>15,877</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 63,132</u>	<u>\$ 29,279</u>	<u>\$ 121,989</u>	<u>\$ 6,412</u>	<u>\$ 94,070</u>	<u>\$ 15,877</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2018

	<u>Halloween Party Fund</u>	<u>High School Food Store Fund</u>	<u>Small Cities Fund</u>	<u>Community Center Fund</u>	<u>Document Restoration Fund</u>	<u>Seniors Fund</u>	<u>Rockbestos Fund</u>
ASSETS							
Cash and cash equivalents	\$ 1,096	\$ 14,980	\$ 10	\$ 1,120	\$ -	\$ 19,596	\$ 21,350
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	9,340	-	-
Total assets	<u>\$ 1,096</u>	<u>\$ 14,980</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 9,340</u>	<u>\$ 19,596</u>	<u>\$ 21,350</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,552	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	-	-	10	-	6,788	-	-
Committed for:							
Educational purposes	-	14,980	-	-	-	-	21,350
Other purposes	1,096	-	-	1,120	-	19,596	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,096</u>	<u>14,980</u>	<u>10</u>	<u>1,120</u>	<u>6,788</u>	<u>19,596</u>	<u>21,350</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 1,096</u>	<u>\$ 14,980</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 9,340</u>	<u>\$ 19,596</u>	<u>\$ 21,350</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2018

	<u>Emergency Fund</u>	<u>BOE Nonlapsing Fund</u>	<u>Fournier-Roy Youth Fund</u>	<u>State Grants Fund</u>	<u>Sewer Reserve Fund</u>	<u>Emergency Fuel Fund</u>	<u>Sewer Use Fund</u>
ASSETS							
Cash and cash equivalents	\$ 2,525	\$ -	\$ 11,449	\$ -	\$ -	\$ 20,914	\$ -
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	135,740
Due from other funds	-	75,000	-	11,066	150,628	-	-
Total assets	<u>\$ 2,525</u>	<u>\$ 75,000</u>	<u>\$ 11,449</u>	<u>\$ 11,066</u>	<u>\$ 150,628</u>	<u>\$ 20,914</u>	<u>\$ 135,740</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 22,771
Due to other funds	-	-	-	-	-	-	25,370
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>48,141</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	-	-	-	-	-	-	135,740
FUND BALANCES							
Restricted	-	-	-	8,066	-	-	-
Committed for:							
Educational purposes	-	75,000	-	-	-	-	-
Other purposes	2,525	-	11,449	-	150,628	20,914	-
Unassigned	-	-	-	-	-	-	(48,141)
Total fund balances	<u>2,525</u>	<u>75,000</u>	<u>11,449</u>	<u>8,066</u>	<u>150,628</u>	<u>20,914</u>	<u>(48,141)</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 2,525</u>	<u>\$ 75,000</u>	<u>\$ 11,449</u>	<u>\$ 11,066</u>	<u>\$ 150,628</u>	<u>\$ 20,914</u>	<u>\$ 135,740</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2018

	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 6,697	\$ -	\$ 1,893	\$ -	\$ 316,901
Receivables:					
Grants and contracts	-	-	-	-	7,200
Other	-	-	-	-	135,740
Due from other funds	-	4,859	-	20,491	379,672
Total assets	<u>\$ 6,697</u>	<u>\$ 4,859</u>	<u>\$ 1,893</u>	<u>\$ 20,491</u>	<u>\$ 839,513</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 53,525
Due to other funds	-	-	-	-	86,672
Unearned revenue	-	-	-	-	63,599
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,796</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	135,740
FUND BALANCES					
Restricted	-	4,859	-	20,491	130,363
Committed for:					
Educational purposes	-	-	-	-	111,330
Other purposes	6,697	-	1,893	-	306,425
Unassigned	-	-	-	-	(48,141)
Total fund balances	<u>6,697</u>	<u>4,859</u>	<u>1,893</u>	<u>20,491</u>	<u>499,977</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 6,697</u>	<u>\$ 4,859</u>	<u>\$ 1,893</u>	<u>\$ 20,491</u>	<u>\$ 839,513</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Town Aid Roads Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
REVENUES						
Intergovernmental	\$ 202,076	\$ -	\$ 281,117	\$ 8,045	\$ -	\$ -
Charges for services	-	2,456	-	9,097	128,601	4,010
Interest income	232	356	-	-	40	195
Other	-	-	-	-	-	-
Total revenues	<u>202,308</u>	<u>2,812</u>	<u>281,117</u>	<u>17,142</u>	<u>128,641</u>	<u>4,205</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	217	-	-	122,969	-
Public safety	-	-	-	-	-	-
Public works	143,670	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Education	-	-	281,117	18,346	-	-
Total expenditures	<u>143,670</u>	<u>217</u>	<u>281,117</u>	<u>18,346</u>	<u>122,969</u>	<u>-</u>
Net change in fund balances	58,638	2,595	-	(1,204)	5,672	4,205
Fund balances - beginning	-	22,504	-	7,616	68,958	11,672
Fund balances - ending	<u>\$ 58,638</u>	<u>\$ 25,099</u>	<u>\$ -</u>	<u>\$ 6,412</u>	<u>\$ 74,630</u>	<u>\$ 15,877</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2018

	Halloween Party Fund	High School Food Store Fund	Small Cities Fund	Community Center Fund	Document Restoration Fund	Seniors Fund	Rockbestos Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 464,644	\$ -	\$ 4,000	\$ -	\$ -
Charges for services	-	13,652	-	-	1,060	12,249	-
Interest income	-	3	-	-	150	-	-
Other	1,725	-	-	110	-	-	5,000
Total revenues	<u>1,725</u>	<u>13,655</u>	<u>464,644</u>	<u>110</u>	<u>5,210</u>	<u>12,249</u>	<u>5,000</u>
EXPENDITURES							
Current:							
General government	-	-	464,644	110	-	-	-
Culture and recreation	2,159	-	-	-	4,435	11,266	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Education	-	9,146	-	-	-	-	2,911
Total expenditures	<u>2,159</u>	<u>9,146</u>	<u>464,644</u>	<u>110</u>	<u>4,435</u>	<u>11,266</u>	<u>2,911</u>
Net change in fund balances	(434)	4,509	-	-	775	983	2,089
Fund balances - beginning	<u>1,530</u>	<u>10,471</u>	<u>10</u>	<u>1,120</u>	<u>6,013</u>	<u>18,613</u>	<u>19,261</u>
Fund balances - ending	<u>\$ 1,096</u>	<u>\$ 14,980</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 6,788</u>	<u>\$ 19,596</u>	<u>\$ 21,350</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Emergency Fund</u>	<u>BOE Nonlapsing Fund</u>	<u>Fournier Roy Youth Fund</u>	<u>State Grants Fund</u>	<u>Sewer Reserve Fund</u>	<u>Emergency Fuel Fund</u>	<u>Sewer Use Fund</u>
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 17,062	\$ 2,476	\$ -	\$ -	\$ -
Charges for services	6,954	-	-	-	-	-	241,089
Interest income	-	-	16	-	2,152	-	6,273
Other	9,395	-	7,546	-	-	15,901	-
Total revenues	<u>16,349</u>	<u>-</u>	<u>24,624</u>	<u>2,476</u>	<u>2,152</u>	<u>15,901</u>	<u>247,362</u>
EXPENDITURES							
Current:							
General government	13,517	-	-	-	-	19,143	-
Culture and recreation	1,728	-	22,544	-	-	-	-
Public safety	42	-	-	11,051	-	-	-
Public works	187	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	278,914
Education	-	-	-	-	-	-	-
Total expenditures	<u>15,474</u>	<u>-</u>	<u>22,544</u>	<u>11,051</u>	<u>-</u>	<u>19,143</u>	<u>278,914</u>
Net change in fund balances	875	-	2,080	(8,575)	2,152	(3,242)	(31,552)
Fund balances - beginning	<u>1,650</u>	<u>75,000</u>	<u>9,369</u>	<u>16,641</u>	<u>148,476</u>	<u>24,156</u>	<u>(16,589)</u>
Fund balances - ending	<u>\$ 2,525</u>	<u>\$ 75,000</u>	<u>\$ 11,449</u>	<u>\$ 8,066</u>	<u>\$ 150,628</u>	<u>\$ 20,914</u>	<u>\$ (48,141)</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2018

	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 979,420
Charges for services	-	850	7,300	-	427,318
Interest income	-	66	4	-	9,487
Other	2,810	-	-	6,084	48,571
Total revenues	<u>2,810</u>	<u>916</u>	<u>7,304</u>	<u>6,084</u>	<u>1,464,796</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	497,414
Culture and recreation	3,567	-	9,803	-	178,688
Public safety	-	-	-	-	11,093
Public works	-	-	-	-	143,857
Sanitation	-	-	-	-	278,914
Education	-	-	-	-	311,520
Total expenditures	<u>3,567</u>	<u>-</u>	<u>9,803</u>	<u>-</u>	<u>1,421,486</u>
Net change in fund balances	(757)	916	(2,499)	6,084	43,310
Fund balances - beginning	<u>7,454</u>	<u>3,943</u>	<u>4,392</u>	<u>14,407</u>	<u>456,667</u>
Fund balances - ending	<u>\$ 6,697</u>	<u>\$ 4,859</u>	<u>\$ 1,893</u>	<u>\$ 20,491</u>	<u>\$ 499,977</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Elementary Schools Renovation Fund	Greenway Project Fund	Eversource LED Light Project	Total Nonmajor Capital Projects Funds
ASSETS				
Due from other funds	\$ 211,838	\$ -	\$ -	\$ 211,838
LIABILITIES				
Accounts payable	\$ 7,500	\$ -	\$ -	\$ 7,500
FUND BALANCES				
Committed for capital purposes	204,338	-	-	204,338
Total liabilities and fund balances	\$ 211,838	\$ -	\$ -	\$ 211,838

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Elementary Schools Renovation Fund	Greenway Project Fund	Eversource LED Light Project	Total Nonmajor Capital Projects Funds
REVENUES				
Other	\$ -	\$ -	\$ 33,645	\$ 33,645
Total revenues	<u>-</u>	<u>-</u>	<u>33,645</u>	<u>33,645</u>
EXPENDITURES				
Capital outlays	34,059	-	84,113	118,172
Total expenditures	<u>34,059</u>	<u>-</u>	<u>84,113</u>	<u>118,172</u>
Deficiency of revenues over expenditures	(34,059)	-	(50,468)	(84,527)
OTHER FINANCING SOURCES (USES)				
Contract financing	-	-	50,468	50,468
Transfers out	-	(6,052)	-	(6,052)
Total other financing sources (uses)	<u>-</u>	<u>(6,052)</u>	<u>50,468</u>	<u>44,416</u>
Net change in fund balances	(34,059)	(6,052)	-	(40,111)
Fund balances - beginning	<u>238,397</u>	<u>6,052</u>	<u>-</u>	<u>244,449</u>
Fund balances - ending	<u>\$ 204,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,338</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 JUNE 30, 2018

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Investments	\$ 1,724,600	\$ 1,085,542	\$ 2,810,142
Loans receivable	16,587	2,346	18,933
Total assets	<u>1,741,187</u>	<u>1,087,888</u>	<u>2,829,075</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 1,741,187</u>	<u>\$ 1,087,888</u>	<u>\$ 2,829,075</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions:			
Employer	\$ 79,651	\$ 37,378	\$ 117,029
Plan members	45,926	38,801	84,727
Total contributions	<u>125,577</u>	<u>76,179</u>	<u>201,756</u>
Investment earnings:			
Interest and dividends	14,828	-	14,828
Net change in the fair value of investment, net of fees	85,907	92,983	178,890
Net investment earnings	<u>100,735</u>	<u>92,983</u>	<u>193,718</u>
Total additions	226,312	169,162	395,474
DEDUCTIONS			
Benefit payments	114,303	91,642	205,945
Administrative expenses	-	150	150
Total deductions	<u>114,303</u>	<u>91,792</u>	<u>206,095</u>
Change in net position	112,009	77,370	189,379
Net Position Held in Trust for			
Pension Benefits:			
Beginning, as adjusted	<u>1,629,178</u>	<u>1,010,518</u>	<u>2,639,696</u>
Ending	<u>\$ 1,741,187</u>	<u>\$ 1,087,888</u>	<u>\$ 2,829,075</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUNDS
 JUNE 30, 2018

	<u>Student Activities Fund</u>	<u>Performance Bonds Fund</u>	<u>Flexible Spending Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 180,052	\$ 23,600	\$ 7,610	\$ 211,262
Investments	-	40,133	-	40,133
Total assets	<u>\$ 180,052</u>	<u>\$ 63,733</u>	<u>\$ 7,610</u>	<u>\$ 251,395</u>
LIABILITIES				
Due to others	\$ 180,052	\$ 63,733	\$ 7,610	\$ 251,395
Total liabilities	<u>\$ 180,052</u>	<u>\$ 63,733</u>	<u>\$ 7,610</u>	<u>\$ 251,395</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 153,829	\$ 325,990	\$ 299,767	\$ 180,052
Liabilities				
Due to others	\$ 153,829	\$ 325,990	\$ 299,767	\$ 180,052
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 17,700	\$ 52,550	\$ 46,650	\$ 23,600
Investments	-	40,133	-	40,133
Total assets	<u>\$ 17,700</u>	<u>\$ 92,683</u>	<u>\$ 46,650</u>	<u>\$ 63,733</u>
Liabilities				
Due to others	<u>\$ 17,700</u>	<u>\$ 52,683</u>	<u>\$ 6,650</u>	<u>\$ 63,733</u>
Flexible Spending Fund				
Assets				
Cash and cash equivalents	<u>\$ 7,214</u>	<u>\$ 25,634</u>	<u>\$ 25,238</u>	<u>\$ 7,610</u>
Liabilities				
Due to others	<u>\$ 7,214</u>	<u>\$ 25,634</u>	<u>\$ 25,238</u>	<u>\$ 7,610</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 178,743	\$ 404,174	\$ 371,655	\$ 211,262
Investments	-	40,133	-	40,133
Total assets	<u>\$ 178,743</u>	<u>\$ 444,307</u>	<u>\$ 371,655</u>	<u>\$ 251,395</u>
Liabilities				
Due to others	<u>\$ 178,743</u>	<u>\$ 404,307</u>	<u>\$ 331,655</u>	<u>\$ 251,395</u>

See accompanying Independent Auditor's Report.