

TOWN OF EAST GRANBY, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020**

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 52 through 58 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 59 through 81 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 15, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
December 15, 2020

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, 2020

As management of the Town of East Granby, Connecticut (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, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,144,437 (net position). Of this amount, \$5,095,197 represents the unrestricted net position of the Town.
- The Town's total net position increased by \$2,326,689 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,612,591, a decrease of \$1,256,972 over the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$4,155,091 or 17.6% of the Town's fiscal year 2021 authorized budgetary expenditure appropriations of \$23,597,071. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.11 months of General Fund operating expenditures.
- The Town's total capital assets increased by \$3,051,618 or 10.1% during the current fiscal year.
- The Town's total long-term bonded debt decreased by \$525,000 or 12.6% during the current fiscal year. During the year ended June 30, 2020, the Town issued \$6,470,000 in general obligation bond anticipation notes for the purpose of funding authorized capital projects. The Town expects to permanently fund the projects through a combination of grants and the issuance of general obligation bonds.

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 and 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, 2020

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, the Capital Bond 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, 2020

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 51 of this report.

Other Information

Required supplementary information and combining and individual fund statements and schedules and can be found on pages 52 through 81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

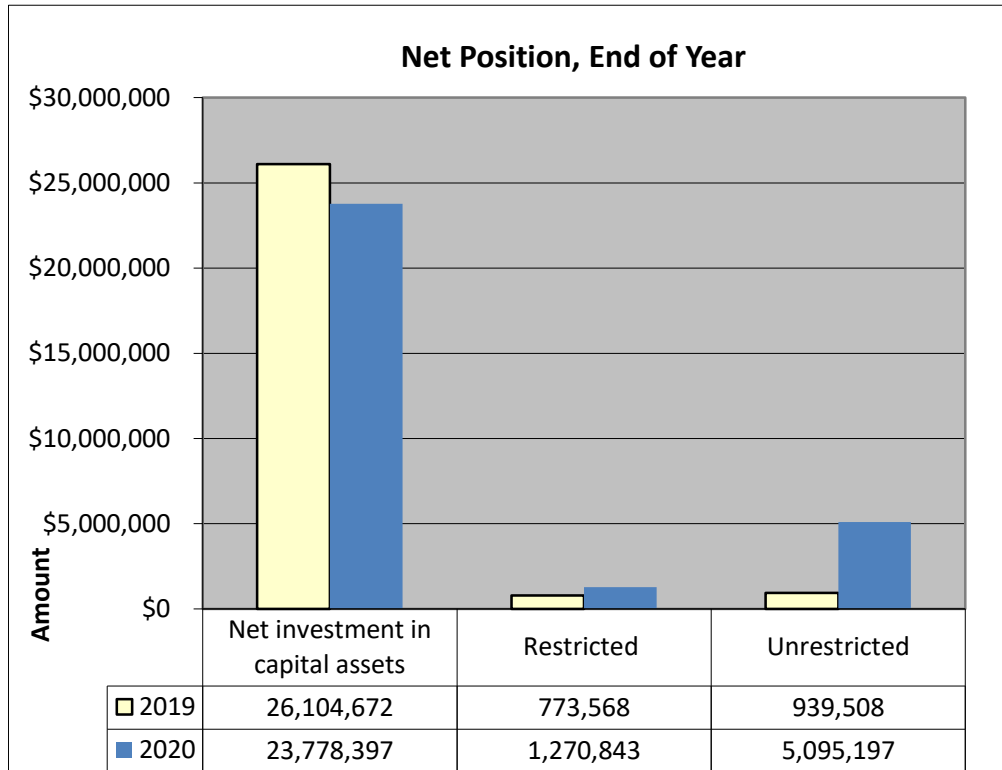
Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$30,144,437 as of June 30, 2020 and \$27,817,748 as of June 30, 2019 and is summarized as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 11,013,475	\$ 7,303,120	\$ 3,710,355	50.8%
Capital assets, net	33,216,122	30,164,504	3,051,618	10.1%
Total assets	<u>44,229,597</u>	<u>37,467,624</u>	<u>6,761,973</u>	18.0%
Deferred outflows of resources	<u>56,928</u>	-	<u>56,928</u>	-
Other liabilities	7,892,119	2,924,997	4,967,122	169.8%
Long-term liabilities	<u>6,039,691</u>	<u>6,482,574</u>	<u>(442,883)</u>	-6.8%
Total liabilities	<u>13,931,810</u>	<u>9,407,571</u>	<u>4,524,239</u>	48.1%
Deferred inflows of resources	<u>210,278</u>	<u>242,305</u>	<u>(32,027)</u>	-13.2%
Net position:				
Net investment in capital assets	23,778,397	26,104,672	(2,326,275)	-8.9%
Restricted	1,270,843	773,568	497,275	64.3%
Unrestricted	<u>5,095,197</u>	<u>939,508</u>	<u>4,155,689</u>	442.3%
Total net position	<u>\$ 30,144,437</u>	<u>\$ 27,817,748</u>	<u>\$ 2,326,689</u>	8.4%

TOWN OF EAST GRANBY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 78.9% 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.

4.2% 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 increased by \$2,326,689. The Town's financial position was impacted the issuance of \$6,470,000 in general obligation bond anticipation notes. This issuance resulted in increases to cash, capital assets and other liabilities. In addition, the issuance also had a positive effect on the Town's unrestricted net position resulting from the replenishment of unrestricted resources used in the prior year to temporarily fund capital improvements.

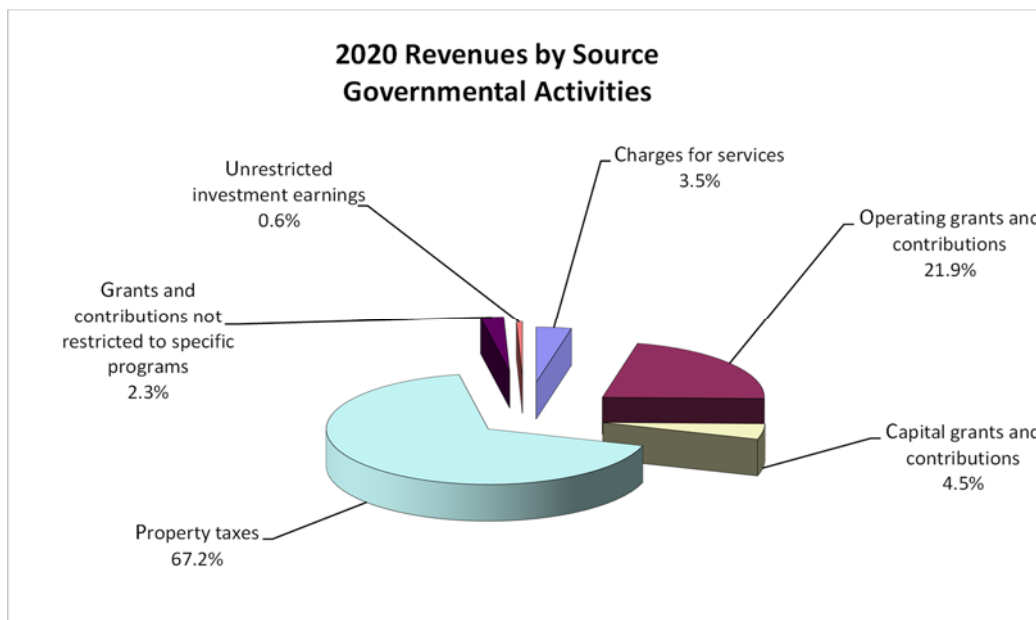
TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2020 and 2019 are as follows. Certain reclassifications have been made to the amount reported for the year ended June 30, 2019 in order to conform to the current year presentation.

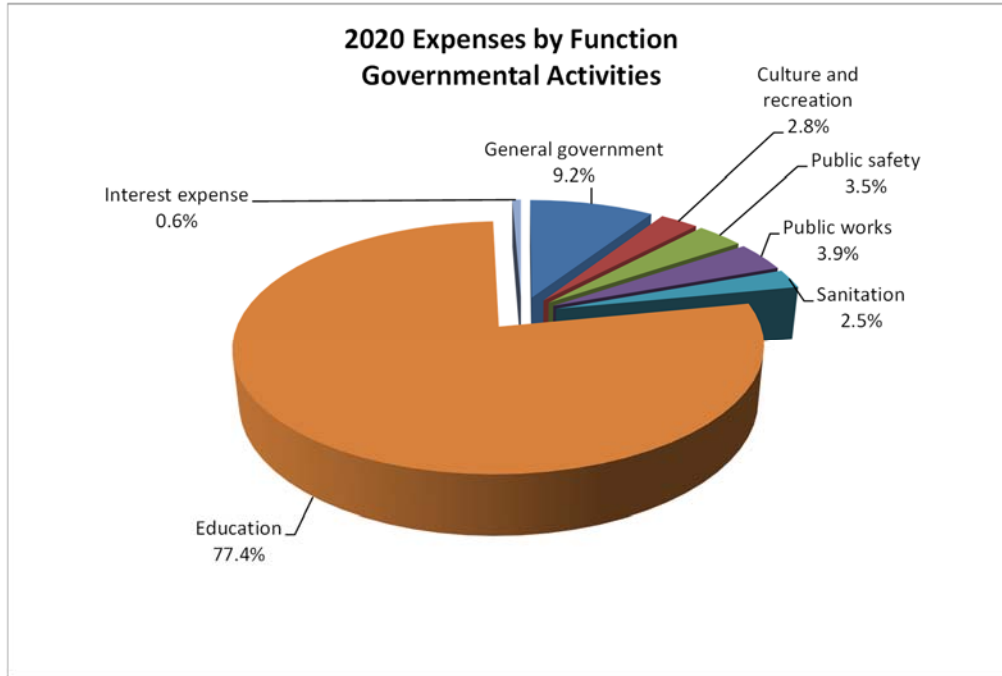
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 1,047,103	\$ 1,083,710	\$ (36,607)	-3.4%
Operating grants and contributions	6,549,118	4,042,352	2,506,766	62.0%
Capital grants and contributions	1,353,128	537,454	815,674	151.8%
General revenues:				
Property taxes	20,146,663	19,573,104	573,559	2.9%
Grants and contributions	685,480	687,234	(1,754)	-0.3%
Investment earnings	177,335	205,098	(27,763)	-13.5%
Total revenues	<u>29,958,827</u>	<u>26,128,952</u>	<u>3,829,875</u>	14.7%
Program expenses:				
General government	2,540,675	2,869,774	(329,099)	-11.5%
Culture and recreation	786,277	861,498	(75,221)	-8.7%
Public safety	962,048	1,161,378	(199,330)	-17.2%
Public works	1,073,545	1,114,309	(40,764)	-3.7%
Sanitation	691,885	690,375	1,510	0.2%
Education	21,400,827	20,121,925	1,278,902	6.4%
Interest expense	176,881	102,188	74,693	73.1%
Total expenses	<u>27,632,138</u>	<u>26,921,447</u>	<u>710,691</u>	2.6%
Change in net position	<u>\$ 2,326,689</u>	<u>\$ (792,495)</u>	<u>\$ 3,119,184</u>	-393.6%



TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



Governmental activities increased the Town's net position by \$2,326,689. Revenues generated by the Town increased by \$3,829,875 or 14.7% and expenses for the Town increased by \$710,691 or 2.6% in comparison to prior year.

A summary of items impacting revenues are as follows:

- An increase in operating grants in the amount of \$2,506,766 due primarily from an increase in the amount of pension and OPEB expense recognized by the Town relating to its participation in the Connecticut State Teachers' Retirement System.
- An increase in capital grants and contributions in the amount of \$815,674 due primarily from school construction grant reimbursements received on authorized projects.
- An increase in property taxes of \$573,559 or 2.9% due primarily from an increase in the Town's overall taxable grand list.

A summary of items impacting expenses are as follows:

- A decrease in general government expenses of \$329,099 or 11.5% due primarily from nonrecurring costs incurred in the prior year relating to improvements to Metacomet Village.
- An increase in education expenses in the amount of \$1,278,902 or 6.4% due to an increase in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 \$2,612,591, a decrease of \$1,256,972 in comparison with the prior year. The overall decrease in fund balances were driven by current year capital outlays, offset by related grant proceeds and an overall budgetary surplus recognized within the General Fund.

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 \$4,155,091, while total fund balance was \$5,123,747. 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 for the General Fund totaled 17.6% of the Town's fiscal year 2021 authorized budgetary expenditure appropriations of \$23,597,071. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.11 months of General Fund operating expenditures.

The fund balance of the General Fund increased by \$687,105 during the current fiscal year. Refer to General Fund budgetary highlights below for discussions related to current year activities.

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Fund increased by \$477,810 during the current fiscal year from \$1,239,564 to \$1,717,374. A complete detail of capital projects authorized and costs incurred is presented on page 65 of this report.

Capital Bond Fund

The fund balance of the Capital Bond Fund decreased by \$2,813,351 during the current fiscal year from a deficit of \$2,906,302 to a deficit of \$5,719,653. The decrease in fund balance is due to the use of short-term debt to temporarily fund capital outlays. The Town intends to permanently fund the deficit of the Capital Bond Fund through the issuance of general obligation bonds and from grant reimbursements. During the year ended June 30, 2020, the Town received school construction grant reimbursements of \$1,007,465.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

School Open Choice Fund

The fund balance of the School Open Choice Fund decreased by \$184,080 during the year ended June 30, 2020 from \$532,357 to \$348,277. This fund accounts for the resources received by the School District for the operation of the open choice program and is restricted for educational purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the year ended June 30, 2020 planned for the use of fund balance in the amount of \$362,961 to balance the budget. During the year, the Board of Finance authorized the transfer of the prior year education surplus in the amount of \$42,238, resulting in a final planned use of fund balance in the amount of \$412,199. The actual change in fund balance on a budgetary basis totaled \$518,009, resulting in a favorable budgetary variance in the amount of \$930,208. Revenues exceeded budgetary estimates by \$447,442 and expenditures were less than budgetary estimates by \$408,211. The revenue surplus was derived from favorable variances on property tax collections, grants received for special education and education cost sharing, conveyance taxes and interest income on short-term investments. The expenditure surplus was derived from favorable variances across all departments, including a \$550,876 education surplus. Education expenditures were under budget partially due to a shorten school year combined with the impact of implementing remote learning pursuant to the Governor's executive orders in response to the Covid-19 pandemic. In October 2020, the Board of Finance authorized the transfer of a portion of the education surplus in the amount of \$339,600 to the Board of Education Nonlapsing Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$33,216,122 (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 increased by \$3,051,618 or 10.1%.

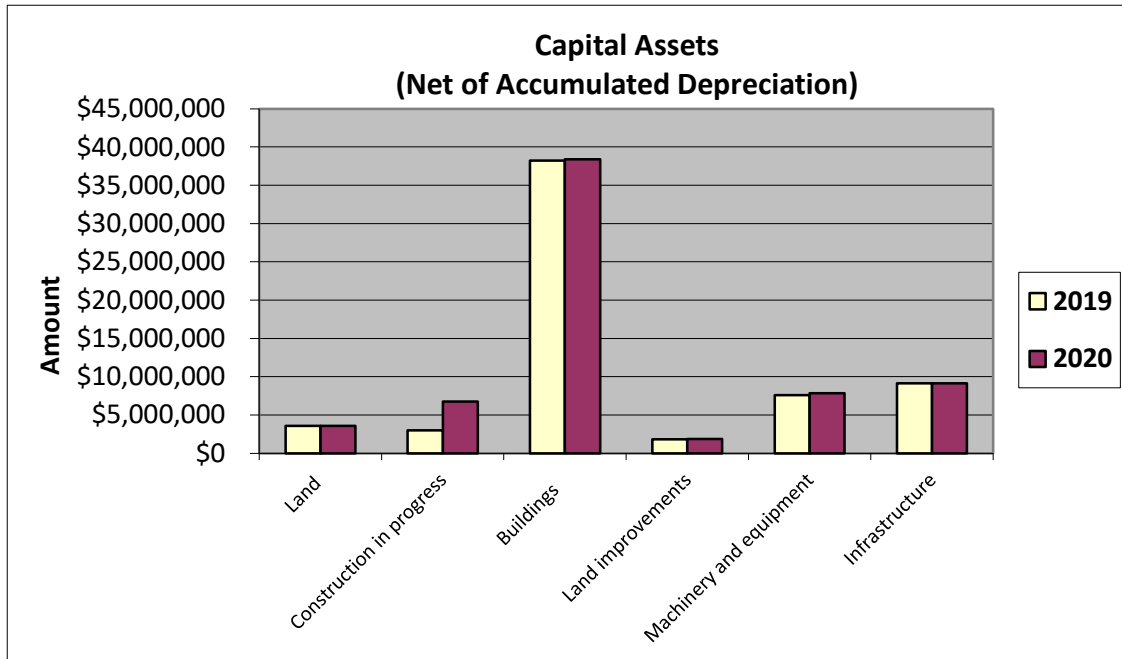
The following table is a two-year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 3,571,922	\$ 3,571,922	\$ -	0.0%
Construction in progress	6,765,581	2,991,389	3,774,192	126.2%
Buildings	38,374,426	38,230,746	143,680	0.4%
Land improvements	1,881,849	1,821,559	60,290	3.3%
Machinery and equipment	7,842,707	7,582,225	260,482	3.4%
Infrastructure	9,127,262	9,127,262	-	0.0%
Accumulated depreciation	(34,347,625)	(33,160,599)	(1,187,026)	3.6%
Totals	<u>\$ 33,216,122</u>	<u>\$ 30,164,504</u>	<u>\$ 3,051,618</u>	10.1%

TOWN OF EAST GRANBY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Major capital asset events during the current fiscal year consisted of capital asset additions of \$4,238,644, offset by depreciation expense of \$1,187,026.

Significant capital asset additions consisted of construction in progress on school roof improvements in the amount of \$1,678,985 and road reconstruction in the amount of \$1,389,047.

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, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

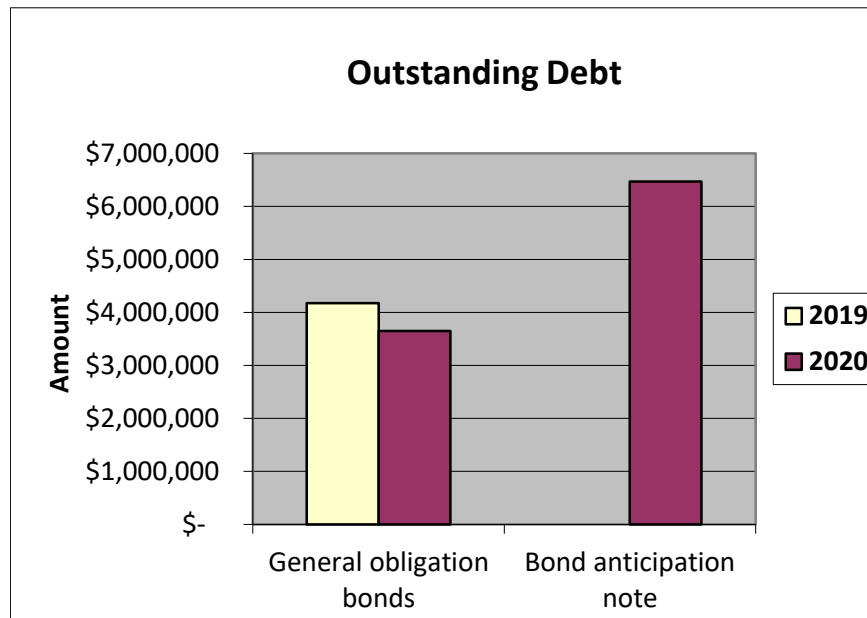
At the end of the current fiscal year, the Town had total long-term bonded debt outstanding of \$3,650,000 and total short-term debt outstanding of \$6,470,000, all of which is backed by the full faith and credit of the Town. The Town's total long-term bonded debt decreased by \$525,000 or 12.6% during the current fiscal year due to scheduled debt service payments. The Town's short-term bonded debt increased by \$6,470,000 due to the issuance of general obligation bond anticipation notes. The proceeds of the notes are being utilized to provide temporary funding for authorized capital projects. The Town intends to permanently fund the project costs from grant reimbursements and proceeds from the issuance of general obligation bonds.

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:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 3,650,000	\$ 4,175,000	\$ (525,000)	-12.6%
Bond anticipation note	6,470,000	-	6,470,000	-
Totals	<u>\$ 10,120,000</u>	<u>\$ 4,175,000</u>	<u>\$ 5,945,000</u>	142.4%



Additional information on the Town's short-term and long-term debt can be found in Notes 7 and 8 of this report.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021.

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
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,340,890
Receivables:	
Property taxes and interest, net	395,495
Grants and contracts	20,675
Other	254,232
Prepaid expenses	2,183
Capital assets:	
Non-depreciable	10,337,503
Depreciable, net	22,878,619
Total assets	44,229,597
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on OPEB expense	56,928
 LIABILITIES	
Accounts payable	1,221,490
Accrued liabilities	171,720
Bond anticipation note payable	6,470,000
Unearned revenue	28,909
Noncurrent liabilities:	
Due within one year	691,172
Due in more than one year	5,348,519
Total liabilities	13,931,810
 DEFERRED INFLOWS OF RESOURCES	
Advanced property tax collections	4,103
Deferred charges on OPEB expense	206,175
Total deferred inflows of resources	210,278
 NET POSITION	
Net investment in capital assets	23,778,397
Restricted for:	
Capital purposes	442,793
Road maintenance and improvements	403,662
Educational purposes	348,277
Other purposes	76,111
Unrestricted	5,095,197
Total net position	\$ 30,144,437

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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
General government	\$ 2,540,675	\$ 374,485	\$ 5,500	\$ -	\$ (2,160,690)
Culture and recreation	786,277	161,101	34,713	11,068	(579,395)
Public safety	962,048	17,732	17,561	98,985	(827,770)
Public works	1,073,545	169,271	221,849	204,845	(477,580)
Sanitation	691,885	298,364	-	-	(393,521)
Education	21,400,827	26,150	6,269,495	1,038,230	(14,066,952)
Interest expense	176,881	-	-	-	(176,881)
Total governmental activities	<u>\$ 27,632,138</u>	<u>\$ 1,047,103</u>	<u>\$ 6,549,118</u>	<u>\$ 1,353,128</u>	<u>(18,682,789)</u>
General revenues:					
					20,146,663
					685,480
					177,335
					<u>21,009,478</u>
					2,326,689
					<u>27,817,748</u>
					<u>\$ 30,144,437</u>

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

TOWN OF EAST GRANBY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Capital Projects Funds		Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Capital and Nonrecurring Fund	Capital Bond Fund	School Open Choice Fund		
ASSETS						
Cash and cash equivalents	\$ 9,773,476	\$ -	\$ -	\$ 379,845	\$ 187,569	\$ 10,340,890
Receivables:						
Property taxes and interest, net	395,495	-	-	-	-	395,495
Grants and contracts	-	-	-	-	20,675	20,675
Other	100,868	-	-	-	153,364	254,232
Due from other funds	338,336	1,739,640	1,016,459	9,693	1,425,239	4,529,367
Prepaid items	2,183	-	-	-	-	2,183
Total assets	<u>\$ 10,610,358</u>	<u>\$ 1,739,640</u>	<u>\$ 1,016,459</u>	<u>\$ 389,538</u>	<u>\$ 1,786,847</u>	<u>\$ 15,542,842</u>
LIABILITIES						
Accounts payable	\$ 770,349	\$ 22,266	\$ 266,112	\$ 41,261	\$ 121,502	\$ 1,221,490
Salaries and benefits payable	149,904	-	-	-	-	149,904
Bond anticipation note payable	-	-	6,470,000	-	-	6,470,000
Due to other funds	4,189,141	-	-	-	340,226	4,529,367
Unearned revenue	-	-	-	-	28,909	28,909
Total liabilities	<u>5,109,394</u>	<u>22,266</u>	<u>6,736,112</u>	<u>41,261</u>	<u>490,637</u>	<u>12,399,670</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	373,114	-	-	-	153,364	526,478
Advanced tax collections	4,103	-	-	-	-	4,103
Total deferred inflows of resources	<u>377,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,364</u>	<u>530,581</u>
FUND BALANCES						
Nonspendable	2,183	-	-	-	-	2,183
Restricted for:						
Capital purposes	-	442,793	750,347	-	-	1,193,140
Educational purposes	-	-	-	348,277	-	348,277
Road maintenance and improvements	-	-	-	-	403,662	403,662
Other purposes	-	-	-	-	76,111	76,111
Committed for:						
Capital purposes	-	882,848	-	-	194,873	1,077,721
Educational purposes	-	-	-	-	522,162	522,162
Sanitation programs	-	-	-	-	156,436	156,436
Other purposes	-	-	-	-	160,673	160,673
Assigned to:						
Capital purposes	-	391,733	-	-	-	391,733
Encumbrances	545,823	-	-	-	-	545,823
Use in subsequent year's budget	420,650	-	-	-	-	420,650
Unassigned	4,155,091	-	(6,470,000)	-	(371,071)	(2,685,980)
Total fund balances	<u>5,123,747</u>	<u>1,717,374</u>	<u>(5,719,653)</u>	<u>348,277</u>	<u>1,142,846</u>	<u>2,612,591</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,610,358</u>	<u>\$ 1,739,640</u>	<u>\$ 1,016,459</u>	<u>\$ 389,538</u>	<u>\$ 1,786,847</u>	<u>\$ 15,542,842</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
AS OF JUNE 30, 2020

Total fund balance for governmental funds	\$	2,612,591
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	\$ 67,563,747	
Less: accumulated depreciation	<u>(34,347,625)</u>	
Total capital assets, net		33,216,122
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.		
		526,478
Deferred charges on the total OPEB liability is not susceptible to accrual and therefore is not reported in the funds.		
		(149,247)
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	(21,816)	
Long-term debt:		
Bonds payable	(3,650,000)	
Unamortized bond premium	(46,647)	
Contracts payable	(21,425)	
Other long-term liabilities:		
Landfill post-closure care liability	(26,879)	
Compensated absences	(208,825)	
Total OPEB liability	<u>(2,085,915)</u>	
		<u>(6,061,507)</u>
Net position of governmental activities	\$	<u><u>30,144,437</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, 2020

	Capital Projects Funds			Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital and Nonrecurring Fund	Capital Bond Fund	School Open Choice Fund		
REVENUES						
Property taxes	\$ 20,143,946	\$ -	\$ -	\$ -	\$ -	\$ 20,143,946
Intergovernmental	5,392,702	987	1,007,465	403,952	815,732	7,620,838
Charges for services	338,836	-	-	-	465,749	804,585
Interest income	146,535	24,882	-	-	5,918	177,335
Other	-	2,058	36,814	9,019	43,910	91,801
Total revenues	<u>26,022,019</u>	<u>27,927</u>	<u>1,044,279</u>	<u>412,971</u>	<u>1,331,309</u>	<u>28,838,505</u>
EXPENDITURES						
Current:						
General government	2,496,530	-	-	-	32,901	2,529,431
Culture and recreation	308,671	-	-	-	213,146	521,817
Public safety	914,083	-	-	-	32,578	946,661
Public works	713,744	-	-	-	204,844	918,588
Sanitation	230,089	-	-	-	439,756	669,845
Education	18,896,119	-	-	597,051	221,378	19,714,548
Capital outlays	-	150,117	3,857,630	-	-	4,007,747
Debt service	786,840	-	-	-	-	786,840
Total expenditures	<u>24,346,076</u>	<u>150,117</u>	<u>3,857,630</u>	<u>597,051</u>	<u>1,144,603</u>	<u>30,095,477</u>
Excess (deficiency) of revenues over expenditures	1,675,943	(122,190)	(2,813,351)	(184,080)	186,706	(1,256,972)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	600,000	-	-	388,838	988,838
Transfers out	(988,838)	-	-	-	-	(988,838)
Total other financing sources (uses)	<u>(988,838)</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>388,838</u>	<u>-</u>
Net change in fund balances	687,105	477,810	(2,813,351)	(184,080)	575,544	(1,256,972)
Fund balances - beginning	4,436,642	1,239,564	(2,906,302)	532,357	567,302	3,869,563
Fund balances - ending	<u>\$ 5,123,747</u>	<u>\$ 1,717,374</u>	<u>\$ (5,719,653)</u>	<u>\$ 348,277</u>	<u>\$ 1,142,846</u>	<u>\$ 2,612,591</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, 2020

Net change in fund balances - total governmental funds \$ (1,256,972)

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	\$ 4,238,644	
Depreciation and amortization expense	(1,187,026)	
Net adjustment		3,051,618

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:

Principal repayments:		
Bonds payable	525,000	
Contract payable	36,612	
Net adjustment		561,612

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	10,484	
Landfill post-closure care liability	11,356	
Early retirement incentives	42,097	
Compensated absences	(27,654)	
Total OPEB liability	(155,012)	
Deferred charges on total OPEB liability	77,379	(38,725)

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.

		9,156
Change in net position of governmental activities	\$	2,326,689

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

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund <u>Lloyd and Stephanie Giggs Scholarship Fund</u>	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 142,405	\$ 293,510
Investments	3,509,313	-	40,761
Loans receivable	72,017	-	-
Total assets	<u>3,581,330</u>	<u>142,405</u>	<u>\$ 334,271</u>
LIABILITIES			
Due to others	-	-	\$ 334,271
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 334,271</u>
NET POSITION			
Restricted for pensions	<u>\$ 3,581,330</u>	<u>\$ 142,405</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, 2020

	Pension Trust Funds	Private Purpose Trust Fund <u>Lloyd and Stephanie Giggs Scholarship Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 142,307	\$ -
Plan members	92,635	-
Total contributions	234,942	-
Investment earnings:		
Interest and dividends	-	3,191
Net change in the fair value of investment, net of fees	186,765	-
Net investment earnings	186,765	3,191
Total additions	421,707	3,191
DEDUCTIONS		
Administrative expenses	300	-
Total deductions	300	-
Change in net position	421,407	3,191
Net position - beginning	3,159,923	139,214
Net position - ending	\$ 3,581,330	\$ 142,405

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, 2020

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, 2020

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.

Capital Bond Fund - This fund accounts for the financial resources utilized to fund capital outlays associated with the \$12,200,000 appropriation for the planning, design, construction, reconstruction and improvements of i) various school and town buildings roofs, ii) HVAC and electrical upgrades to a town school, and iii) repair and repavement of various town roads, town campus parking lots, and the Floydville bridge.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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.

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

In May of 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statements was to provide temporary relief to governments and other stakeholders in light of the of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and 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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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 \$78,000 and \$116,000, respectively, as of June 30, 2020.

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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Deferred Outflows and 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 results 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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Net Position and Fund Balances *(Continued)*

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, 2020

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, 2020, the carrying amount of the Town's cash deposits totaled \$2,896,718. As of June 30, 2020, \$2,302,788 of the Town's bank balance of \$3,044,575 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,072,509
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>230,279</u>
	<u><u>\$ 2,302,788</u></u>

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, 2020 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 10,340,890
Statement of fiduciary net position	<u>435,915</u>
	10,776,805
Add: certificates of deposit considered cash deposits for disclosure purposes	40,761
Less: cash equivalents considered investments for disclosure purposes	<u>(7,920,848)</u>
Total cash deposits	<u><u>\$ 2,896,718</u></u>

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Investments:		
Statement of fiduciary net position	\$	3,550,074
Add: cash equivalents considered investments for disclosure purposes		7,920,848
Less: certificates of deposit considered cash deposits for disclosure purposes		<u>(40,761)</u>
	<u>\$</u>	<u>11,430,161</u>

As of June 30, 2020, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Debt Securities:				
<i>Governmental Activities:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 7,920,848	<u>\$ 7,920,848</u>
Other investments:				
<i>Fiduciary Funds:</i>				
Insurance contracts	Contract value		<u>3,509,313</u>	
Total			<u>\$ 11,430,161</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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments *(Continued)*

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2020, 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, 2020, 100.0% of the Town's fiduciary investments were invested in insurance contracts with Voya Financial.

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.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 consisted of the following:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,571,922	\$ -	\$ -	\$ 3,571,922
Construction in progress	2,991,389	3,888,394	(114,202)	6,765,581
Total capital assets, not being depreciated	<u>6,563,311</u>	<u>3,888,394</u>	<u>(114,202)</u>	<u>10,337,503</u>
Capital assets, being depreciated:				
Buildings and improvements	38,230,746	19,068	124,612	38,374,426
Land improvements	1,821,559	23,000	37,290	1,881,849
Machinery and equipment	7,582,225	308,182	(47,700)	7,842,707
Infrastructure	9,127,262	-	-	9,127,262
Total capital assets, being depreciated	<u>56,761,792</u>	<u>350,250</u>	<u>114,202</u>	<u>57,226,244</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	19,336,866	816,863	4,770	20,158,499
Land improvements	1,475,613	47,207	-	1,522,820
Machinery and equipment	6,175,531	206,122	(4,770)	6,376,883
Infrastructure	6,172,589	116,834	-	6,289,423
Total accumulated depreciation and amortization	<u>33,160,599</u>	<u>1,187,026</u>	<u>-</u>	<u>34,347,625</u>
Total capital assets, being depreciated, net	<u>23,601,193</u>	<u>(836,776)</u>	<u>114,202</u>	<u>22,878,619</u>
Governmental activities capital assets, net	<u>\$ 30,164,504</u>	<u>\$ 3,051,618</u>	<u>\$ -</u>	<u>\$ 33,216,122</u>

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:		
General government	\$	12,546
Public safety		97,632
Culture and recreation		154,957
Public Works		239,964
Sanitation		33,396
Education		<u>648,531</u>
Total depreciation expense - governmental activities	\$	<u><u>1,187,026</u></u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 338,336
Capital and Nonrecurring Fund	General Fund	<u>1,739,640</u>
Capital Bond Fund	General Fund	<u>1,016,459</u>
School Open Choice Fund	General Fund	<u>9,693</u>
Nonmajor Governmental Funds	General Fund	1,423,349
	Nonmajor Governmental Funds	<u>1,890</u>
		<u>1,425,239</u>
Total interfund receivables/payables		<u><u>\$ 4,529,367</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, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital and Nonrecurring Fund	General Fund	\$ 600,000
Nonmajor Governmental Funds	General Fund	<u>388,838</u>
Total transfers		<u><u>\$ 988,838</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, 2020

NOTE 6 - SHORT-TERM DEBT

In July 2020, the Town issued \$6,470,000 in general obligation bond anticipation notes. The notes were payable at a coupon rate of 2.0% and matured on July 16, 2020 (see Note 14). The proceeds from the notes are being used to provide temporary financing for authorized capital projects. The Town intends to permanently finance the costs of the projects from grant reimbursements and through the issuance of general obligation bonds.

The following is a summary of changes in short-term debt for the year ended June 30, 2020:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
\$ -	\$ 6,470,000	\$ -	\$ 6,470,000

NOTE 7 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct placements:					
General obligation bonds	\$ 4,175,000	\$ -	\$ (525,000)	\$ 3,650,000	\$ 525,000
Unamortized premium	57,131	-	(10,484)	46,647	-
Total bonds payable	4,760,577	-	(535,484)	3,696,647	525,000
Direct borrowings:					
Contracts payable	58,037	-	(36,612)	21,425	16,153
	<u>\$ 4,818,614</u>	<u>\$ -</u>	<u>\$ (572,096)</u>	<u>\$ 3,718,072</u>	<u>\$ 541,153</u>

Long-term debt is typically liquidated by the General Fund.

Direct Placements - General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2020 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Bonds Payable			
General obligation bonds issued April 2012, original amount of \$7,200,000	4/1/2027	2.0% - 3.0%	<u>\$ 3,650,000</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT *(Continued)*

Direct Placements - General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 525,000	\$ 87,262	\$ 612,262
2022	525,000	76,106	601,106
2023	525,000	64,031	589,031
2024	525,000	51,563	576,563
2025	525,000	39,750	564,750
2026-2027	1,025,000	40,125	1,065,125
	<u>\$ 3,650,000</u>	<u>\$ 358,837</u>	<u>\$ 4,008,837</u>

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, 2020.

Authorized, Unissued Debt

As of June 30, 2020, the Town had authorized but unissued bonds totaling \$3,481,000 for the planning, design, construction, reconstruction and improvements of various school and town building roofs, HVAC and electrical upgrades to its elementary school, and repair and pavement of town roads, parking lots and bridges.

Direct Borrowings - 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, is payable in fixed monthly installments to the vendor.

Future annual contract payments are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	Contracts Payable		
	Principal	Interest	Total
2021	\$ 16,153	\$ -	\$ 16,153
2022	5,272	-	5,272
	<u>\$ 21,425</u>	<u>\$ -</u>	<u>\$ 21,425</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Other long-term liabilities:</i>					
Early retirement incentives	\$ 42,097	\$ -	\$ (42,097)	\$ -	\$ -
Compensated absences	181,171	29,102	(1,448)	208,825	138,663
Landfill post-closure care liability	38,235	-	(11,356)	26,879	11,356
Total OPEB Liability <i>(see Note 11)</i>	1,930,903	155,012	-	2,085,915	-
	<u>\$ 2,192,406</u>	<u>\$ 184,114</u>	<u>\$ (54,901)</u>	<u>\$ 2,321,619</u>	<u>\$ 150,019</u>

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 2 years are estimated to be \$26,879. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 9 - FUND BALANCE

As of June 30, 2020, fund balance was comprised of the following:

	General Fund	Nonrecurring Fund	Bond Fund	Choice Fund	Governmental Funds	Total
Nonspendable - prepaid insurance	\$ 2,183	\$ -	\$ -	\$ -	\$ -	\$ 2,183
Restricted for:						
Capital purposes - grant restrictions	-	442,793	750,347	-	-	1,193,140
Educational purposes - grant restrictions	-	-	-	348,277	-	348,277
Roads - statutory restrictions	-	-	-	-	403,662	403,662
Other purposes - statutory restrictions	-	-	-	-	76,111	76,111
Committed for:						
Capital purposes	-	882,848	-	-	194,873	1,077,721
Educational programs	-	-	-	-	522,162	522,162
Sanitation programs	-	-	-	-	156,436	156,436
Other programs	-	-	-	-	160,673	160,673
Assigned to:						
Capital purposes	-	391,733	-	-	-	391,733
Education encumbrances	400,255	-	-	-	-	400,255
Town encumbrances	145,568	-	-	-	-	145,568
Use in subsequent year's budget	420,650	-	-	-	-	420,650
Unassigned	4,155,091	-	(6,470,000)	-	(371,071)	(2,685,980)
	<u>\$ 5,123,747</u>	<u>\$ 1,717,374</u>	<u>\$ (5,719,653)</u>	<u>\$ 348,277</u>	<u>\$ 1,142,846</u>	<u>\$ 2,612,591</u>

Deficit Fund Balance

The Sewer Use Fund, a nonmajor governmental fund, has a deficit fund balance of \$371,071 as of June 30, 2020. This deficit is partially 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. As such, the deficit will be partially eliminated in this fund when unavailable revenues of \$153,364 as of June 30 become available. The remaining deficit will be eliminated through future rate increases.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - FUND BALANCE

Deficit Fund Balance (Continued)

The Capital Bond Fund has a deficit fund balance of \$5,719,653 as of June 30, 2020. This deficit is due to the use of short-term debt to fund authorized capital projects. The Town intends to eliminate the deficit from grant reimbursements and through the issuance of general obligation bonds.

NOTE 10 - 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 4.0%. 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 \$108,548 and employee contributions totaled \$55,394 for the Town Plan for year ended June 30, 2020.

Employer contributions totaled \$33,759 and employee contributions totaled \$37,241 for the Board of Education Plan for year ended June 30, 2020.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

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, 2020

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB 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.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

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

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.397% as of the most recent measurement date.

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		\$ <u>17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	\$ <u>-</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.200%	\$ <u>34,124,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$2,583,017 or 0.200% 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 in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$4,191,028 or 0.200% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

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 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, 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:

Asset Class	Target Allocation	Expected Return	Standard Deviation
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

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 11 - 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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan (Continued)

Benefits Provided (Continued)

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, 2018, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	9
Active participants	<u>116</u>
	<u><u>125</u></u>

Total OPEB Liability

The Town's total OPEB liability reported as of June 30, 2019 totaled \$2,085,915. The total OPEB liability was measured as of June 30, 2020 using an actuarial valuation performed as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2020 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, 2018
Actuarial cost method:	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	2.21%
Inflation rate	2.75%
Healthcare cost trend rate	5.30% initial 4.30% 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 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 and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

Total OPEB Liability *(Continued)*

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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 1,930,903
Changes for the year:	
Service cost	124,618
Interest	70,174
Changes in assumptions or other inputs	62,151
Benefit payments	(101,931)
Net changes	155,012
Balance as of June 30, 2020	\$ 2,085,915

Changes in assumptions primarily reflects a change in the discount rate from 3.50% as of the June 30, 2019 measurement date to 2.21% as of the June 30, 2020 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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
Total OPEB Liability	\$ 2,344,092	\$ 2,085,915	\$ 1,867,464

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan (Continued)

Changes in the Total OPEB Liability *(Continued)*

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	\$ 1,757,382	\$ 2,085,915	\$ 2,505,204

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$179,564. As of June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Differences between expected and actual experience	\$ -	\$ (137,838)	\$ (137,838)
Changes of assumptions	56,928	(68,337)	(11,409)
	\$ 56,928	\$ (206,175)	\$ (149,247)

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

Year ended June 30,	
2021	\$ (15,228)
2022	(15,228)
2023	(15,228)
2024	(15,228)
2025	(15,228)
Thereafter	(73,107)
	\$ (149,247)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

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.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - 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.

Administrative Expenses

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

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. 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. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.200% as of the most recent measurement date.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.200%	<u>\$ 5,322,000</u>

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

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 long-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.

TOWN OF EAST GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.00%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- 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%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

NOTE 12 - 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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - 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 14 - SUBSEQUENT EVENT

In July 2020, the Town issued \$7,000,000 in general obligation bond anticipation notes. The notes are payable at a coupon rate of 1.25% and mature on July 15, 2021. The proceeds from the notes were used to retire the \$6,470,000 in bond anticipation notes previously outstanding and to provide additional short-term financing for authorized capital projects.

In October 2020, the Board of Finance authorized to transfer \$339,600 of the School District's budgetary surplus of \$550,876 for the year ended June 30, 2020 to the Board of Education Nonlapsing Fund. The transfer has been recorded in the accompanying financial statements.

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

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, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. 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 accounting 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, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect 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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 19,896,353	\$ 19,896,353	\$ 20,143,946	\$ 247,593
Intergovernmental	2,672,172	2,672,172	2,739,089	66,917
Charges for services	239,245	239,245	338,836	99,591
Interest income	113,194	113,194	146,535	33,341
Total revenues	<u>22,920,964</u>	<u>22,920,964</u>	<u>23,368,406</u>	<u>447,442</u>
EXPENDITURES				
Current:				
General government	2,593,139	2,591,139	2,523,777	(67,362)
Culture and recreation	337,244	329,244	327,457	(1,787)
Public safety	932,057	939,057	925,083	(13,974)
Public works	709,708	718,708	713,744	(4,964)
Sanitation	223,852	238,852	230,089	(8,763)
Education	16,980,000	16,980,000	16,768,724	(211,276)
Contingency	54,000	33,000	-	(33,000)
Debt service:				
Principal payments	562,062	562,062	560,036	(2,026)
Interest and fiscal charges	291,863	291,863	226,804	(65,059)
Total expenditures	<u>22,683,925</u>	<u>22,683,925</u>	<u>22,275,714</u>	<u>(408,211)</u>
Excess of revenues over expenditures	237,039	237,039	1,092,692	855,653
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	362,961	412,199	-	(412,199)
Prior year unliquidated encumbrances	-	-	74,555	74,555
Transfers out	(600,000)	(649,238)	(649,238)	-
Total other financing sources (uses)	<u>(237,039)</u>	<u>(237,039)</u>	<u>(574,683)</u>	<u>(337,644)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,009</u>	<u>\$ 518,009</u>

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	<u>34,124,000</u>	<u>26,312,000</u>	<u>26,405,000</u>	<u>27,858,000</u>	<u>19,647,000</u>	<u>19,647,000</u>
Total	<u>\$ 34,124,000</u>	<u>\$ 26,312,000</u>	<u>\$ 26,405,000</u>	<u>\$ 27,858,000</u>	<u>\$ 19,647,000</u>	<u>\$ 19,647,000</u>
Town's covered payroll	\$ 8,779,000	\$ 8,643,000	\$ 8,560,000	\$ 8,250,000	\$ 7,341,000	\$ 7,076,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	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 PROGRAM
LAST THREE FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 124,618	\$ 114,876	\$ 125,893
Interest	70,174	80,767	73,399
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(163,130)	-
Changes of assumptions	62,151	(20,720)	(69,426)
Benefit payments, including refunds	(101,931)	(105,063)	(59,576)
Net change in total OPEB liability	155,012	(93,270)	70,290
Total OPEB liability - beginning	1,930,903	2,024,173	1,953,883
Total OPEB liability - ending	<u>\$ 2,085,915</u>	<u>\$ 1,930,903</u>	<u>\$ 2,024,173</u>

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>5,322,000</u>	<u>5,260,000</u>	<u>6,796,000</u>
Total	<u>\$ 5,322,000</u>	<u>\$ 5,260,000</u>	<u>\$ 6,796,000</u>
Town's covered employee payroll	\$ 8,779,000	\$ 8,643,000	\$ 8,560,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (*Unaudited*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.
- 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.

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, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Net Change In Fund Balance</u>
Budgetary basis	\$ 23,368,406	\$ 22,275,714	\$ (574,683)	\$ 518,009
"On-behalf" payments - State Teachers' Retirement Fund	2,653,613	2,653,613	-	-
Change in encumbrances	-	(243,651)	(74,555)	169,096
Reclassification of transfer of surplus to BOE Nonlapsing Fund	-	(339,600)	(339,600)	-
GAAP basis	<u>\$ 26,022,019</u>	<u>\$ 24,346,076</u>	<u>\$ (988,838)</u>	<u>\$ 687,105</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (*Unaudited*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT 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. Information prior to fiscal year 2015 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit changes - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

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. Information prior to fiscal year 2018 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

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 – The following changes in assumptions had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2020:

- the discount rate decreased from 3.50% to 2.21% as of the June 30, 2020 measurement date.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION *(Unaudited)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE 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, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2019:

- The discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019; and
- The expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ 19,679,642	\$ 19,679,642	\$ 19,911,974	\$ 232,332
Property taxes - prior years	137,849	137,849	155,664	17,815
Interest and lien fees	78,862	78,862	76,308	(2,554)
Total property taxes	<u>19,896,353</u>	<u>19,896,353</u>	<u>20,143,946</u>	<u>247,593</u>
INTERGOVERNMENTAL:				
Education cost sharing	1,357,175	1,357,175	1,441,071	83,896
PILOT - Airport Authority	661,859	661,859	661,859	-
Municipal grants-in-aid	537,454	537,454	446,500	(90,954)
Special education excess cost	97,312	97,312	165,639	68,327
Telephone line tax	13,251	13,251	10,537	(2,714)
Property tax relief	3,762	3,762	4,210	448
Adult education	1,359	1,359	1,386	27
Distressed Municipalities	-	-	4,667	4,667
Other	-	-	3,220	3,220
Total intergovernmental	<u>2,672,172</u>	<u>2,672,172</u>	<u>2,739,089</u>	<u>66,917</u>
CHARGES FOR SERVICES:				
Building permits	64,500	64,500	167,213	102,713
Conveyance taxes	80,000	80,000	67,592	(12,408)
Other fees	25,426	25,426	43,159	17,733
Aircraft registration fees	31,000	31,000	25,500	(5,500)
Recording fees	38,319	38,319	35,372	(2,947)
Total charges for services	<u>239,245</u>	<u>239,245</u>	<u>338,836</u>	<u>99,591</u>
INTEREST INCOME				
	<u>113,194</u>	<u>113,194</u>	<u>146,535</u>	<u>33,341</u>
Total revenues	<u>22,920,964</u>	<u>22,920,964</u>	<u>23,368,406</u>	<u>447,442</u>
OTHER FINANCING SOURCES:				
Appropriation of fund balance	362,961	412,199	-	(412,199)
Prior year unliquidated encumbrances	-	-	74,555	74,555
Total other financing sources	<u>362,961</u>	<u>412,199</u>	<u>74,555</u>	<u>(337,644)</u>
Total revenues and other financing sources	<u>\$ 23,283,925</u>	<u>\$ 23,333,163</u>	<u>\$ 23,442,961</u>	<u>\$ 109,798</u>

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
GENERAL GOVERNMENT:				
Selectmen's office	\$ 189,573	\$ 192,573	\$ 191,845	\$ (728)
Probate	2,000	2,000	2,000	-
Registrars	48,975	40,975	38,475	(2,500)
Board of Finance	1,700	1,700	1,344	(356)
Audit	23,500	23,500	23,075	(425)
Assessor's office	147,078	147,078	144,358	(2,720)
Assessment of appeals	150	150	56	(94)
Tax collector's office	104,546	104,546	101,957	(2,589)
Treasurer's office	24,050	24,050	23,133	(917)
Legal	20,000	20,000	15,535	(4,465)
Town clerk's office	117,900	117,900	115,239	(2,661)
Planning and Zoning Commission	106,779	106,779	97,607	(9,172)
Data services	113,120	132,120	129,706	(2,414)
Public buildings	196,938	204,938	204,308	(630)
Building inspector	131,267	131,267	116,674	(14,593)
Engineering	14,000	25,000	25,000	-
Health services	33,754	33,754	33,754	-
Social services	23,630	23,630	23,401	(229)
Cemeteries	1,300	1,300	1,300	-
Insurance	715,000	705,000	703,251	(1,749)
Economic and development	30,000	20,000	17,956	(2,044)
Animal control	26,000	26,000	26,000	-
Payroll taxes	158,000	161,000	155,792	(5,208)
Street lighting	40,000	40,000	34,760	(5,240)
Dues and memberships	20,700	20,700	20,272	(428)
Commission on aging	66,004	52,004	47,712	(4,292)
Commission on youth services	20,000	20,000	20,000	-
Utilities	162,175	174,175	170,286	(3,889)
Facilities maintenance	55,000	39,000	38,981	(19)
Total general government	<u>2,593,139</u>	<u>2,591,139</u>	<u>2,523,777</u>	<u>(67,362)</u>
CULTURE AND RECREATION:				
Library	209,000	209,000	209,000	-
Parks and recreation	128,244	120,244	118,457	(1,787)
Total culture and recreation	<u>337,244</u>	<u>329,244</u>	<u>327,457</u>	<u>(1,787)</u>

(Continued)

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (Continued)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<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:				
Fire department	\$ 161,198	\$ 171,198	\$ 171,191	\$ (7)
Police department	644,940	644,940	635,739	(9,201)
Civil preparedness	15,900	12,900	9,509	(3,391)
Fire marshal	48,295	48,295	47,430	(865)
Ambulance service	61,724	61,724	61,214	(510)
Total public safety	<u>932,057</u>	<u>939,057</u>	<u>925,083</u>	<u>(13,974)</u>
PUBLIC WORKS	<u>709,708</u>	<u>718,708</u>	<u>713,744</u>	<u>(4,964)</u>
DEBT SERVICE:				
Principal	562,062	562,062	560,036	(2,026)
Interest	291,863	291,863	226,804	(65,059)
Total debt service	<u>853,925</u>	<u>853,925</u>	<u>786,840</u>	<u>(67,085)</u>
SANITATION	<u>223,852</u>	<u>238,852</u>	<u>230,089</u>	<u>(8,763)</u>
EDUCATION:				
Education	16,980,000	16,980,000	16,429,124	(550,876)
Transfer of surplus to BOE Nonlapsing Fund	-	-	339,600	339,600
Total education	<u>16,980,000</u>	<u>16,980,000</u>	<u>16,768,724</u>	<u>(211,276)</u>
CONTINGENCY	<u>54,000</u>	<u>33,000</u>	<u>-</u>	<u>(33,000)</u>
Total expenditures	<u>22,683,925</u>	<u>22,683,925</u>	<u>22,275,714</u>	<u>(408,211)</u>
OTHER FINANCING USES:				
TRANSFERS OUT:				
Capital and Nonrecurring Fund	600,000	600,000	600,000	-
BOE Nonlapsing Fund	-	49,238	49,238	-
Total other financing uses	<u>600,000</u>	<u>649,238</u>	<u>649,238</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 23,283,925</u>	<u>\$ 23,333,163</u>	<u>\$ 22,924,952</u>	<u>\$ (408,211)</u>
				<i>(Concluded)</i>

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EDUCATION EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
EXPENDITURES:				
EDUCATION				
Certified personnel	\$ 7,912,779	\$ 7,897,428	\$ 8,019,315	\$ 121,887
Noncertified personnel	1,602,357	1,602,357	1,621,398	19,041
Certified substitutes	124,539	124,539	56,778	(67,761)
Custodial overtime - events	-	-	746	746
Contracted substitutes	22,586	22,856	14,175	(8,681)
Other salaries	249,064	249,064	221,708	(27,356)
Group health life insurance	2,628,108	2,628,108	2,530,127	(97,981)
Social security	110,812	110,812	108,343	(2,469)
Medicare	145,250	145,250	141,645	(3,605)
Employer pension	69,545	69,545	58,501	(11,044)
Unemployment payments	52,900	52,900	14,575	(38,325)
Workers' compensation	77,293	77,293	55,654	(21,639)
Professional improvement	56,000	56,000	39,457	(16,543)
Assessment services	1,050	1,050	668	(382)
Other professional & technology services	491,000	491,000	190,238	(300,762)
Data processing	30,119	30,119	57,786	27,667
Water/Sewage	26,800	26,800	21,408	(5,392)
Rubbish removal	13,250	13,250	12,206	(1,044)
Contracted maintenance services	182,320	186,255	157,254	(29,001)
Repairs to buildings	84,200	84,200	174,810	90,610
Pupil transportation	984,853	984,853	859,755	(125,098)
Property insurance	36,463	36,463	37,676	1,213
Liability insurance	28,929	28,929	17,255	(11,674)
Errors & omissions insurance	20,000	20,000	9,465	(10,535)
Telephone	39,432	39,432	40,806	1,374
Postage	9,600	9,600	12,787	3,187
Advertisements	1,000	1,000	651	(349)
Job printing & binding	8,095	8,095	4,843	(3,252)
Public school tuition	291,601	291,601	226,125	(65,476)
Private school tuition	689,353	689,353	660,899	(28,454)
Travel & conferences	10,768	10,768	8,828	(1,940)
Field trips	1,315	1,434	996	(438)
Supplies	68,513	73,519	122,367	48,848
Custodial supplies	30,250	30,250	44,658	14,408
Natural gas	25,500	25,500	27,192	1,692
Electricity	459,756	459,756	332,494	(127,262)
Propane gas	500	500	130	(370)
Heating supplies oil	97,850	97,580	124,830	27,250
Books/textbooks/workbooks	88,703	87,190	79,603	(7,587)
Licenses/subscriptions	128,844	136,440	129,645	(6,795)
Equipment	8,555	8,763	48,702	39,939
Memberships & special programs	40,148	40,148	48,973	8,825
Legal fees	30,000	30,000	93,652	63,652
Total education expenditures	<u>\$ 16,980,000</u>	<u>\$ 16,980,000</u>	<u>\$ 16,429,124</u>	<u>\$ (550,876)</u>

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspend	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2018	\$ -	\$ 20,116,737	\$ 40,243	\$ 63,171	\$ 1,043	\$ 20,092,766	\$ 19,942,213	\$ 44,798	\$ 19,987,011	\$ 150,553
2017	177,807	-	16,448	39,606	568	154,081	115,334	21,679	137,013	38,747
2016	46,226	-	16,856	1,193	380	61,509	32,716	6,044	38,760	28,793
2015	33,326	-	-	1,206	310	31,810	6,234	3,078	9,312	25,576
2014	25,100	-	2	263	16,257	8,582	426	382	808	8,156
2013	7,995	-	-	-	-	7,995	-	-	-	7,995
2012	8,642	-	324	-	-	8,966	324	-	324	8,642
2011	16,806	-	-	-	-	16,806	-	-	-	16,806
2010	7,930	-	-	-	-	7,930	-	-	-	7,930
2009	7,756	-	-	-	-	7,756	-	-	-	7,756
2008	7,654	-	-	-	-	7,654	-	-	-	7,654
2007	6,805	-	-	-	-	6,805	-	-	-	6,805
2006	6,609	-	-	-	-	6,609	-	-	-	6,609
2005	6,251	-	-	-	-	6,251	-	-	-	6,251
2004 and prior	11,796	-	-	-	-	11,796	-	-	-	11,796
	<u>\$ 370,703</u>	<u>\$ 20,116,737</u>	<u>\$ 73,873</u>	<u>\$ 105,439</u>	<u>\$ 18,558</u>	<u>\$ 20,437,316</u>	<u>\$ 20,097,247</u>	<u>\$ 75,981</u>	<u>\$ 20,173,228</u>	<u>\$ 340,069</u>

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Taxes	\$ 20,097,247
Interest and lien fees	75,981
Total	<u>20,173,228</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	4,210
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Base \$ 20,177,438

	<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	\$ 45,399,236	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	90,798,471	-	-	-
3-3/4 times base	-	-	75,665,393	-	-
3-1/4 times base	-	-	-	65,576,674	-
3 times base	-	-	-	-	60,532,314
Total debt limitation	<u>45,399,236</u>	<u>90,798,471</u>	<u>75,665,393</u>	<u>65,576,674</u>	<u>60,532,314</u>
Indebtedness:					
Bonds	-	3,650,000	-	-	-
Bond anticipation notes	3,358,000	3,112,000	-	-	-
Total indebtedness	<u>3,358,000</u>	<u>6,762,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>3,358,000</u>	<u>6,762,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 42,041,236</u></u>	<u><u>\$ 84,036,471</u></u>	<u><u>\$ 75,665,393</u></u>	<u><u>\$ 65,576,674</u></u>	<u><u>\$ 60,532,314</u></u>
Total capacity of borrowing (7 times base)	\$ 141,242,066				
Total present indebtedness	<u>10,120,000</u>				
Margin for additional borrowing	<u><u>\$ 131,122,066</u></u>				

TOWN OF EAST GRANBY, CONNECTICUT
CAPITAL AND NONRECURRING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BY PROJECT
AS OF JUNE 30, 2020

	Appropriations		Expenditures			Close Out of Appropriation	Remaining Balance June 30, 2020	
	Balance June 30, 2019	Current Year	Balance June 30, 2020	Balance June 30, 2019	Current Year			Balance June 30, 2020
Capital and Nonrecurring Fund								
Revaluation phase II	\$ 75,000	\$ -	\$ 75,000	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ 10,000
Insulation Town Hall	11,000	-	11,000	-	-	-	-	11,000
Fire department radios	77,000	-	77,000	69,273	7,727	77,000	-	-
School technology	60,000	-	60,000	59,813	-	59,813	(187)	-
School telephone system	50,000	-	50,000	42,652	-	42,652	(7,348)	-
HS Roof access door	6,700	-	6,700	-	-	-	-	6,700
Allgrove parking lot	38,000	-	38,000	37,290	-	37,290	(710)	-
MS/HS HVAC expansion	77,000	-	77,000	46,147	30,765	76,912	(88)	-
Allgrove fuel tank removal	17,500	-	17,500	12,341	1,299	13,640	(3,860)	-
Allgrove hot water heater conversion	7,500	-	7,500	6,343	-	6,343	(1,157)	-
Paint/Repair Historical Society/Kilbon Barns	8,000	-	8,000	-	8,000	8,000	-	-
Fire department air pack replacement bottles	23,000	-	23,000	-	22,266	22,266	(734)	-
Senior/Community Center Kitchen Renovations	15,000	-	15,000	-	11,068	11,068	(3,932)	-
FD Extraction Equipment	-	44,000	44,000	-	44,000	44,000	-	-
FD UTV	-	25,000	25,000	-	24,992	24,992	(8)	-
Police Vehicle	-	49,617	49,617	-	-	-	-	49,617
Engine 3 Refurbishment	-	150,000	150,000	-	-	-	-	150,000
Senior Mini Bus	-	65,816	65,816	-	-	-	-	65,816
Camera Server RD Seymour	-	39,000	39,000	-	-	-	-	39,000
School Technology	-	59,600	59,600	-	-	-	-	59,600
Total Capital and Nonrecurring Fund	\$ 465,700	\$ 433,033	\$ 898,733	\$ 338,859	\$ 150,117	\$ 488,976	\$ (18,024)	\$ 391,733

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 AS OF JUNE 30, 2020

	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	\$ 186,030	\$ -	\$ -	\$ 1,539	\$ 187,569
Receivables:					
Grants and contracts	20,675	-	-	-	20,675
Other	153,364	-	-	-	153,364
Due from other funds	1,199,631	194,873	30,735	-	1,425,239
Total assets	<u>\$ 1,559,700</u>	<u>\$ 194,873</u>	<u>\$ 30,735</u>	<u>\$ 1,539</u>	<u>\$ 1,786,847</u>
LIABILITIES					
Accounts payable	\$ 121,502	\$ -	\$ -	\$ -	\$ 121,502
Due to other funds	340,226	-	-	-	340,226
Unearned revenue	28,909	-	-	-	28,909
Total liabilities	<u>490,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,637</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>153,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,364</u>
FUND BALANCES					
Restricted for:	403,662	-	-	-	403,662
Road maintenance and improvements	74,572	-	-	1,539	76,111
Other purposes					
Committed for:					
Capital purposes	-	194,873	-	-	194,873
Educational purposes	522,162	-	-	-	522,162
Other purposes	286,374	-	30,735	-	317,109
Unassigned	(371,071)	-	-	-	(371,071)
Total fund balances	<u>915,699</u>	<u>194,873</u>	<u>30,735</u>	<u>1,539</u>	<u>1,142,846</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,559,700</u>	<u>\$ 194,873</u>	<u>\$ 30,735</u>	<u>\$ 1,539</u>	<u>\$ 1,786,847</u>

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Sewer Assessment Fund	Nonmajor Permanent Holcomb Loomis Trust Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 815,732	\$ -	\$ -	\$ -	\$ 815,732
Charges for services	465,749	-	-	-	465,749
Interest income	5,452	-	430	36	5,918
Other	43,910	-	-	-	43,910
Total revenues	<u>1,330,843</u>	<u>-</u>	<u>430</u>	<u>36</u>	<u>1,331,309</u>
EXPENDITURES					
Current:					
General government	32,901	-	-	-	32,901
Culture and recreation	213,146	-	-	-	213,146
Public safety	32,578	-	-	-	32,578
Public works	204,844	-	-	-	204,844
Sanitation	439,756	-	-	-	439,756
Education	221,378	-	-	-	221,378
Total expenditures	<u>1,144,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144,603</u>
Excess (deficiency) of revenues over expenditures	186,240	-	430	36	186,706
OTHER FINANCING SOURCES					
Transfers in	<u>388,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,838</u>
Net change in fund balances	575,078	-	430	36	575,544
Fund balances - beginning	<u>340,621</u>	<u>194,873</u>	<u>30,305</u>	<u>1,503</u>	<u>567,302</u>
Fund balances - ending	<u>\$ 915,699</u>	<u>\$ 194,873</u>	<u>\$ 30,735</u>	<u>\$ 1,539</u>	<u>\$ 1,142,846</u>

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2020

	Town Aid Road Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 24,423	\$ 1,136	\$ 61,900	\$ -
Receivables:						
Grants and contracts	-	-	7,090	-	-	-
Other	-	-	-	-	-	-
Due from other funds	445,925	33,084	10,728	-	-	22,007
Total assets	<u>\$ 445,925</u>	<u>\$ 33,084</u>	<u>\$ 42,241</u>	<u>\$ 1,136</u>	<u>\$ 61,900</u>	<u>\$ 22,007</u>
LIABILITIES						
Accounts payable	\$ 42,263	\$ 3,112	\$ 34,634	\$ -	\$ -	\$ -
Due to other funds	-	-	1,890	-	-	-
Unearned revenue	-	-	5,717	-	19,440	-
Total liabilities	<u>42,263</u>	<u>3,112</u>	<u>42,241</u>	<u>-</u>	<u>19,440</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	-
FUND BALANCES						
Restricted for:						
Road maintenance and improvements	403,662	-	-	-	-	-
Other purposes	-	29,972	-	1,136	-	-
Committed for:						
Educational purposes	-	-	-	-	-	-
Other purposes	-	-	-	-	42,460	22,007
Unassigned	-	-	-	-	-	-
Total fund balances	<u>403,662</u>	<u>29,972</u>	<u>-</u>	<u>1,136</u>	<u>42,460</u>	<u>22,007</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 445,925</u>	<u>\$ 33,084</u>	<u>\$ 42,241</u>	<u>\$ 1,136</u>	<u>\$ 61,900</u>	<u>\$ 22,007</u>

(Continued)

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
AS OF JUNE 30, 2020

	<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	\$ 1,113	\$ 11,040	\$ 10	\$ 2,102	\$ -	\$ 18,026	\$ 22,050
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	9,545	-	-
Total assets	<u>\$ 1,113</u>	<u>\$ 11,040</u>	<u>\$ 10</u>	<u>\$ 2,102</u>	<u>\$ 9,545</u>	<u>\$ 18,026</u>	<u>\$ 22,050</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 for:							
Road maintenance and improvements	-	-	-	-	-	-	-
Other purposes	-	-	10	-	6,993	-	-
Committed for:							
Educational purposes	-	11,040	-	-	-	-	22,050
Other purposes	1,113	-	-	2,102	-	18,026	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,113</u>	<u>11,040</u>	<u>10</u>	<u>2,102</u>	<u>6,993</u>	<u>18,026</u>	<u>22,050</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 1,113</u>	<u>\$ 11,040</u>	<u>\$ 10</u>	<u>\$ 2,102</u>	<u>\$ 9,545</u>	<u>\$ 18,026</u>	<u>\$ 22,050</u>

(Continued)

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
AS OF JUNE 30, 2020

	<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	\$ 1,400	\$ -	\$ 12,576	\$ -	\$ -	\$ 19,645	\$ -
Receivables:							
Grants and contracts	-	-	-	13,585	-	-	-
Other	-	-	-	-	-	-	153,364
Due from other funds	-	489,072	-	-	156,436	-	-
Total assets	<u>\$ 1,400</u>	<u>\$ 489,072</u>	<u>\$ 12,576</u>	<u>\$ 13,585</u>	<u>\$ 156,436</u>	<u>\$ 19,645</u>	<u>\$ 153,364</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,941
Due to other funds	-	-	-	6,206	-	-	332,130
Unearned revenue	-	-	-	3,752	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,958</u>	<u>-</u>	<u>-</u>	<u>371,071</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	-	-	-	-	-	-	153,364
FUND BALANCES							
Restricted for:							
Road maintenance and improvements	-	-	-	-	-	-	-
Other purposes	-	-	-	3,627	-	-	-
Committed for:							
Educational purposes	-	489,072	-	-	-	-	-
Other purposes	1,400	-	12,576	-	156,436	19,645	-
Unassigned	-	-	-	-	-	-	(371,071)
Total fund balances	<u>1,400</u>	<u>489,072</u>	<u>12,576</u>	<u>3,627</u>	<u>156,436</u>	<u>19,645</u>	<u>(371,071)</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 1,400</u>	<u>\$ 489,072</u>	<u>\$ 12,576</u>	<u>\$ 13,585</u>	<u>\$ 156,436</u>	<u>\$ 19,645</u>	<u>\$ 153,364</u>

(Continued)

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
AS OF JUNE 30, 2020

	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 6,566	\$ -	\$ 4,043	\$ -	\$ 186,030
Receivables:					
Grants and contracts	-	-	-	-	20,675
Other	-	-	-	-	153,364
Due from other funds	-	7,449	-	25,385	1,199,631
Total assets	<u>\$ 6,566</u>	<u>\$ 7,449</u>	<u>\$ 4,043</u>	<u>\$ 25,385</u>	<u>\$ 1,559,700</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 121,502
Due to other funds	-	-	-	-	340,226
Unearned revenue	-	-	-	-	28,909
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,637</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	153,364
FUND BALANCES					
Restricted for:					
Road maintenance and improvements	-	-	-	-	403,662
Other purposes	-	7,449	-	25,385	74,572
Committed for:					
Educational purposes	-	-	-	-	522,162
Other purposes	6,566	-	4,043	-	286,374
Unassigned	-	-	-	-	(371,071)
Total fund balances	<u>6,566</u>	<u>7,449</u>	<u>4,043</u>	<u>25,385</u>	<u>915,699</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 6,566</u>	<u>\$ 7,449</u>	<u>\$ 4,043</u>	<u>\$ 25,385</u>	<u>\$ 1,559,700</u>

(Concluded)

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, 2020

	Town Aid Road Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
REVENUES						
Intergovernmental	\$ 581,377	\$ -	\$ 168,944	\$ 8,880	\$ -	\$ -
Charges for services	-	1,776	-	7,246	134,841	2,717
Interest income	349	426	-	-	33	295
Other	-	-	-	-	-	-
Total revenues	<u>581,726</u>	<u>2,202</u>	<u>168,944</u>	<u>16,126</u>	<u>134,874</u>	<u>3,012</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	158	-	-	164,176	-
Public safety	-	-	-	-	-	-
Public works	204,844	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Education	-	-	168,944	18,721	-	-
Total expenditures	<u>204,844</u>	<u>158</u>	<u>168,944</u>	<u>18,721</u>	<u>164,176</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	376,882	2,044	-	(2,595)	(29,302)	3,012
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Net change in fund balances	376,882	2,044	-	(2,595)	(29,302)	3,012
Fund balances - beginning	<u>26,780</u>	<u>27,928</u>	<u>-</u>	<u>3,731</u>	<u>71,762</u>	<u>18,995</u>
Fund balances - ending	<u>\$ 403,662</u>	<u>\$ 29,972</u>	<u>\$ -</u>	<u>\$ 1,136</u>	<u>\$ 42,460</u>	<u>\$ 22,007</u>

(Continued)

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, 2020

	Halloween Party Fund	High School Food Store Fund	Small Cities Fund	Community Center Fund	Document Restoration Fund	Seniors Fund	Rockbestos Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ -	\$ -
Charges for services	-	9,885	-	-	1,374	6,933	-
Interest income	-	-	-	-	196	-	-
Other	1,025	-	-	10,277	-	-	-
Total revenues	<u>1,025</u>	<u>9,885</u>	<u>-</u>	<u>10,277</u>	<u>7,070</u>	<u>6,933</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	9,295	-	-	-
Culture and recreation	891	-	-	-	8,680	8,049	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Education	-	9,064	-	-	-	-	1,373
Total expenditures	<u>891</u>	<u>9,064</u>	<u>-</u>	<u>9,295</u>	<u>8,680</u>	<u>8,049</u>	<u>1,373</u>
Excess (deficiency) of revenues over expenditures	134	821	-	982	(1,610)	(1,116)	(1,373)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	-	-
Net change in fund balances	134	821	-	982	(1,610)	(1,116)	(1,373)
Fund balances - beginning	<u>979</u>	<u>10,219</u>	<u>10</u>	<u>1,120</u>	<u>8,603</u>	<u>19,142</u>	<u>23,423</u>
Fund balances - ending	<u>\$ 1,113</u>	<u>\$ 11,040</u>	<u>\$ 10</u>	<u>\$ 2,102</u>	<u>\$ 6,993</u>	<u>\$ 18,026</u>	<u>\$ 22,050</u>

(Continued)

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, 2020

	Emergency Fund	BOE Nonlapsing Fund	Fournier Roy Youth Fund	State Grants Fund	Sewer Reserve Fund	Emergency Fuel Fund	Sewer Use Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 19,713	\$ 31,318	\$ -	\$ -	\$ -
Charges for services	557	-	-	-	-	-	291,925
Interest income	-	-	122	-	2,187	-	1,750
Other	3,419	-	4,392	-	-	17,732	-
Total revenues	<u>3,976</u>	<u>-</u>	<u>24,227</u>	<u>31,318</u>	<u>2,187</u>	<u>17,732</u>	<u>293,675</u>
EXPENDITURES							
Current:							
General government	3,976	-	-	-	-	14,180	-
Culture and recreation	-	-	21,944	-	-	-	-
Public safety	-	-	-	32,578	-	-	-
Public works	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	439,756
Education	-	23,276	-	-	-	-	-
Total expenditures	<u>3,976</u>	<u>23,276</u>	<u>21,944</u>	<u>32,578</u>	<u>-</u>	<u>14,180</u>	<u>439,756</u>
Excess (deficiency) of revenues over expenditures	-	(23,276)	2,283	(1,260)	2,187	3,552	(146,081)
OTHER FINANCING SOURCES							
Transfers in	-	388,838	-	-	-	-	-
Net change in fund balances	-	365,562	2,283	(1,260)	2,187	3,552	(146,081)
Fund balances - beginning	<u>1,400</u>	<u>123,510</u>	<u>10,293</u>	<u>4,887</u>	<u>154,249</u>	<u>16,093</u>	<u>(224,990)</u>
Fund balances - ending	<u>\$ 1,400</u>	<u>\$ 489,072</u>	<u>\$ 12,576</u>	<u>\$ 3,627</u>	<u>\$ 156,436</u>	<u>\$ 19,645</u>	<u>\$ (371,071)</u>

(Continued)

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, 2020

	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 815,732
Charges for services	-	1,470	7,025	-	465,749
Interest income	-	91	3	-	5,452
Other	1,000	-	-	6,065	43,910
Total revenues	<u>1,000</u>	<u>1,561</u>	<u>7,028</u>	<u>6,065</u>	<u>1,330,843</u>
EXPENDITURES					
Current:					
General government	-	-	-	5,450	32,901
Culture and recreation	940	-	8,308	-	213,146
Public safety	-	-	-	-	32,578
Public works	-	-	-	-	204,844
Sanitation	-	-	-	-	439,756
Education	-	-	-	-	221,378
Total expenditures	<u>940</u>	<u>-</u>	<u>8,308</u>	<u>5,450</u>	<u>1,144,603</u>
Excess (deficiency) of revenues over expenditures	60	1,561	(1,280)	615	186,240
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	388,838
Net change in fund balances	60	1,561	(1,280)	615	575,078
Fund balances - beginning	<u>6,506</u>	<u>5,888</u>	<u>5,323</u>	<u>24,770</u>	<u>340,621</u>
Fund balances - ending	<u>\$ 6,566</u>	<u>\$ 7,449</u>	<u>\$ 4,043</u>	<u>\$ 25,385</u>	<u>\$ 915,699</u>

(Concluded)

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AS OF JUNE 30, 2020

	Elementary School Renovation Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>
ASSETS		
Due from other funds	\$ 194,873	\$ 194,873
	<u> </u>	<u> </u>
LIABILITIES		
Accounts payable	\$ -	\$ -
	<u> </u>	<u> </u>
FUND BALANCES		
Committed for capital purposes	194,873	194,873
Total liabilities and fund balances	\$ 194,873	\$ 194,873
	<u> </u>	<u> </u>

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, 2020

	Elementary School Renovation Fund	Total Nonmajor Capital Projects Funds
REVENUES		
Other	\$ -	\$ -
Total revenues	-	-
EXPENDITURES		
Capital outlays	-	-
Total expenditures	-	-
Deficiency of revenues over expenditures / net change in fund balance	-	-
Fund balances - beginning	194,873	194,873
Fund balances - ending	\$ 194,873	\$ 194,873

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 AS OF JUNE 30, 2020

	Town Employees' Plan	Board of Education Employees' Plan	Total Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments	\$ 2,197,218	\$ 1,312,095	\$ 3,509,313
Loans receivable	72,017	-	72,017
Total assets	<u>2,269,235</u>	<u>1,312,095</u>	<u>3,581,330</u>
 NET POSITION			
Restricted for pension benefits	<u>\$ 2,269,235</u>	<u>\$ 1,312,095</u>	<u>\$ 3,581,330</u>

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Town Employees' Plan	Board of Education Employees' Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 108,548	\$ 33,759	\$ 142,307
Plan members	55,394	37,241	92,635
Total contributions	163,942	71,000	234,942
Investment earnings:			
Net change in the fair value of investment, net of fees	114,465	72,300	186,765
Net investment earnings	114,465	72,300	186,765
Total additions	278,407	143,300	421,707
DEDUCTIONS			
Administrative expenses	300	-	300
Total deductions	300	-	300
Change in net position	278,107	143,300	421,407
Restricted for Pension Benefits:			
Beginning	1,991,128	1,168,795	3,159,923
Ending	\$ 2,269,235	\$ 1,312,095	\$ 3,581,330