

Annual Comprehensive Financial Report

of the

Town of East Hampton, Connecticut

For the Year Ended

June 30, 2021

**Prepared by:
The Finance Department**

Jeffery M. Jylkka, Finance Director

Town of East Hampton, Connecticut
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Table of Contents

	<u>Page</u>	
<u>Introductory Section</u>		
Principal Officials	1	
Organizational Chart	2	
Letter of Transmittal	3-6	
Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2020	7	
<u>Financial Section</u>		
Independent Auditors' Report	8-10	
Management's Discussion and Analysis	11-20	
<u>Exhibits</u>		
<u>Basic Financial Statements</u>		
<u>Government-Wide Financial Statements</u>		
A	Statement of Net Position	21-22
B	Statement of Activities	23
<u>Fund Financial Statements</u>		
C	Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities	24-25
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27-28
F	Statement of Fiduciary Net Position - Fiduciary Funds	29
G	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	30
H	Notes to Financial Statements	31-71

Town of East Hampton, Connecticut
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Table of Contents

		<u>Page</u>
<u>RSI</u>	<u>Required Supplementary Information</u>	
	<u>General Fund</u>	
1A	Schedule of Revenues and Other Financing Sources - Budget and Actual	72-73
1B	Schedule of Expenditures and Other Financing Uses - Budget and Actual	74-75
1C	Notes to Required Supplementary Information	76
	<u>Retirement Income Plan</u>	
2A	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns	77
2B	Schedule of Contributions	78
2C	Notes to Required Supplementary Information	79
	<u>Connecticut State Teachers' Retirement System</u>	
3A	Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions	80
3B	Notes to Required Supplementary Information	81
	<u>Other Post-Employment Benefit (OPEB) Plan</u>	
4	Schedule of Changes in OPEB Liability and Related Ratios	82
	<u>Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan</u>	
5A	Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions	83
5B	Notes to Required Supplementary Information	84
<u>Schedules</u>	<u>Supplemental Schedules</u>	
	<u>General Fund</u>	
1	Report of Tax Collector	85
2	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	86

Town of East Hampton, Connecticut
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Table of Contents

		<u>Page</u>
<u>Schedules</u>	<u>Supplemental Schedules (continued)</u>	
3	Schedule of Expenditures Compared with Appropriations - Board of Education	87
	<u>Other Governmental Funds</u>	
4	Combining Balance Sheet	88-90
5	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	91-93
<u>Tables</u>	<u>Statistical Section</u>	
1	Net Position by Component	94
2	Changes in Net Position	95
3	Fund Balances, Governmental Funds	96
4	Changes in Fund Balances, Governmental Funds	97
5	Assessed and Estimated Actual Value of Taxable Property	98
6	Principal Property Taxpayers	99
7	Tax Rates, Levies and Cash Collections	100
8	Ratios of Outstanding Debt By Type	101
9	Ratios of General Bonded Debt Outstanding	102
10	Schedule of Debt Limitation	103
11	Legal Debt Margin Information	104
12	Demographic and Economic Statistics	105
13	Principal Employers	106
14	Full-Time Equivalent Town Government Employees by Function/Program	107
15	Full-Time Equivalent Employees by Function/Program	108
16	Operating Indicators by Function/Program	109
17	Capital Asset Statistics by Function/Program	110

Introductory Section

Town of East Hampton, Connecticut

Principal Officials
June 30, 2021

Town Council

Pete Brown, Chairman
Dean Markham, Vice Chairman
Tim Feegel
Derek Johnson
Barbara Moore
Mark Philhower
Kevin Reich

Board of Finance

Matthew Bennington, Chairman
Wesley Jenks, Vice Chairperson
Richard Brown
Alannah Coshov
Robert Hein
Eric Peterson
Ted Turner

Board of Education

Christopher Goff, Chairperson
Nancy Oakley, Vice Chairperson
Amanda Amtmanis
Ken Barber
Jeff Carlson
Nancy Kohler
Jim Radavich
Justine Wagner
Martha Wick

Superintendent of Schools

Paul K. Smith

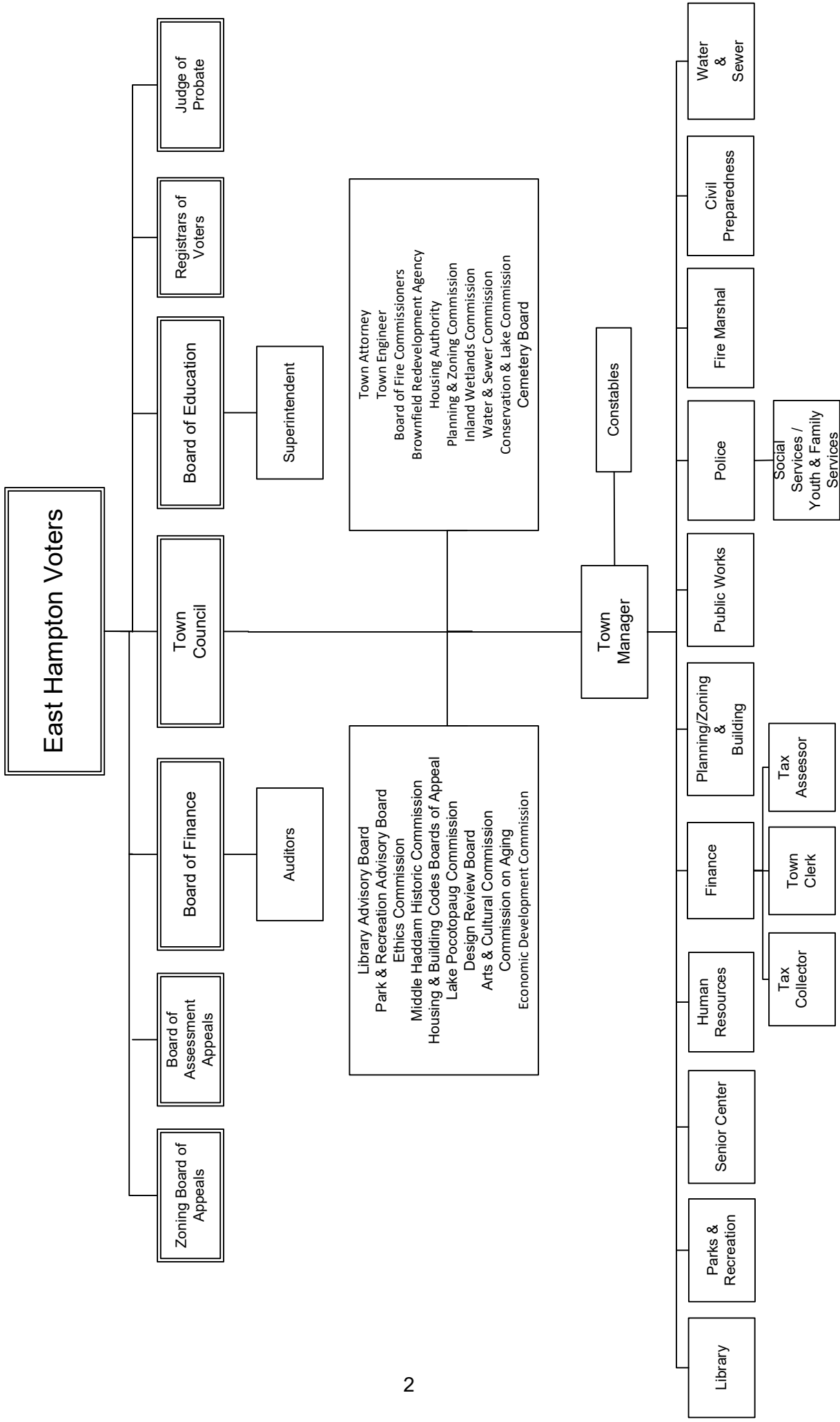
East Hampton Administrative Officials

David Cox, Town Manager

Library Director
Planning and Zoning Administrator
Building Administrator
Police Chief
Senior Center Director
Director of Finance
Fire Marshal
Director of Parks & Recreation
Director of Youth & Family Services
Public Works Superintendent
Public Utilities Administrator
Fire Chief
Town Clerk

Ellen Paul
Jeremy DeCarli
Vincent Garofalo (Interim)
Dennis Woessner
Jo Ann H. Ewing
Jeffery M. Jylkka
Rich Klotzbier
Jeremy Hall
Lauren Incognito
Matt Walsh
Scott Clayton
Greg Voelker
Kelly Bilodeau

Town of East Hampton, Connecticut
Organizational Chart





TOWN OF EAST HAMPTON
1 COMMUNITY DRIVE
EAST HAMPTON, CT 06424

Office of the FINANCE DIRECTOR

JEFFERY JYLKKA, CPA

jjylkka@easthamptonct.gov

January 25, 2022

To the Town Manager, Members of the Town Council, Members of the Board of Finance and Citizens of the Town of East Hampton, Connecticut.

The Finance Department is pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of East Hampton for the year ended June 30, 2021. The report includes the independent auditor's report as required by Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

PKF O'Connor Davies LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Hampton, Connecticut for the fiscal year ended June 30, 2021, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of East Hampton's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditor's report.

Profile of the Town of East Hampton

The Town covers an area of 36.8 square miles in east central Connecticut and is on the east bank of the Connecticut River, approximately 21 miles south of Hartford. East Hampton's topography is dominated by numerous hills interspersed with winding stream valleys and level wetland areas. The Town is traversed by State Routes 16, 66, 151, and 196. Route 66 provides access to Route 2 and Hartford as well as Middletown. There are approximately 91 miles of Town roads. The State maintains approximately 35 miles of highway in East Hampton. The 2021 population was estimated at 12,827. The Town was originally settled in 1710.

The Town of East Hampton has a Council-Manager form of government with a Town Council consisting of seven elected members serving concurrent two-year terms and a Board of Finance consisting of seven elected regular members serving overlapping four-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and a Charter which was adopted in 1971, effective 1973 and revised in 1987 and 2016. The legislative power of the Town is vested with the Town Council and the Town Meeting, which must approve the annual budget, all special appropriations or expenditures, and all bond and note authorizations. The Town Manager is the chief executive officer and chief administrative officer of the Town and is responsible for the administration of all Town matters with the exception of the education system.

The financial administrator of the Town is the Director of Finance. The Director of Finance serves as Treasurer for the Town and Board of Education and is responsible for the operation and supervision of the Department of Finance. The Director of Finance has full supervisory responsibilities for the keeping of accounts and financial records; the receipt of operating and other revenues; the custody and disbursement of Town and Board of Education funds and money; the control over expenditures and budget functions. The Collector of Revenue, Assessor and Town Clerk work under the supervision of the Director of Finance. The Assessor's Office is responsible for determining equitable property values for real estate, motor vehicle, and personal property as of October 1st for the purpose of taxation. The Tax Collector's Office bills, collects, processes and deposits taxes, interest and fees on all taxable property in the Town.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit H (II) A in the Notes to Financial Statements describes the budget process used by the Town.

Local Economy and Major Initiatives

East Hampton is a residential community with a light industrial tax base and limited seasonal vacation homes. Principal industries include manufacture of bells, pharmaceuticals, tools and dies, and forestry. The Town has begun the recovery from the negative economic impacts that began in March 2020 due to the COVID-19 pandemic. Unemployment rates decreased from 8.0% to 5.0%. East Hampton's unemployment rate is lower than the national average of 6.1% and below regional and state levels. East Hampton's existing development has occurred primarily on the major roadways, Routes 16, 151, and particularly, Route 66.

Principal non-residential development has occurred in three historic centers – Cobalt, Middle Haddam, and East Hampton Center. High-density residential development is concentrated around East Hampton Center and Lake Pocotopaug. Approximately 720 acres remain as active farmland, mostly as field crops.

The Police radio project approved in May 2019 is substantially complete. In January 2021, the Town Council adopted a resolution, which was subsequently approved by the Town Meeting, modifying the scope of the 2013 High School Renovation, Improvements and Additions Project to specifically add replacement of the tennis court surface and synthetic track surface, correction of drainage issues on the soccer field, correction of water, drainage, grading issues and implementation of irrigation and grass replacement on the baseball field. The project is estimated to cost \$1.1M and is scheduled to be complete in August 2022.

Residential housing values throughout the Town have increased slightly compared to a year ago. Building permits for residential and commercial development have increased compared to last year. Permit applications are up 22% compared to the prior year. Construction began on the new St. Clements Marina facility, a nearly 3-million-dollar banquet facility next to the Connecticut River within East Hampton. Significant projects were undertaken in the Village Center, including the reopening of a gas station and convenience store, rehabilitation of a former factory building, and large outdoor seating area at a local restaurant. In addition, large plans were approved by the land use agencies including the next phase of the Edgewater Hills complex, consisting of forty new residential apartments among five new buildings.

The Town is taking steps to position its existing water systems for future needs and for future expansion to respond to both growth and contaminant-related concerns. Through a qualifications-based RFQ process, an engineering firm has been engaged to assist the Town in updating existing information and developing plans for establishing one or more new water sources for the existing Town-owned Water Systems and for the phased expansion of those systems to serve additional customers. Initial engineering and planning work is expected to be funded by a \$250,000 direct grant received by the Town, which is being administered by the CT Department of Public Health.

The Town of East Hampton is well positioned to accept and meet the challenges posed by the 21st century. The Town has a moderate debt burden, which is planned for quick retirement; and its pension plans remain at relatively high funding levels. Conservative budgeting practices have enabled the Town to maintain its unassigned fund balance, which represents 12.6% of general fund expenditures and transfers out. These facts are echoed within the municipal credit industry. The Town is rated “AAA” from Standard & Poor's Ratings Services.

Long-Term Financial Planning

The Town, through its Capital Committee, prepares a five-year capital improvement plan for the acquisition, new construction, and repair and replacement of municipal facilities and equipment. The purpose of this plan is to maintain the Town's infrastructure and make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

Relevant Financial Policies

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. A use of fund balance policy was established by the Board of Finance and Town Council, the overall purpose of which was to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time emergency expenditures. The fund balance policy goal is to maintain General Fund unassigned fund balance between 8-10% of budgeted operating expenditures.

An investment policy is also in place. The purpose is to provide guidelines for the prudent and productive investment of funds.

The Town also approved a capital improvement and debt policy to establish parameters and guidance for the Board of Finance and Town Council to make decisions on capital spending and issuance of debt as a means to fund them.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020, which was the ninth consecutive award the Town has received. To be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and the support of the Town Manager. Each member has my sincere appreciation for their contributions made in the preparation of this report. I would also like to recognize my Assistant Finance Director, Valerie Hyde, CPA, who provided service above and beyond expectations and at the highest level of professionalism. I also appreciate the professional service and assistance rendered by PKF O'Connor Davies LLP.

This annual comprehensive financial report reflects a commitment to the citizens of East Hampton, the Town Council, the Board of Finance, and all concerned readers of this report, to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Jylkka". The signature is fluid and cursive, with the first name "Jeff" and last name "Jylkka" clearly distinguishable.

Jeffery M. Jylkka, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of East Hampton
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditors' Report

**Board of Finance
Town of East Hampton, 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 Hampton, Connecticut, ("Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Page 2

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 Hampton, Connecticut, as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 25, 2022



TOWN OF EAST HAMPTON
1 Community Drive
East Hampton, CT 06424

David E. Cox

Town Manager
860.267.4468

Jeffery M. Jylkka

Finance Director
860.267.7548

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

As management of the Town of East Hampton, Connecticut ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

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 \$96,727,320 (*net position*). Of this amount, unrestricted net position was a deficit balance of \$2,523,031.
- The Town's total net position increased by \$2,393,409. The increase is due to:
 - governmental fund net change in fund balance of \$ 209,134
 - net debt activity of 2,159,950
 - change in pension liability of 5,504,050
 - amortization of deferred outflows/inflows of resources of (5,366,434)
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,666,945, an increase of \$209,134 in comparison with the prior year. This increase is the result of:
 - negative operations of the general fund of \$ (132,346)
 - negative operations of the capital initiatives fund of (1,046,034)
 - positive operations of the capital reserve fund of 1,244,754
 - positive operations of the other governmental funds of 142,760

The capital initiatives fund balance decrease was mostly due to timing differences in expenditures related to the town hall project and the related issuance of debt.

The capital reserve fund balance increase was due to the receipt of ARPA grant totaling \$1,894,084 offset by expenditures financed in the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,744,534, an increase of \$602,477 in comparison with the prior year. This fund balance represents 12.06% of total fiscal year 2021 budgetary general fund expenditures and transfers out.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Town of East Hampton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. 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 a Town's near-term financing requirements.

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

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital initiatives fund and capital reserve fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining schedules in schedules 4 and 5 in this report.

The Town adopts an annual budget for its general fund. Budgetary comparison statements have been provided to demonstrate compliance with the budget (RSI-1A through RSI-1C).

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position (Exhibits F and G). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

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

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

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by 2.54%, from a year ago - increasing from \$94,333,911 (as restated) to \$96,727,320.

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (2.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit balance in the amount of \$2,523,031.

Summary Statements of Net Position
June 30

	<u>2021</u>	<u>2020</u> <u>(as restated)</u>
Current and other assets	\$ 19,499,247	\$ 20,432,276
Capital assets, net	<u>146,011,351</u>	<u>146,430,121</u>
Total assets	<u>165,510,598</u>	<u>166,862,397</u>
Deferred outflows of resources	<u>1,183,466</u>	<u>2,999,421</u>
Long-term liabilities outstanding	59,031,505	67,142,325
Other liabilities	<u>6,536,589</u>	<u>7,702,411</u>
Total liabilities	<u>65,568,094</u>	<u>74,844,736</u>
Deferred inflows of resources	<u>4,398,650</u>	<u>683,171</u>
Net investment in capital assets	97,017,074	95,432,882
Restricted	2,233,277	2,367,105
Unrestricted	<u>(2,523,031)</u>	<u>(3,466,076)</u>
Total net position	<u>\$ 96,727,320</u>	<u>\$ 94,333,911</u>

The Town's net position increased by \$2,393,409. The increase is due substantially to:

Governmental funds activity:

negative operations of the general fund of	\$ (132,346)
negative operations of the capital initiatives fund of	(1,046,034)
postive operations of the capital reserve fund of	1,244,754

Conversion to accrual basis on Exhibit E:

capital outlay net of depreciation expense of	(406,677)
net principal debt activity of	2,159,950
amortization of premium of	401,743
change in pension liability of	5,504,050
amortization of deferred outflows/inflows of	(5,366,434)

The following table details the revenues and expenditures for the fiscal year, with a comparison to the prior fiscal.

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

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,673,833	\$ 5,074,457
Operating grants and contributions	14,129,996	14,160,824
Capital grants and contributions	2,258,486	902,980
General revenues:		
Property taxes	38,761,885	38,583,751
Grants and contributions not restricted to specific programs	276,036	185,962
Income from investments	18,930	196,848
Other	3,080	17,144
Gain on sale of assets	14,183	132,979
Total revenues	<u>61,136,429</u>	<u>59,254,945</u>
Expenses:		
General government	3,309,430	3,014,783
Public safety	4,216,665	4,620,650
Public works and utilities	5,041,635	6,387,425
Culture and recreation	1,965,444	1,771,647
Health and human services	672,529	730,668
Regulatory	548,243	598,751
Education	41,752,559	39,379,682
Interest	1,236,515	1,159,392
Total expenses	<u>58,743,020</u>	<u>57,662,998</u>
Change in net position	2,393,409	1,591,947
Net position - July 1	94,333,911	92,231,177
Restatements (Note VI)	<u>-</u>	<u>510,787</u>
Net position - June 30	<u><u>\$ 96,727,320</u></u>	<u><u>\$ 94,333,911</u></u>

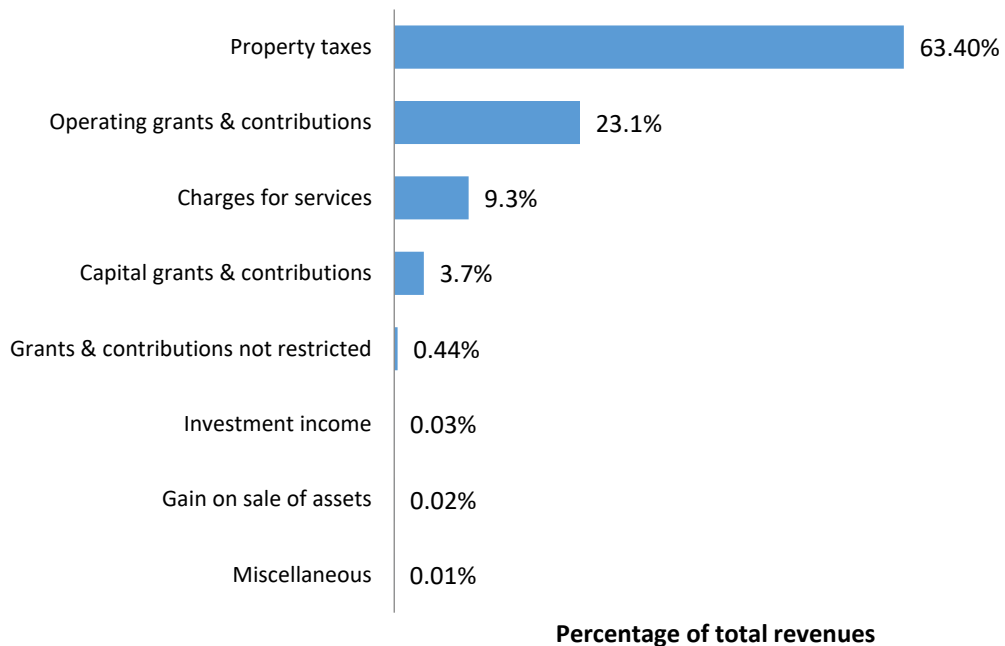
Management's Discussion and Analysis (continued)

Significant changes in revenues and expenses as compared to the prior year are as follows:

Revenues:

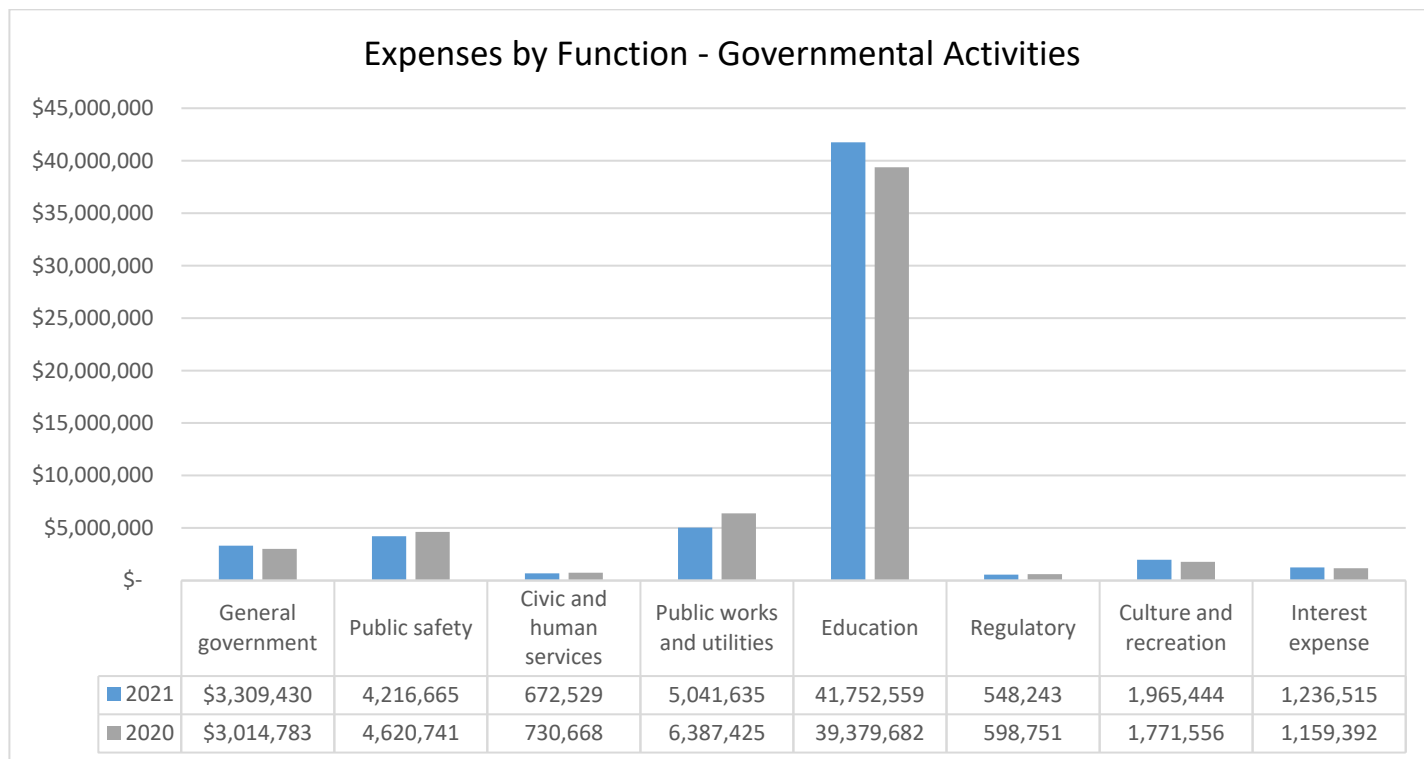
- Charges for services increased by \$599,376 due to increased revenues for building permits and property transfer related Town Clerk fees.
- Capital grants and contributions increased by \$1,355,506 due to the ARPA grant received of \$1,894,084 offset by a decrease in the nonrecurring STEAP grant of \$208,317 and LOCIP grant of \$328,957.

Revenue by Source - Governmental Activities



Expenses:

- Public works and utilities expenses decreased by \$1,345,790 due to a decrease in non-capitalized capital project activity.
- Education expenses increased by \$2,372,877 due to expenditures related to COVID related grants and an increase in depreciation expenses of \$990,367 due to the new Town hall and high school building projects totaling \$69,196,967 in the prior year.



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 a 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 as follows:

Nonspendable	\$ 15,500
Restricted	2,217,777
Committed	7,566,537
Assigned	122,597
Unassigned	<u>5,744,534</u>
Total	<u>\$ 15,666,945</u>

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,744,534. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.06% of total general fund budgetary expenditures and transfers out.

General fund budgetary highlights

Significant budget transfers and additional appropriations made during the year were as follows:

- Additional appropriations totaled \$419,368, from additional revenue sources as follows:
 - \$220,000 from town clerk charges for services for conveyance tax and fees
 - \$180,000 from building charges for services for building permits
 - \$ 19,368 from additional federal and state grants
- The additional appropriations were used to increase transfers out to the capital reserve fund by \$400,000 and additional funding to the health district of \$19,368 for additional costs incurred related to the pandemic.

Additional details on budget transfers can be found in RSI 1B.

Capital initiatives fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. The capital initiatives fund's expenditures and other financing uses exceeded its revenues and other financing sources by \$1,046,034. This is due to the timing of expenditures and the financing of projects.

Capital reserve fund. This fund accounts for financial resources to be used for capital and non-recurring projects. The primary source of funding is an annual appropriation from the general fund. The capital reserve fund's revenues and other financing sources exceeded expenditures and other financing uses by \$1,244,754 as a result of the receipt of ARPA grant funding of \$1,894,084 offset by expenditures financed in the prior fiscal years.

Capital assets and debt administration

Capital assets. At year end, the Town's capital assets totaled \$146,011,351, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The decrease in the Town's capital assets for the current fiscal year was \$418,770 or (0.29%).

Land additions of:

- | | |
|-------------------------|------------|
| ➤ Christopher Road land | \$ 142,500 |
|-------------------------|------------|

Buildings additions from construction in progress:

- | | |
|--|---------|
| ➤ North Main Street pump station upgrade | 229,493 |
|--|---------|

Machinery and equipment purchases:

- | | |
|----------------------------|---------|
| ➤ 2014 Vac-Con | 149,900 |
| ➤ Caterpillar excavator | 109,953 |
| ➤ International dump truck | 176,241 |

Infrastructure improvements:

- | | |
|--------------------|---------|
| ➤ Skyline Drive | 824,812 |
| ➤ Highland Terrace | 983,246 |
| ➤ Starview Way | 244,792 |

Capital Assets
(Net of Accumulated Depreciation)
June 30,

	<u>2021</u>	<u>2020</u>
Land	\$ 3,194,822	\$ 3,052,322
Intangible assets	698,000	698,000
Construction in progress	2,549,399	2,432,787
Buildings	88,572,929	90,593,265
Improvements other than buildings	290,191	306,553
Machinery and equipment	9,886,514	10,140,990
Infrastructure	<u>40,819,496</u>	<u>39,206,204</u>
Totals	<u>\$ 146,011,351</u>	<u>\$ 146,430,121</u>

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

Long-term debt. At the end of the current fiscal year, the Town had total long-term debt of \$46,088,255, a decrease of \$2,950,377 as compared to the prior year. The decrease is primarily due to the issuance of \$1,225,000 in refunding bonds and \$286,194 in equipment financing notes offset by principal payments and refunded bonds of \$4,461,571. All debt is backed by the full faith and credit of the Town.

Outstanding Debt
Long-Term Obligations
June 30,

	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 45,710,000	\$ 40,915,000
Permanently financed bond anticipation notes	-	7,810,000
Notes	<u>378,255</u>	<u>313,632</u>
Totals	<u>\$ 46,088,255</u>	<u>\$ 49,038,632</u>

The Town maintains a bond rating of "AAA" from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$268,599,982, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic factors and next year's budgets and rates

- The unemployment rate for the Town at June 30 was 5.0%. This was lower than both the state's average unemployment rate of 6.8% and the Hartford Labor Market rate of 7.0%. The Town is below the national average of 6.1%.
- According to the Bureau of Census American Community Survey 5-Year Estimates, 2015-2019, per capita income in East Hampton was \$42,820, slightly lower than Middlesex County (\$46,023) and the State (\$44,496). Median family income was \$113,670 versus \$110,020 for the county and \$100,418 for the State. The percent of families below poverty level was 3.7% for the Town. The county percentage was 4.0% and the State's was 6.8%.
- The net taxable grand list for fiscal year 2021 increased approximately 0.80%. This increase was driven by growth in all segments of the grand list.
- Funding for formulary grants from the State of Connecticut continues to decline. Since 2012, the percent of total general fund revenue from state grants has decreased from 23.3% to 16.0%. This downward trend has been factored into our intergovernmental revenue estimates.
- The total number of building permits for fiscal year 2021 increased from 1,102 to 1,345 or 22.0% over last fiscal year. The value of permits issued increased by 122%. The significant increase in the value of permits was due to the St. Clements Marina banquet facility and the Edgewater Hills complex. Revenue estimates have been adjusted upward accordingly.
- Debt service payments increased approximately 7% compared to 2020-2021.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being continually monitored. For fiscal year 2021, there was a negative impact on income from investments, but other revenues such as building permits and conveyance taxes were positively impacted. The Town did not see any impact on tax collections for prior fiscal year and there is no indication that there will be an impact on 2022 collections.

All of these factors were considered in preparing the Town's budget for the 2022 fiscal year.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's Office, Town of East Hampton, 1 Community Drive, East Hampton, CT 06424.

Basic Financial Statements

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2021

Assets

Current assets:	
Cash	\$ 12,592,148
Investments	5,232,867
Receivables (net):	
Property taxes	220,553
Assessment and use charges	139,898
Intergovernmental	288,543
Other	146,231
Other assets	68,087
Total current assets	<u>18,688,327</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	88,055
Permanently restricted:	
Cash	<u>15,500</u>
Total restricted assets	<u>103,555</u>
Receivables (net):	
Property taxes	364,840
Assessment and use charges	160,868
Loans	<u>181,657</u>
Total receivables (net)	<u>707,365</u>
Capital assets (net of accumulated depreciation and amortization):	
Land	3,194,822
Intangible assets (net)	698,000
Construction in progress	2,549,399
Buildings	88,572,929
Improvements other than buildings	290,191
Machinery and equipment	9,886,514
Infrastructure	<u>40,819,496</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>146,011,351</u>
Total noncurrent assets	<u>146,822,271</u>
Total assets	<u>165,510,598</u>

Deferred Outflows of Resources

Pension related	631,974
OPEB related	<u>551,492</u>
Total deferred outflows of resources	<u>1,183,466</u>

(Continued)

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

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2021

Liabilities

Current liabilities:	
Accounts payable	\$ 1,609,509
Retainage payable	418,944
Accrued liabilities	431,246
Accrued payroll	292,328
Unearned revenue	134,943
Accrued interest payable	532,328
Bonds and notes payable	2,967,578
Compensated absences	149,713
	<hr/>
Total current liabilities	6,536,589
	<hr/>
Noncurrent liabilities:	
Developer bonds	86,373
Bonds, notes and related liabilities	45,442,755
Compensated absences	1,302,868
Net pension liability	7,732,273
OPEB liability	4,467,236
	<hr/>
Total noncurrent liabilities	59,031,505
	<hr/>
Total liabilities	65,568,094

Deferred Inflows of Resources

Deferred charge on refunding	165,000
Pension related	3,741,081
OPEB related	492,569
	<hr/>
Total deferred inflows of resources	4,398,650

Net Position

Net investment in capital assets	97,017,074
Restricted for:	
Endowments:	
Expendable	1,682
Nonexpendable	15,500
Town hall and police renovation	767,929
Housing rehabilitation	215,435
Public works	1,069,595
Education	163,136
Unrestricted	(2,523,031)
	<hr/>
Total net position	\$ 96,727,320

(Concluded)

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

Town of East Hampton, Connecticut

**Statement of Activities
Governmental Activities
For The Year Ended June 30, 2021**

23

Functions/Programs	Expenses	Program revenues			Net expenses and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	
General government	\$ 3,309,430	\$ 560,455	\$ 118,066	\$ 12,158	\$ (2,618,751)
Public safety	4,216,665	305,557	1,060	-	(3,910,048)
Public works and utilities	5,041,635	3,449,181	702	2,246,328	654,576
Culture and recreation	1,965,444	254,650	214,693	-	(1,496,101)
Health and human services	672,529	1,460	15,839	-	(655,230)
Regulatory	548,243	423,689	-	-	(124,554)
Education	41,752,559	678,841	13,779,636	-	(27,294,082)
Interest	1,236,515	-	-	-	(1,236,515)
Total	<u>\$58,743,020</u>	<u>\$5,673,833</u>	<u>\$14,129,996</u>	<u>\$2,258,486</u>	<u>(36,680,705)</u>
General revenues:					
Property taxes					38,761,885
Grants and contributions not restricted to specific programs					276,036
Income from investments					18,930
Other					3,080
Gain on sale of assets					14,183
Total general revenues					<u>39,074,114</u>
Change in net position					2,393,409
Net position - July 1, 2020 (as restated)					<u>94,333,911</u>
Net position - June 30, 2021					<u>\$96,727,320</u>

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

Town of East Hampton, Connecticut

**Balance Sheet
Governmental Funds
June 30, 2021**

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 6,716,106	\$ -	\$ 1,917,207	\$ 3,976,017	\$ 12,609,330
Restricted cash	86,373	-	-	-	86,373
Investments	1,920,105	2,326,908	-	985,854	5,232,867
Receivables:					
Property taxes	525,134	-	-	-	525,134
Assessment and use charges	-	-	-	270,507	270,507
Intergovernmental	1,360	-	11,851	275,332	288,543
Loans	-	-	-	208,857	208,857
Other	28,206	-	-	116,018	144,224
Due from other funds	153,901	772,538	1,760,211	168,857	2,855,507
Other	48,322	-	-	19,765	68,087
Total assets	<u>\$ 9,479,507</u>	<u>\$ 3,099,446</u>	<u>\$ 3,689,269</u>	<u>\$ 6,021,207</u>	<u>\$ 22,289,429</u>
<u>Liabilities</u>					
Accounts payable	\$ 1,156,054	\$ 150,245	\$ 51,473	\$ 251,737	\$ 1,609,509
Retainage payable	-	418,944	-	-	418,944
Accrued liabilities	431,246	-	-	-	431,246
Accrued payroll	292,328	-	-	-	292,328
Due to other funds	1,240,661	1,460,945	-	151,894	2,853,500
Developer bonds	86,373	-	-	-	86,373
Unearned revenue	-	-	-	134,943	134,943
Total liabilities	<u>3,206,662</u>	<u>2,030,134</u>	<u>51,473</u>	<u>538,574</u>	<u>5,826,843</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	525,134	-	-	-	525,134
Water charges	-	-	-	19,753	19,753
Assessment and use charges	-	-	-	250,754	250,754
Total deferred inflows of resources	<u>525,134</u>	<u>-</u>	<u>-</u>	<u>270,507</u>	<u>795,641</u>
<u>Fund Balances</u>					
Nonspendable	-	-	-	15,500	15,500
Restricted	-	767,929	-	1,449,848	2,217,777
Committed	3,177	301,383	3,637,796	3,624,181	7,566,537
Assigned	-	-	-	122,597	122,597
Unassigned	5,744,534	-	-	-	5,744,534
Total fund balances	<u>5,747,711</u>	<u>1,069,312</u>	<u>3,637,796</u>	<u>5,212,126</u>	<u>15,666,945</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,479,507</u>	<u>\$ 3,099,446</u>	<u>\$ 3,689,269</u>	<u>\$ 6,021,207</u>	<u>\$ 22,289,429</u>

(Continued)

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

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

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

Total fund balance (Exhibit C, page 1)	\$ 15,666,945
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	146,430,121
Current capital asset additions (net of construction in progress decreases)	3,518,928
Depreciation expense	(3,925,605)
Disposal and sale of capital assets	(12,093)
Total	146,011,351

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

Property tax and sewer assessment interest and lien accrual	150,637
Allowance for doubtful accounts	(87,319)
Deferred outflows of resources related to pensions	631,974
Deferred outflows of resources related to OPEB	551,492
Total	1,246,784

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

Property tax, water charges, sewer assessment and use charges - accrual basis change	795,641
--	---------

Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(46,088,255)
Premiums	(2,322,078)
Compensated absences	(1,452,581)
Net pension liability	(7,732,273)
OPEB liability	(4,467,236)
Accrued interest payable	(532,328)
Deferred charge on refunding	(165,000)
Deferred inflows of resources related to pensions	(3,741,081)
Deferred inflows of resources related to OPEB	(492,569)
Total	(66,993,401)

Net position of governmental activities (Exhibit A)	\$ 96,727,320
---	---------------

(Concluded)

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

Town of East Hampton, Connecticut

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

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 38,825,861	\$ -	\$ -	\$ -	\$ 38,825,861
Intergovernmental	12,090,886	-	1,905,935	2,643,313	16,640,134
Charges for services	1,061,890	-	6,705	4,621,610	5,690,205
Income from investments	8,777	2,609	2,402	5,142	18,930
Contributions and donations	-	-	-	24,384	24,384
Other	3,080	-	-	-	3,080
Total revenues	51,990,494	2,609	1,915,042	7,294,449	61,202,594
Expenditures:					
Current:					
General government	4,377,724	190,970	319,267	27,131	4,915,092
Public safety	2,840,659	138,079	237,604	262,990	3,479,332
Public works and utilities	2,197,122	-	797,587	3,248,618	6,243,327
Culture and recreation	1,093,637	-	96,902	433,328	1,623,867
Health and human services	496,068	-	-	117,689	613,757
Regulatory	429,226	-	-	-	429,226
Education	36,629,730	64,044	189,353	3,051,140	39,934,267
Debt service	3,225,519	1,130,797	155,700	30,293	4,542,309
Total expenditures	51,289,685	1,523,890	1,796,413	7,171,189	61,781,177
Excess (deficiency) of revenues over expenditures	700,809	(1,521,281)	118,629	123,260	(578,583)
Other financing sources (uses):					
Issuance of refunding bonds	-	1,225,000	-	-	1,225,000
Issuance of notes	-	-	286,194	-	286,194
Payment to refunded bond escrow agent	-	(1,403,247)	-	-	(1,403,247)
Premium	-	653,494	-	-	653,494
Sale of capital assets	26,276	-	-	-	26,276
Transfers in	-	-	839,931	42,500	882,431
Transfers out	(859,431)	-	-	(23,000)	(882,431)
Net other financing sources (uses)	(833,155)	475,247	1,126,125	19,500	787,717
Net change in fund balances	(132,346)	(1,046,034)	1,244,754	142,760	209,134
Fund balances - July 1, 2020 (as restated)	5,880,057	2,115,346	2,393,042	5,069,366	15,457,811
Fund balances - June 30, 2021	\$ 5,747,711	\$ 1,069,312	\$ 3,637,796	\$ 5,212,126	\$ 15,666,945

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

Town of East Hampton, Connecticut

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

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to:

Net change in fund balances - Total Governmental Funds (Exhibit D)	\$ 209,134
--	------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,518,928
Depreciation expense	(3,925,605)
Total	(406,677)

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

Disposal of capital assets	(12,093)
----------------------------	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

Change in property tax, water charges, sewer assessment, and use charges - accrual basis change	(88,043)
Change in property tax and sewer assessment interest and lien revenue	7,695
Total	(80,348)

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

Debt issued or incurred:	
General obligation bonds and notes	(1,511,194)
Premium	(653,494)
Deferred charge on refunding	(165,000)
Principal repayments:	
General obligation bonds and notes	4,461,571
Capital lease	28,067
Total	2,159,950

(Continued)

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

Town of East Hampton, Connecticut

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

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

Amortization of premium	\$ 401,743
Change in:	
Compensated absences	(21,596)
Net pension liability	5,504,050
OPEB liability	(129,826)
Environmental obligation	152,846
Accrued interest payable	(17,340)
Amortization of deferred outflows of resources	(1,815,955)
Amortization of deferred inflows of resources	<u>(3,550,479)</u>
Total	<u>523,443</u>
Change in net position (Exhibit B)	<u><u>\$ 2,393,409</u></u>
	(Concluded)

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

Town of East Hampton, Connecticut**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

		Pension Trust Fund	Custodial Fund
	<u>Assets</u>		
Cash		\$ 8,388	\$ -
Investments:			
Mutual funds:			
Equity		24,969,331	1,444,402
U.S. government bonds		-	194,556
Fixed income		12,239,666	-
Money market		409,087	-
Real estate limited partnership		1,857,401	-
Total investments		39,475,485	1,638,958
Total assets		39,483,873	1,638,958
	<u>Liabilities</u>		
Accounts payable		99	-
Due to other funds		-	2,007
Total liabilities		99	2,007
	<u>Net Position</u>		
Restricted for:			
Pensions		39,483,774	-
Organizations		-	1,636,951
Total net position		\$ 39,483,774	\$ 1,636,951

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

Town of East Hampton, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2021

	Pension Trust Fund	Custodial Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,269,488	\$ 21,645
Plan members	389,355	-
	<u>1,658,843</u>	<u>21,645</u>
Total contributions		
Investment income (loss):		
Net change in fair value of investments	6,600,707	260,520
Interest and dividends	1,483,859	39,862
	<u>8,084,566</u>	<u>300,382</u>
Total investment income (loss)		
Less investment expenses	<u>(26,301)</u>	<u>-</u>
Net investment income (loss)	<u>8,058,265</u>	<u>300,382</u>
Total additions	<u>9,717,108</u>	<u>322,027</u>
Deductions		
Benefits	2,344,048	2,007
Administration	80,631	-
	<u>2,424,679</u>	<u>2,007</u>
Total deductions		
Change in net position	7,292,429	320,020
Net position - July 1, 2020 (as restated)	<u>32,191,345</u>	<u>1,316,931</u>
Net position - June 30, 2021	<u><u>\$39,483,774</u></u>	<u><u>\$1,636,951</u></u>

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

Town of East Hampton, Connecticut

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

The Town of East Hampton, CT ("Town") operates under a Charter which became effective in November 1973 and was last revised in November 2016. The form of government includes an elected seven-member Town Council, which elects a chairman, an elected nine-member Board of Education and an elected seven-member Board of Finance. The legislative power of the Town is vested with the Town Council and the Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager, who is appointed by the Town Council. 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 to the Town Council for Town Meeting approval.

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of East Hampton, Connecticut

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

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

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

Expenditure reimbursement type grants, charges for services, and certain intergovernmental revenues, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund	The Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
Capital Initiatives Fund	Accounts for various capital projects and equipment purchases.
Capital Reserve Fund	Accounts for various capital and nonrecurring projects.

Additionally, the Town reports the following fund types:

Special Revenue Funds	Accounts for and reports the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.
Debt Service Fund	Accounts for and reports resources and expenditures that are assigned for the repayment of debt.
Capital Projects Funds	Accounts for and reports resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.
Permanent Fund	Reports resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.
Pension Trust Fund	Accounts for the activities of the East Hampton Employee Retirement System which accumulates resources for pension benefit payments to qualified employees.
Custodial Funds	Accounts for monies held on behalf of the volunteer firemen awards program.

Town of East Hampton, Connecticut

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

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

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

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town plan, the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

b. Investments

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

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

The Town's pension fund has adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

Town of East Hampton, Connecticut

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

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

The Town's pension plan investment policy targets are as follows:

Asset Class	Target Allocation
Equities	56.00%
Fixed income	39.00%
Real estate (REITS)	5.00%

The pension trust fund allows for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value.

c. Method used to value investments

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

Certain pension investments are valued using the most recent valuation available from the external fund manager and are based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

d. Risk policies

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town has an investment policy that would minimize interest rate risk by structuring investments to mature to meet cash requirements thereby avoiding the need to sell securities prior to maturity and investing operating funds primarily in shorter term securities, money market mutual funds or investment pools.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has an investment policy that would minimize credit risk by limiting its investment choices to the safest types of securities, pre-qualifying the financial institutions and advisors with which the Town will do business, and diversifying the investment portfolio.

Town of East Hampton, Connecticut

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

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

Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk.

2. Receivables and payables**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the government-wide financial statements, property tax, water and sewer use and assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 3% to 13% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, all property taxes and water and sewer use and assessments receivable at June 30, which have not been collected by June 30, have been recorded as a deferred inflow of resources since they are not considered to be available to finance expenditures of the current year.

Loans receivable consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

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

3. Restricted assets

The restricted assets for the Town are restricted for developer bonds and endowments. Developer bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformances. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

Town of East Hampton, Connecticut

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

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

Capital assets, which include construction in progress, property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Intangible assets include a permanent easement, which is not amortized.

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

Assets	Years
Intangible assets	5-10
Buildings	20-95
Improvements other than buildings	10-25
Machinery and equipment	3-40
Infrastructure	20-65

5. Deferred outflows/inflows of resources

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

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

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

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any) and water and sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

The Town allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Town, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements.

Expenditures for compensated absences 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. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

7. Long-term liabilities

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 Hampton, Connecticut

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

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**8. Fund equity and net position**

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

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted Net Position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted Net Position	This category presents the net position of the Town which is not classified in the preceding two categories.

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

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

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by Town Council or Town Meeting.
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by Town Council or by the issuance of a properly approved purchase order.
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

Minimum fund balance policy

The Town Council adopted a minimum fund balance policy for the General Fund. The policy requires the Town to strive to maintain an unassigned general fund balance of not less than 8% nor more than 10% of current year budgeted general fund operating expenditures.

9. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates.

10. Reclassifications

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

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

Only the General Fund has a legally adopted annual budget.

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

Town of East Hampton, Connecticut

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

B. Capital projects authorizations

The following is a summary of the project status for current Capital Projects:

Project Name	Project Authorization	Cumulative Expenditures	Project Balance
High School Renovation Project - Phase II	\$51,695,000	\$ 50,863,043	\$ 831,957
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,762,216	527,784
Public Safety Dispatch	557,210	533,989	23,221
Oakum Dock Water Easement	790,500	733,487	57,013
Town Hall Project	18,981,000	18,923,916	57,084
Rescue Pumper	679,000	679,000	-
Public Safety Radio System	845,000	773,966	71,034
Center School Heating Improvements	277,000	167,081	109,919
Total	<u>\$77,264,710</u>	<u>\$ 75,575,974</u>	<u>\$1,688,736</u>

C. Donor-restricted endowments

The Town has received certain endowments for library operations purposes. The amounts are reflected in net position as restricted for the library. Investment income (including appreciation) is approved for expenditure by the library director.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation. At year end, there is no appreciation available for appropriation.

Town of East Hampton, Connecticut

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

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

At year end, the Town's bank balance was \$17,502,555 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,163,082
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,221,028</u>
Total amount subject to custodial credit risk	<u>\$ 11,384,110</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

2. Investments

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual funds					
Equity	\$ 26,413,733	\$ 26,413,733	\$ -	\$ -	\$ -
U.S. government bonds	194,556	-	-	194,556	-
Fixed income	12,239,666	-	-	-	12,239,666
Money market	409,087	-	409,087	-	-
Bank money market funds	4,613,486	-	4,613,486	-	-
Pooled fixed income	619,381	-	619,381	-	-
Real estate limited partnership	1,857,401	1,857,401	-	-	-
Total	<u>\$ 46,347,310</u>	<u>\$ 28,271,134</u>	<u>\$ 5,641,954</u>	<u>\$ 194,556</u>	<u>\$ 12,239,666</u>

Town of East Hampton, Connecticut

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

A. Cash and investments (continued)

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

Investments by fair value level	Amount	Quoted Market Prices in Active Markets Level 1
Mutual funds:		
Equity	\$ 26,413,733	\$ 26,413,733
U.S. government bonds	194,556	194,556
Fixed income	12,239,666	12,239,666
Money market	409,087	409,087
Total investments by fair value level	39,257,042	\$ 39,257,042
Investments measured at net asset value (NAV)		
Real estate limited partnership	1,857,401	
Other investments		
Bank money market funds	4,613,486	
Pooled fixed income	619,381	
Total other investments	5,232,867	
Total investments	\$ 46,347,310	

Level 1: Quoted prices for identical investments in active markets

c. Investments measured at the net asset value (NAV)

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Town values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially.

Town of East Hampton, Connecticut

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

A. Cash and investments (continued)

<u>Investment Description</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Real estate limited partnership	\$ 1,857,401	\$ -	Quarterly	90 days

Real estate limited partnership. This limited partnership invests primarily in stabilized, income producing, equity in U.S. commercial real estate. The fund permits redemptions quarterly with 90 days notice. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Town's ownership interest in net assets.

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

<u>Average Rating</u>	<u>Mutual funds</u>			<u>Pooled fixed income</u>
	<u>U.S. Government bonds</u>	<u>Fixed Income</u>	<u>Money market</u>	
AAA	<u>\$ 194,556</u>	<u>\$ 12,239,666</u>	<u>\$ 409,087</u>	<u>\$ 619,381</u>

e. Custodial credit risk

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. The Town does not have any investments subject to custodial credit risk since the investments held are pooled investments or are held in the Town's name.

Town of East Hampton, Connecticut

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

B. Receivables

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

	Property Taxes		
	Taxes	Interest and Liens	Total
Current portion	<u>\$ 204,015</u>	<u>\$ 16,539</u>	<u>\$ 220,554</u>
Long-term portion	321,119	93,720	414,839
Less allowance for uncollectibles	<u>(40,000)</u>	<u>(10,000)</u>	<u>(50,000)</u>
Net long-term portion	<u>281,119</u>	<u>83,720</u>	<u>364,839</u>
Totals	<u>\$ 485,134</u>	<u>\$ 100,259</u>	<u>\$ 585,393</u>

	Water and Sewer Use and Assessments			CDBG Loans
	Use	Interest and Liens	Total	
Current portion	<u>\$ 121,728</u>	<u>\$ 18,170</u>	<u>\$ 139,898</u>	<u>\$ -</u>
Long-term portion	148,779	22,208	170,987	208,857
Less allowance for uncollectibles	<u>(7,815)</u>	<u>(2,304)</u>	<u>(10,119)</u>	<u>(27,200)</u>
Net long-term portion	<u>140,964</u>	<u>19,904</u>	<u>160,868</u>	<u>181,657</u>
Totals	<u>\$ 262,692</u>	<u>\$ 38,074</u>	<u>\$ 300,766</u>	<u>\$ 181,657</u>

Town of East Hampton, Connecticut

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

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

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<u>General fund</u>			
Capital initiatives	N/A	\$ -	\$ 772,538
Capital reserve	N/A	-	400,000
Water system	N/A	3,099	-
Public safety	N/A	4,332	-
Culture and recreation	N/A	14,853	-
School cafeteria	N/A	5,511	-
Education grant	N/A	11,115	-
Community development	N/A	12,155	-
Miscellaneous grants	N/A	-	68,123
WPCA joint facilities	N/A	25,366	-
WPCA operating	N/A	3,000	-
Debt service	N/A	72,463	-
Volunteer firemen award fund	N/A	2,007	-
Total general fund		<u>153,901</u>	<u>1,240,661</u>
<u>Capital initiatives fund</u>			
General fund	N/A	772,538	-
Capital reserve	N/A	-	1,360,211
Public works	N/A	-	100,734
Total capital initiatives fund		<u>772,538</u>	<u>1,460,945</u>
<u>Capital reserve fund</u>			
Capital initiatives	N/A	1,360,211	-
General fund	N/A	400,000	-
Total capital reserve fund		<u>1,760,211</u>	<u>-</u>

Town of East Hampton, Connecticut

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

C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
<u>Other governmental funds</u>			
Water system	General fund	\$ -	\$ 3,099
Public safety	General fund	-	4,332
Culture and recreation	General fund	-	14,853
School cafeteria	General fund	-	5,511
Education grant	General fund	-	11,115
Public works	Capital initiatives	100,734	-
Community development	General fund	-	12,155
Miscellaneous grants	General fund	68,123	-
WPCA joint facilities	General fund	-	25,366
WPCA operating	General fund	-	3,000
Debt service	General fund	-	72,463
Total other governmental funds		<u>168,857</u>	<u>151,894</u>
<u>Fiduciary fund</u>			
Volunteer firemen award fund	General fund	-	2,007
Total		<u>\$ 2,855,507</u>	<u>\$ 2,855,507</u>

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

2. Interfund transfers

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
<u>General fund</u>			
Capital reserve	N/A	\$ -	\$ 816,931
Debt service	N/A	-	42,500
Total general fund		<u>-</u>	<u>859,431</u>
<u>Capital reserve fund</u>			
General fund	N/A	816,931	-
Culture and recreation	N/A	23,000	-
Total Capital Reserve Fund		<u>839,931</u>	<u>-</u>
<u>Other governmental funds</u>			
Culture and recreation	Capital reserve	-	23,000
Debt service fund	General fund	42,500	-
Total		<u>\$ 882,431</u>	<u>\$ 882,431</u>

Transfers are used to account for the financing by the general fund of various programs and activities in the capital reserve and debt service funds.

Town of East Hampton, Connecticut

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

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 3,052,322	\$ 142,500	\$ -	\$ 3,194,822
Intangible assets	698,000	-	-	698,000
Construction in progress	2,432,787	490,911	374,299	2,549,399
Total Capital Assets, Not Being Depreciated	6,183,109	633,411	374,299	6,442,221
<u>Capital Assets, Being Depreciated:</u>				
Buildings	116,604,215	265,413	-	116,869,628
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	422,062	-	-	422,062
Machinery and equipment	18,857,768	796,747	646,376	19,008,139
Infrastructure	49,376,397	2,197,656	-	51,574,053
Total Capital Assets, Being Depreciated	185,320,442	3,259,816	646,376	187,933,882
Total Capital Assets	191,503,551	3,893,227	1,020,675	194,376,103
<u>Less Accumulated Depreciation For:</u>				
Buildings	26,010,950	2,285,749	-	28,296,699
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	115,509	16,362	-	131,871
Machinery and equipment	8,716,778	1,039,130	634,283	9,121,625
Infrastructure	10,170,193	584,364	-	10,754,557
Total Accumulated Depreciation	45,073,430	3,925,605	634,283	48,364,752
Total Capital Assets, Being Depreciated, Net	140,247,012	(665,789)	12,093	139,569,130
Capital Assets, Net	<u>\$146,430,121</u>	<u>\$ (32,378)</u>	<u>\$ 386,392</u>	<u>\$146,011,351</u>

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

General government	\$ 436,564
Public safety	282,602
Public works and utilities	1,238,222
Health and human services	6,102
Culture and recreation	115,453
Education	1,846,662
Total depreciation expense	<u>\$ 3,925,605</u>

Town of East Hampton, Connecticut

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

E. Construction commitments

The Town had the following construction commitments:

Town Hall and Police Renovation	\$ 767,929
---------------------------------	------------

F. Short-term obligations - bond anticipation notes

The Town uses Bond Anticipation Notes (BANs) during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term activity for the fiscal year was as follows:

Project	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
High school renovation project	\$ 298,852	\$ -	\$ 298,852	\$ -
Town hall	72,148	-	72,148	-
Total	<u>\$ 371,000</u>	<u>\$ -</u>	<u>\$ 371,000</u>	<u>\$ -</u>

Town of East Hampton, Connecticut

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

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

Description	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance July 1, 2020	Additions	Reductions*	Balance June 30, 2021	Current Portion	Long Term Portion
<u>Bonds:</u>										
General obligation	2/1/2006	2/1/2021	3.40-5.00%	\$3,175,000	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -
General obligation	4/15/2009	7/15/2028	2.50-4.50%	2,985,000	1,395,000	-	1,395,000	-	-	-
General obligation	8/7/2013	8/15/2033	2.00-4.00%	3,885,000	2,625,000	-	210,000	2,415,000	210,000	2,205,000
General obligation	12/18/2015	7/15/2035	2.00-4.00%	21,225,000	16,985,000	-	1,060,000	15,925,000	1,060,000	14,865,000
General obligation	9/14/2017	9/1/2037	2.00-5.00%	6,700,000	6,090,000	-	505,000	5,585,000	505,000	5,080,000
General obligation	9/12/2019	9/12/2039	1.96-2.44%	13,670,000	13,670,000	-	765,000	12,905,000	770,000	12,135,000
Refunding	9/11/2020	9/1/2040	1.00-4.00%	1,225,000	-	1,225,000	155,000	1,070,000	30,000	1,040,000
General obligation	9/11/2020	9/1/2040	5.00%	7,810,000	7,810,000	-	-	7,810,000	280,000	7,530,000
Total bonds				60,675,000	48,725,000	1,225,000	4,240,000	45,710,000	2,855,000	42,855,000
<u>Notes:</u>										
<u>Clean water notes:</u>										
Sewer 480-C	6/30/2002	12/31/2021	2.00%	503,694	44,728	-	29,669	15,059	15,059	-
<u>Equipment financing notes (direct borrowings):</u>										
Boiler	7/24/2015	7/30/2020	1.66%	886,500	91,984	-	91,984	-	-	-
Vehicle	5/23/2016	7/17/2022	1.82%	175,506	76,662	-	25,094	51,568	25,551	26,017
Vehicle	1/17/2017	1/17/2023	2.99%	172,349	75,965	-	24,578	51,387	25,315	26,072
Technology equipment	2/12/2019	2/12/2023	2.13%	40,579	24,293	-	7,632	16,661	8,088	8,573
Vehicle	10/1/2020	10/1/2026	2.05%	286,194	-	286,194	42,614	243,580	38,565	205,015
Total notes				2,064,822	313,632	286,194	221,571	378,255	112,578	265,677
Total bonds and notes					49,038,632	1,511,194	4,461,571	46,088,255	2,967,578	43,120,677
Premium					2,070,327	653,494	401,743	2,322,078	-	2,322,078
Total bonds, notes and related liabilities					51,108,959	2,164,688	4,863,314	48,410,333	2,967,578	45,442,755
Capital lease	8/7/2017	8/7/2020	4.55%	109,887	28,067	-	28,067	-	-	-
Compensated absences					1,430,985	610,281	588,685	1,452,581	149,713	1,302,868
Net pension liability					13,236,323	4,481,803	9,985,853	7,732,273	-	7,732,273
OPEB liability					4,337,410	293,156	163,330	4,467,236	-	4,467,236
Environmental liability					152,846	-	152,846	-	-	-
Total long-term liabilities					\$ 70,294,590	\$ 7,549,928	\$ 15,782,095	\$ 62,062,423	\$ 3,117,291	\$ 58,945,132

* Reductions include \$1,390,000 of refunded bonds.

All long-term liabilities listed above are liquidated by the General Fund except clean water notes which are paid out of the WPCA Joint Facilities Fund and certain compensated absences paid from the debt service fund.

Town of East Hampton, Connecticut

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

G. Changes in long-term liabilities (continued)

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Bond Principal	Note Principal	Total Interest
2022	\$ 2,855,000	\$ 112,578	\$ 1,389,451
2023	2,975,000	100,018	1,260,014
2024	2,885,000	40,163	1,129,952
2025	2,890,000	40,986	1,009,329
2026	2,890,000	41,826	893,488
2027	2,890,000	42,684	778,981
2028	2,890,000	-	680,456
2029	2,890,000	-	602,369
2030	2,700,000	-	529,991
2031	2,530,000	-	462,375
2032	2,530,000	-	398,675
2033	2,530,000	-	334,425
2034	2,530,000	-	269,925
2035	2,370,000	-	206,750
2036	2,365,000	-	144,581
2037	1,300,000	-	98,069
2038	1,300,000	-	67,531
2039	995,000	-	41,197
2040	995,000	-	19,066
2041	400,000	-	4,000
Totals	<u>\$ 45,710,000</u>	<u>\$ 378,255</u>	<u>\$ 10,320,625</u>

2. Assets pledged as collateral

The Town's outstanding equipment financing notes of \$378,255 are secured with collateral of the equipment purchased.

3. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 86,335,709	\$ 24,035,852	\$ 62,299,857
Schools	172,671,417	21,674,148	150,997,269
Sewer	143,892,848	-	143,892,848
Urban renewal	124,707,135	-	124,707,135
Pension deficit	115,114,278	-	115,114,278

Town of East Hampton, Connecticut

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

G. Changes in long-term liabilities (continued)

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$268,599,982.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

4. Authorized/unissued bonds

The amount of authorized, unissued bonds is as follows:

Ambulance Facility	\$ 18,500
High School Athletic Facilities Improvements	2,000
Water System Initial Water Supply Plan	866,000
Capital Improvements 2004-2005	454,400
Land purchase	7,100
Flanders Roadway Improvements	2,000
Pine Brook Culvert Repair	400,000
Memorial School Roof & Oil Tank	613,350
High School Renovation	1,664,434
Town Hall/Police Facility	72,148
Center School Heating System Improvements	<u>106,000</u>
Total	<u><u>\$ 4,205,932</u></u>

5. Current year advance refunding

In September of 2020, the Town issued general obligation bonds of \$1,225,000 with an interest rate of 1.0% to 4.0%. These refunding bonds were issued to defease bonds issued in 2006 to 2009. The refunding resulted in an economic gain of \$148,461 and a total savings of \$149,392.

6. Capital leases

The Town is committed under a capital lease for technology equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

Technology equipment totaling \$109,887, net of accumulated depreciation of \$87,910, are recorded under the capital lease. This year, \$21,977 was included in depreciation expense.

Town of East Hampton, Connecticut

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

H. Fund balance classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Nonspendable					
Culture and recreation					
Library programs	\$ -	\$ -	\$ -	\$ 15,500	\$ 15,500
Restricted					
Public works					
Sewer operations*	-	-	-	811,690	811,690
Water operations*	-	-	-	257,905	257,905
Town hall and police facility	-	767,929	-	-	767,929
Health and welfare					
Housing rehabilitation	-	-	-	215,435	215,435
Culture and recreation					
Library programs	-	-	-	1,682	1,682
Education					
School cafeteria operations*	-	-	-	163,136	163,136
Total restricted	-	767,929	-	1,449,848	2,217,777
Committed					
Village center development	3,177	-	-	-	3,177
General government programs	-	-	-	73,871	73,871
Public safety programs	-	-	-	84,607	84,607
Public works projects	-	-	-	100,734	100,734
Culture and recreation programs	-	-	-	99,872	99,872
Education programs	-	-	-	762,861	762,861
Sewer operations	-	-	-	2,447,511	2,447,511
Approved capital projects	-	301,383	1,743,712	54,725	2,099,820
Town improvement projects	-	-	1,894,084	-	1,894,084
Total committed	3,177	301,383	3,637,796	3,624,181	7,566,537
Assigned					
Future debt service payments	-	-	-	122,597	122,597
Unassigned	5,744,534	-	-	-	5,744,534
Total	\$5,747,711	\$1,069,312	\$3,637,796	\$5,212,126	\$ 15,666,945

*The amount of restricted net position, which is restricted by enabling legislation, totaled \$1,232,731.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2021****IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past four years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is currently a member in Connecticut Interlocal Risk Management Agency ("CIRMA") an unincorporated association of Connecticut local public agencies which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-47-a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk sharing pool. The Town paid CIRMA for provisions of general liability, personal and advertising injury, automobile liability, employee benefit liability, law enforcement liability, public officials liability, school leaders liability, and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

B. Commitments and litigation

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. The resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

C. Intermunicipal agreement

The Town is party to an intermunicipal agreement for septage waste disposal. The Town has agreed to accept septage from five area towns. In fiscal year 2002, the Town borrowed an additional \$503,694 for a nitrogen reduction project. Each Town is committed to paying a portion of the cost of improvements over 20 years. Additionally, operating costs and a use fee will also be charged.

Town of East Hampton, Connecticut

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

D. Contingencies*Coronavirus*

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

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

Grant Name	Amount
Coronavirus Relief Fund ("CRF")	\$ 505,208
Education Stabilization Fund ("ESF")	42,940
American Rescue Plan Act ("ARPA")	1,894,084
Total	<u>\$ 2,442,232</u>

The second payment of the ARPA grant of \$1,894,084 is to be received in fiscal year 2022.

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

V. Pensions and other post-employment benefit ("OPEB") plans**A. Pension plan****1. Plan description****a. Plan administration**

The Town administers the Town of East Hampton Retirement Income Plan - a single-employer Public Employee Retirement System ("PERS") that provides pension benefits for eligible employees of the Town. The Pension Plan Article XV grants the authority to establish and amend the benefit terms to the Town Council. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements. In addition, the Town established a single-employer defined contribution plan for all non-police employees hired after September 2013. Management of the plan is vested in the Town Council.

The plan is closed to employees hired after July 1, 2015.

Town of East Hampton, Connecticut

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

V. Pension plan (continued)**b. Plan membership**

At July 1, 2020, pension plan membership consisted of the following:

Active members	112
Terminated employees entitled to benefits	103
Retirees, disabled employees, and beneficiaries receiving benefits	<u>138</u>
Total	<u><u>353</u></u>

2. Benefit provisions

Normal retirement	Town - Age 62 with 5 years of service Police - Age 55 with 10 years of service
Benefit calculation	Town - 2.25% final average salary times years of service Police - 2.50% final average salary times years of service
Early retirement service requirement	Town - 100% vested after 10 years of continuous service Police - 20 years of service
Disability benefit amount	Determined in the same manner as retirement benefits but are payable immediately without actuarial reduction
Disability benefit service requirement	10 years of service
Pre-retirement death benefit requirement	Pre-retirement and post-retirement death benefits are to be paid in accordance with the plan documents
Cost of living increases	Benefit terms provide for cost-of-living adjustments (COLAs) which may be applied periodically to the retirement benefits under the plan. The timing and manner of which such COLAs may be applied shall be determined by the employer

3. Contributions

Required contribution to the plan are as follows:

Police hired prior to July 1, 2017	5.50% of after tax earnings
Police hired after July 1, 2017	8.00% of after tax earnings
All other employees	6.00% of pre tax earnings
Average active member contribution rate	5.50% of annual base compensation
Town's average contribution rate	19.85% of annual payroll

Town of East Hampton, Connecticut

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

V. Pension plan (continued)**4. Investments****a. Investment policy**

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

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. core fixed income	34.00%
U.S. inflation indexed bonds	5.00%
U.S. equity market	33.50%
Global equity	22.50%
Real estate (REITS)	5.00%

b. Concentrations

The Town places no limit on the amount the Town may invest in any one issuer. At fiscal year end, the Town had 4.71% of the Town's total pension plan investments invested in a real estate limited partnership.

c. Rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	1.28%
U.S. inflation indexed bonds	1.57%
U.S. equity market	3.52%
Global equity	4.21%
Real estate (REITS)	3.13%

The weighted average expected rate of return is 6.875%.

Town of East Hampton, Connecticut

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

A. Pension plan (continued)**d. Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 24.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net pension liability

The components of the net pension liability were as follows:

Total pension liability	\$47,216,047
Plan fiduciary net position	<u>39,483,774</u>
Net pension liability	<u>\$ 7,732,273</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.62%</u>

6. Actuarial assumptions

The net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020
Actuarial cost method	Entry age normal
Inflation rate	2.75%
Salary increases	Age based
Investment rate of return	6.875%
Cost of living adjustments	None
Mortality table	PubG-2010 Mortality Table (PubS-2010 for Police) with generational projection per the MP Ultimate Scale

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

There were the following changes in assumptions:

- Mortality table changed from RP-2014 to Pub-2010 Public Retirement Plans Weighted Average Tables

b. Changes in benefit terms

There were no changes to benefit terms.

Town of East Hampton, Connecticut

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

A. Pension plan (continued)**8. Discount rate**

The discount rate used to measure the total pension liability was 6.875%.

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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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.

9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2020	\$ 45,427,668	\$ 32,191,345	\$ 13,236,323
Service cost	746,693	-	746,693
Interest	3,095,250	-	3,095,250
Differences between expected and actual experience	(268,745)	-	(268,745)
Changes in assumptions	559,229	-	559,229
Contributions - employer	-	1,269,488	(1,269,488)
Contributions - member	-	389,355	(389,355)
Net investment income	-	8,058,265	(8,058,265)
Benefit payments, including refunds of member contributions	(2,344,048)	(2,344,048)	-
Administrative expenses	-	(80,631)	80,631
Net change	1,788,379	7,292,429	(5,504,050)
Balance at June 30, 2021	\$ 47,216,047	\$ 39,483,774	\$ 7,732,273

Town of East Hampton, Connecticut

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

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

The following presents the net pension liability, calculated using the discount rate as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate of 6.875%:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Net pension liability	<u>\$13,131,591</u>	<u>\$ 7,732,273</u>	<u>\$ 3,171,175</u>

11. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

During the year, the Town recognized pension expense of \$1,146,123. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred outflow/inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ -	\$ 193,725	\$ (193,725)
Changes in assumptions	631,974	-	631,974
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>3,547,356</u>	<u>(3,547,356)</u>
Total	<u>\$ 631,974</u>	<u>\$ 3,741,081</u>	<u>\$ (3,109,107)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 2.5 years.

Town of East Hampton, Connecticut

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

A. Pension plan (continued)

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

Year Ending June 30,	
2022	\$ (376,430)
2023	(701,428)
2024	(866,926)
2025	<u>(1,164,323)</u>
Total	<u>\$ (3,109,107)</u>

12. Defined contribution retirement savings plan

As of September 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the East Hampton Money Purchase Plan administered by the Town. Town Council has the authority to establish and amend the plan. There were 65 employees eligible to participate in the plan. The Town and employees are both required to contribute 5.00% of earnings. Employer contributions vest according to the following schedule:

Years of Service				
1	2	3	4	5
<u>20%</u>	<u>40%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>

During the year the Town recognized pension expense of \$160,085 and employee contributions totaled \$204,558.

B. Connecticut state teachers' retirement system**1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Town of East Hampton, Connecticut

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

B. Connecticut state teachers' retirement system (continued)**2. Benefit provisions**

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

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date.
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions**State of Connecticut**

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

Employer (school districts)

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

Town of East Hampton, Connecticut

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

B. Connecticut state teachers' retirement system (continued)**Employees**

Each member is required to contribute 7.00% of their annual salary.

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>68,470,295</u>
Total	<u><u>\$ 68,470,295</u></u>

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

During the year, the Town recognized pension expense and revenue of \$4,391,792 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

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

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

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

Town of East Hampton, Connecticut

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

B. Connecticut state teachers' retirement system (continued)

If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

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

Changes in assumptions and inputs

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	1.00%	0.40%
Total	<u>100.00%</u>	

Town of East Hampton, Connecticut

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

B. Connecticut state teachers' retirement system (continued)**6. Discount rate**

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

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

C. Other post-employment benefit plans**1. Plan description****a. Plan administration**

The Town administers one single-employer, post retirement healthcare plan for the Board of Education, the Town of East Hampton Other Post-Employment Benefit ("OPEB") Plan. The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand-alone financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

b. Plan membership

Active members	166
Retirees, disabled employees, and beneficiaries receiving benefits	<u>11</u>
Total	<u><u>177</u></u>

2. Benefit provisions

The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Town of East Hampton, Connecticut

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

C. Other post-employment benefit plans (continued)**3. Contributions****a. Employer contributions**

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Board of Education's total plan contribution was \$163,330.

b. Employee contributions

There are no employee contributions to the plan.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

4. OPEB liability

The Town's OPEB liability of \$4,467,236 was measured as of June 30, 2021 and was determined by an actuarial valuation as July 1, 2019.

5. Actuarial methods and significant assumptions

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

Valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Discount rate	2.16%
Healthcare inflation rate	
Initial	5.70%
Ultimate	4.10%
Inflation rate	2.75%
Mortality table	CT State Teachers Retirement System mortality table as of June 30, 2018

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

Town of East Hampton, Connecticut

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

C. Other post-employment benefit plans (continued)**6. Change in the OPEB liability**

Balance at July 1, 2020	<u>\$4,337,410</u>
Service cost	173,616
Interest	97,899
Changes in assumptions	21,641
Benefit payments, including refunds of member contributions	<u>(163,330)</u>
Net change	<u>129,826</u>
Balance at June 30, 2021	<u><u>\$4,467,236</u></u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$4,927,229</u>	<u>\$ 4,467,236</u>	<u>\$4,056,890</u>

8. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates of 5.70% decreasing to 4.10%:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$3,872,537</u>	<u>\$ 4,467,236</u>	<u>\$5,180,902</u>

Town of East Hampton, Connecticut

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

C. Other post-employment benefit plans (continued)**9. OPEB expense and deferred outflows and inflows of resources related to OPEB**

For the fiscal year, the Town recognized OPEB expense of \$278,806. The Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ 416,440	\$ (416,440)
Changes in assumptions	551,492	76,129	475,363
Total	<u>\$ 551,492</u>	<u>\$ 492,569</u>	<u>\$ 58,923</u>

Differences between expected and actual experience and changes in assumptions are amortized over 10.9 years.

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

Year Ending June 30,	
2022	\$ 7,291
2023	7,291
2024	7,291
2025	7,291
2026	7,291
Thereafter	<u>22,468</u>
Total	<u>\$ 58,923</u>

D. Connecticut state teachers' retirement board retiree health insurance plan**1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Town of East Hampton, Connecticut

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

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**2. Benefit provisions**

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

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

Retiree health care coverage

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

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

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

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

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

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Town of East Hampton, Connecticut

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

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

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

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

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

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

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,212,347</u>
Total	<u><u>\$ 10,212,347</u></u>

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

The Town recognized OPEB expense and revenue of \$105,989 for on-behalf amounts for contributions to the plan by the State.

Town of East Hampton, Connecticut

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

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**5. Actuarial methods and significant assumptions**

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

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2021

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

Changes in assumptions and inputs

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

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

Long-term expected rate of return

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2020.

Town of East Hampton, Connecticut

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

D. Connecticut state teachers' retirement board retiree health insurance plan (continued)**6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that annual State contributions will equal the most recent 5-year average of state contributions.

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

VI. Prior period adjustments

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

	Governmental Activities	Other Governmental Funds	Custodial Funds
Net position/fund balance as previously reported at June 30, 2020	\$ 93,823,124	\$ 4,558,579	\$ 1,827,718
Reclassification of funds to proper fund type:	<u>510,787</u>	<u>510,787</u>	<u>(510,787)</u>
Net position/fund balance as restated at July 1, 2020	<u>\$ 94,333,911</u>	<u>\$ 5,069,366</u>	<u>\$ 1,316,931</u>

Required Supplementary Information

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

Town of East Hampton, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes					
Current taxes	\$ 37,799,841	\$ -	\$ 37,799,841	\$ 37,902,190	\$ 102,349
Back taxes	275,000	-	275,000	345,414	70,414
Telephone access share line	20,000	-	20,000	21,135	1,135
Supplemental motor vehicles	375,000	-	375,000	374,320	(680)
Housing authority reimbursement	15,000	-	15,000	8,418	(6,582)
Interest	150,000	-	150,000	170,781	20,781
Liens	2,500	-	2,500	3,603	1,103
Total property taxes	38,637,341	-	38,637,341	38,825,861	188,520
Intergovernmental					
General government:					
Town aid road	321,263	-	321,263	321,450	187
Grants for municipal projects	18,943	-	18,943	18,943	-
Department of youth services	15,911	-	15,911	15,839	(72)
State-owned property	19,217	-	19,217	19,217	-
Disability tax relief	1,100	-	1,100	1,474	374
Veterans' exemption	4,350	-	4,350	5,217	867
Mashantucket Pequot/Mohegan grant	6,742	-	6,742	6,742	-
Other federal and state grants	120,397	19,368	139,765	243,386	103,621
Total general government	507,923	19,368	527,291	632,268	104,977
Education					
Education cost sharing	6,902,775	-	6,902,775	6,940,416	37,641
Adult education	19,591	-	19,591	20,421	830
Total education	6,922,366	-	6,922,366	6,960,837	38,471
Total intergovernmental	7,430,289	19,368	7,449,657	7,593,105	143,448

(Continued)

Town of East Hampton, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services					
Finance department	\$ 26,567	\$ -	\$ 26,567	\$ 30,140	\$ 3,573
Assessor department	600	-	600	153	(447)
Police department	6,000	-	6,000	19,081	13,081
Town clerk	244,550	220,000	464,550	475,259	10,709
Planning, zoning and buildings	180,600	180,000	360,600	423,629	63,029
Transfer station fees/stickers	33,050	-	33,050	51,344	18,294
Lease of town property	32,850	-	32,850	32,851	1
Sears Park rent	700	-	700	1,460	760
Building rental	20,000	-	20,000	20,000	-
Library	6,000	-	6,000	3,338	(2,662)
Community room rental	150	-	150	-	(150)
Sears park stickers	3,000	-	3,000	4,075	1,075
Blasting permits	100	-	100	60	(40)
Public works	350	-	350	500	150
Total charges for services	554,517	400,000	954,517	1,061,890	107,373
Income from investments	75,000	-	75,000	8,777	(66,223)
Other					
Collector of revenue	1,000	-	1,000	164	(836)
Parks and recreation	1,500	-	1,500	188	(1,312)
Public works	-	-	-	2,303	2,303
Middle Haddam historic district	150	-	150	425	275
Total other	2,650	-	2,650	3,080	430
Total revenues	46,699,797	419,368	47,119,165	47,492,713	373,548
Other financing sources					
Appropriation of fund balance	738,000	-	738,000	-	(738,000)
Sale of capital assets	-	-	-	26,276	26,276
Total other financing sources	738,000	-	738,000	26,276	(711,724)
Total revenues and other financing sources	\$ 47,437,797	\$ 419,368	\$ 47,857,165	\$ 47,518,989	\$ (338,176)

(Concluded)

Town of East Hampton, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town manager	\$ 366,269	\$ -	\$ 366,269	\$ 365,113	\$ 1,156
Council special programs	40,424	-	40,424	32,004	8,420
Legal defense/fees	85,000	51,800	136,800	136,688	112
New town hall/police/boe	265,115	7,400	272,515	272,433	82
Finance and accounting	479,125	-	479,125	470,658	8,467
Collector of revenue	173,349	-	173,349	169,265	4,084
Assessor's office	189,719	-	189,719	163,783	25,936
Town clerk's office	179,875	-	179,875	175,669	4,206
Registrars/elections	43,051	9,700	52,751	52,690	61
General insurance	372,000	-	372,000	370,445	1,555
Probate court	15,958	901	16,859	16,859	-
Employee benefits	2,093,662	(65,022)	2,028,640	2,025,120	3,520
Information technology	127,101	-	127,101	126,997	104
Contingency	30,000	(30,000)	-	-	-
Total general government	4,460,648	(25,221)	4,435,427	4,377,724	57,703
Public safety:					
Police administration	337,358	-	337,358	335,861	1,497
Police regular patrol	1,742,554	-	1,742,554	1,739,541	3,013
Lake patrol	1,723	-	1,723	377	1,346
Animal control	50,402	-	50,402	49,980	422
Firefighting	319,815	-	319,815	319,808	7
Fire Marshal	60,498	7,700	68,198	68,179	19
Town center fire system	8,050	-	8,050	7,450	600
Ambulance association	63,443	-	63,443	62,642	801
Civil preparedness	6,640	11,000	17,640	17,609	31
Communications	240,075	(15,000)	225,075	187,296	37,779
Street lighting	51,000	920	51,920	51,916	4
Total public safety	2,881,558	4,620	2,886,178	2,840,659	45,519
Public works and utilities:					
Public works	1,477,685	-	1,477,685	1,476,742	943
Engineering	40,000	-	40,000	39,481	519
Town garage	55,467	-	55,467	35,335	20,132
Town wide motor fuel	100,480	-	100,480	95,480	5,000
Road materials	365,925	445	366,370	366,370	-
Transfer station	184,352	-	184,352	181,734	2,618
Septage disposal	3,440	-	3,440	1,980	1,460
Total public works and utilities	2,227,349	445	2,227,794	2,197,122	30,672

(Continued)

Town of East Hampton, Connecticut

Required Supplementary Information

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Regulatory:					
Planning, zoning and buildings	\$ 378,769	\$ -	\$ 378,769	\$ 375,282	\$ 3,487
Economic development commission	5,302	35	5,337	5,334	3
Conservation and lake commission	38,742	8,205	46,947	46,946	1
Redevelopment agency	1,462	-	1,462	536	926
Middle Haddam historic district	800	340	1,140	1,128	12
Total regulatory	425,075	8,580	433,655	429,226	4,429
Health and human services:					
Chatham health district	160,418	19,368	179,786	179,786	-
Human services	115,822	6,775	122,597	122,592	5
Senior center	145,313	-	145,313	129,078	16,235
Transportation	53,500	415	53,915	53,915	-
Cemetery care	5,000	-	5,000	5,000	-
Commission on aging	1,200	-	1,200	747	453
Community services	5,725	-	5,725	4,950	775
Total health and human services	486,978	26,558	513,536	496,068	17,468
Culture and recreation:					
Park and recreation	420,636	2,000	422,636	422,583	53
Arts and cultural commission	2,500	200	2,700	2,699	1
Community center	164,735	-	164,735	141,806	22,929
Library	541,811	-	541,811	521,549	20,262
Middle Haddam library	5,000	-	5,000	5,000	-
Total culture and recreation	1,134,682	2,200	1,136,882	1,093,637	43,245
Education	32,132,300	-	32,132,300	32,131,949	351
Debt service	3,229,776	2,186	3,231,962	3,225,519	6,443
Total expenditures	46,978,366	19,368	46,997,734	46,791,904	205,830
Other financing uses:					
Transfers out:					
Capital reserve fund	416,931	400,000	816,931	816,931	-
Debt service fund	42,500	-	42,500	42,500	-
Total other financing uses	459,431	400,000	859,431	859,431	-
Total expenditures and other financing uses	\$ 47,437,797	\$ 419,368	\$ 47,857,165	\$ 47,651,335	\$ 205,830

(Concluded)

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

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

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

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

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

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 47,492,713	\$ 46,791,904
State Teachers' pension on behalf amount	4,391,792	4,391,792
State Teachers' OPEB on behalf amount	<u>105,989</u>	<u>105,989</u>
GAAP Basis - Exhibit D	<u>\$ 51,990,494</u>	<u>\$ 51,289,685</u>

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

The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year. The Town Manager compiles preliminary estimates for all departments and agencies for submission of a Town Government budget to the Board of Finance. The Board of Education submits its budget directly to the Board of Finance. The Board of Finance holds public meetings for presentation of the proposed budgets.

The Board of Finance compiles separate budgets for the Town Government and Board of Education based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on the proposed annual budgets and presents recommended budgets to the Town Council no later than April 15th. After making alterations or reductions, the Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting. The call of the Annual Budget Meeting shall present, as separate resolutions, the Town Government budget and the Board of Education budget. The ballot questions provide for separate approval/disapproval of the Town Government budget and the Board of Education budget. In the event that either or both of the Town Government budget and/or Board of Education budget shall fail to pass at the referendum, such budget(s) which did not pass shall be revised and submitted for consideration at additional annual budget meetings, each of which shall likewise be adjourned for referendum, until such time as each budget shall have been adopted.

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

The Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting. Additional appropriations from fund balance below \$25,000, as well as additional appropriations from revised revenue, must be approved by Town Council.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education approval and then the Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting.

During the year, there were additional appropriations funded by additional revenues of \$419,368.

Town of East Hampton, Connecticut

Required Supplementary Information

Retirement Income Plan
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Changes in Net Pension Liability and Related Ratios								
Total pension liability:								
Service cost	\$ 746,693	\$ 730,035	\$ 769,708	\$ 760,805	\$ 778,005	\$ 805,799	\$ 763,446	\$ 819,627
Interest	3,095,250	2,909,482	2,812,145	2,750,141	2,616,836	2,516,844	2,337,307	2,242,374
Changes of benefit terms	-	-	(13,855)	-	-	-	-	-
Differences between expected and actual experience	(268,745)	(162,390)	200,401	(572,855)	-	831,035	302,268	-
Changes in assumptions	559,229	1,482,189	543,389	-	555,753	487,376	456,503	-
Benefit payments, including refunds of member contributions	(2,344,048)	(2,206,017)	(2,047,792)	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Net change in total pension liability	1,788,379	2,753,299	2,263,996	863,885	1,965,217	2,889,698	2,265,330	1,596,798
Total pension liability - July 1	45,427,668	42,674,369	40,410,373	39,546,488	37,581,271	34,691,573	32,426,243	30,829,445
Total pension liability - June 30 (a)	\$ 47,216,047	\$ 45,427,668	\$ 42,674,369	\$ 40,410,373	\$ 39,546,488	\$ 37,581,271	\$ 34,691,573	\$ 32,426,243
Plan fiduciary net position:								
Contributions - employer	\$ 1,269,488	\$ 1,165,982	\$ 1,131,502	\$ 1,148,318	\$ 1,026,712	\$ 960,000	\$ 982,321	\$ 953,000
Contributions - member	389,355	387,156	381,870	374,910	398,344	421,156	419,210	413,838
Other	-	-	13,800	-	-	-	-	-
Net investment income	8,058,265	729,400	1,649,103	2,090,823	3,127,767	11,189	653,723	3,455,656
Benefit payments, including refunds of member contributions	(2,344,048)	(2,206,017)	(2,047,792)	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Administration expenses	(80,631)	(78,905)	(72,182)	(72,770)	(24,717)	(57,552)	(48,049)	(52,123)
Net change in plan fiduciary net position	7,292,429	(2,384)	1,056,301	1,467,075	2,542,729	(416,563)	413,011	3,305,168
Plan fiduciary net position - July 1	32,191,345	32,193,729	31,137,428	29,670,353	27,127,624	27,544,187	27,131,176	23,826,008
Plan fiduciary net position - June 30 (b)	\$ 39,483,774	\$ 32,191,345	\$ 32,193,729	\$ 31,137,428	\$ 29,670,353	\$ 27,127,624	\$ 27,544,187	\$ 27,131,176
Net pension liability (asset) - June 30 (a)-(b)	\$ 7,732,273	\$ 13,236,323	\$ 10,480,640	\$ 9,272,945	\$ 9,876,135	\$ 10,453,647	\$ 7,147,386	\$ 5,295,067
Plan fiduciary net position as a percentage of the total pension liability	83.62%	70.86%	75.44%	77.05%	75.03%	72.18%	79.40%	83.67%
Covered payroll	\$ 6,394,230	\$ 6,776,648	\$ 6,677,666	\$ 7,030,552	\$ 7,177,458	\$ 7,202,832	\$ 7,300,421	\$ 7,621,801
Net pension liability as a percentage of covered payroll	120.93%	195.32%	156.95%	131.89%	137.60%	145.13%	97.90%	69.47%
Schedule of Investment Returns								
Annual money weighted rate of return, net of investment expense	24.78%	2.18%	5.20%	6.89%	11.51%	-0.04%	2.36%	14.14%

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

Town of East Hampton, Connecticut

Required Supplementary Information

Retirement Income Plan
Schedule of Contributions
Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	\$ 1,252,872	\$ 1,165,982	\$ 1,095,521	\$ 1,115,081	\$ 1,020,204	\$ 957,490	\$ 980,548	\$ 952,198	\$ 815,329	\$ 749,829
Contributions in relation to the actuarially determined contribution	1,269,488	1,269,488	1,131,502	1,148,318	1,026,712	960,000	982,321	953,000	829,183	809,304
Contribution excess (deficiency)	\$ 16,616	\$ 103,506	\$ 35,981	\$ 33,237	\$ 6,508	\$ 2,510	\$ 1,773	\$ 802	\$ 13,854	\$ 59,475
Covered payroll	\$ 6,394,230	\$ 6,776,648	\$ 6,677,666	\$ 7,030,552	\$ 7,177,458	\$ 7,202,832	\$ 7,300,421	\$ 7,621,801	\$ 7,372,236	\$ 7,317,009
Contributions as a percentage of covered payroll	19.85%	18.73%	16.94%	16.33%	14.30%	13.33%	13.46%	12.50%	11.25%	11.06%

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

**Retirement Income Plan
Schedule of Contributions
Last Eight Years (1)**

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2016	July 1, 2015	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26
Investment Rate of Return (net)	6.88%	6.88%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	PubG-2010 Mortality Table with generational projection per the MP-2019 Ultimate Scale	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA

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

Town of East Hampton, Connecticut

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>							
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State's proportionate share of the net pension liability associated with the Town	<u>68,470,295</u>	<u>65,777,196</u>	<u>50,718,039</u>	<u>48,810,812</u>	<u>51,495,781</u>	<u>38,984,952</u>	<u>36,033,775</u>
Total	<u>\$ 68,470,295</u>	<u>\$ 65,777,196</u>	<u>\$ 50,718,039</u>	<u>\$ 48,810,812</u>	<u>\$ 51,495,781</u>	<u>\$ 38,984,952</u>	<u>\$ 36,033,775</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<u>Schedule of Contributions</u>							
Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

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

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (net)	6.90%	6.90%	8.00%	8.00%	8.00%	8.00%	8.00%
Mortality	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

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

Town of East Hampton, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)Schedule of Changes in OPEB Liability and Related Ratios

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPEB liability				
Service cost	\$ 173,616	\$ 129,439	\$ 187,451	\$ 191,004
Interest	97,899	149,034	153,456	139,502
Difference between expected and actual experience	-	(510,022)	-	-
Changes in assumptions	21,641	516,655	155,433	(118,421)
Benefit payments, including refunds of member contributions	<u>(163,330)</u>	<u>(151,439)</u>	<u>(139,518)</u>	<u>(140,508)</u>
Net change in OPEB liability	129,826	133,667	356,822	71,577
OPEB liability - July 1	<u>4,337,410</u>	<u>4,203,743</u>	<u>3,846,921</u>	<u>3,775,344</u>
OPEB liability - June 30 *	<u>\$ 4,467,236</u>	<u>\$ 4,337,410</u>	<u>\$ 4,203,743</u>	<u>\$ 3,846,921</u>
Covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>\$14,985,214</u>	<u>\$ 14,271,707</u>
Total OPEB liability as a percentage of employee covered payroll	<u>N/A</u>	<u>N/A</u>	<u>28.05%</u>	<u>26.95%</u>

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

N/A - Not available

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

Town of East Hampton, Connecticut

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>				
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>10,212,347</u>	<u>10,258,325</u>	<u>10,138,874</u>	<u>12,563,334</u>
Total	<u>\$ 10,212,347</u>	<u>\$ 10,258,325</u>	<u>\$ 10,138,874</u>	<u>\$ 12,563,334</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Schedule of Contributions

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

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

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

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

See Notes to Required Supplementary Information.

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	3.00%	3.00%	4.25%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

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

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works and utilities, culture and recreation, health and human services, regulatory, and education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of East Hampton, Connecticut

Report of Tax Collector
For The Year Ended June 30, 2021

Grand List	Uncollected Taxes July 1, 2020	Current Tax Levy	Lawful Corrections		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2021
			Additions	Deductions			Taxes	Interest and Liens	Total	
2019	\$ -	\$ 38,712,921	\$ 24,893	\$ 89,713	\$ 34,956	\$ 38,613,145	\$ 38,277,298	\$ 75,329	\$38,352,627	\$ 335,847
2018	435,499	-	2,184	4,250	37,184	396,249	259,491	66,239	325,730	136,758
2017	133,333	-	106	520	30,492	102,427	58,284	25,926	84,210	44,143
2016	24,410	-	891	-	11,409	13,892	9,242	6,761	16,003	4,650
2015	8,181	-	-	-	4,800	3,381	778	1,294	2,072	2,603
2014	1,199	-	-	-	-	1,199	66	86	152	1,133
2013	65	-	-	-	-	65	65	96	161	-
2012	-	-	-	-	-	-	-	-	-	-
2011	637	-	-	-	637	-	-	-	-	-
2010	538	-	-	-	538	-	-	-	-	-
	<u>\$ 603,862</u>	<u>\$ 38,712,921</u>	<u>\$ 28,074</u>	<u>\$ 94,483</u>	<u>\$ 120,016</u>	<u>\$ 39,130,358</u>	<u>\$ 38,605,224</u>	<u>\$175,731</u>	<u>\$38,780,955</u>	<u>\$ 525,134</u>

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues					
Property taxes	\$ 38,637,341	\$ -	\$ 38,637,341	\$ 38,825,861	\$ 188,520
Intergovernmental	7,430,289	19,368	7,449,657	7,593,105	143,448
Charges for services	554,517	400,000	954,517	1,061,890	107,373
Income from investments	75,000	-	75,000	8,777	(66,223)
Other	2,650	-	2,650	3,080	430
Total revenues	46,699,797	419,368	47,119,165	47,492,713	373,548
Expenditures					
Current					
General government	4,460,648	(25,221)	4,435,427	4,377,724	57,703
Public safety	2,881,558	4,620	2,886,178	2,840,659	45,519
Public works and utilities	2,227,349	445	2,227,794	2,197,122	30,672
Culture and recreation	1,134,682	2,200	1,136,882	1,093,637	43,245
Regulatory	425,075	8,580	433,655	429,226	4,429
Health and human services	486,978	26,558	513,536	496,068	17,468
Education	32,132,300	-	32,132,300	32,131,949	351
Debt service	3,229,776	2,186	3,231,962	3,225,519	6,443
Total expenditures	46,978,366	19,368	46,997,734	46,791,904	205,830
Excess (deficiency) of revenues over expenditures	(278,569)	400,000	121,431	700,809	579,378
Other financing sources (uses)					
Use of fund balance	738,000	-	738,000	-	(738,000)
Sale of equipment	-	-	-	26,276	26,276
Transfers out	(459,431)	(400,000)	(859,431)	(859,431)	-
Net other financing sources (uses)	278,569	(400,000)	(121,431)	(833,155)	(711,724)
Net change in fund balance	\$ -	\$ -	\$ -	(132,346)	\$ (132,346)
Fund balance - July 1, 2020				5,880,057	
Fund balance - June 30, 2021				<u>\$ 5,747,711</u>	

Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
For The Year Ended June 30, 2021

	Original Appropriation	Additional Appropriations and Transfers	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 16,400,097	\$ -	\$ 16,400,097	\$ 16,425,667	\$ (25,570)
Classified salaries	4,826,695	-	4,826,695	4,682,926	143,769
Employee benefits:					
Medical and dental	4,607,238	-	4,607,238	4,545,123	62,115
Unemployment compensation	40,000	-	40,000	21,042	18,958
Social security	326,444	-	326,444	311,542	14,902
Medicare	292,386	-	292,386	293,851	(1,465)
Pension	493,558	-	493,558	485,028	8,530
DC plan contribution	125,325	-	125,325	113,023	12,302
Workers' compensation	139,628	-	139,628	132,590	7,038
Life insurance	43,764	-	43,764	43,784	(20)
Other	1,500	-	1,500	453	1,047
Tuition	606,307	-	606,307	540,625	65,682
Pupil transportation	1,392,186	-	1,392,186	1,315,623	76,563
Other transportation	44,928	-	44,928	30,281	14,647
Computer consulting services	214,000	-	214,000	252,607	(38,607)
Meetings and conferences	35,000	-	35,000	19,301	15,699
Professional/technical services	775,000	-	775,000	780,504	(5,504)
Public utilities	68,103	-	68,103	56,429	11,674
Building, equipment maintenance and repairs	231,271	-	231,271	345,939	(114,668)
Heating, ventilation maintenance and repairs	24,700	-	24,700	20,896	3,804
Security system maintenance and repairs	16,500	-	16,500	55,623	(39,123)
Vehicle maintenance and repairs	3,100	-	3,100	4,911	(1,811)
Supplies, materials and minor equipment	312,880	-	312,880	404,474	(91,594)
Fire protection	2,000	-	2,000	-	2,000
Refuse removal	29,750	-	29,750	33,524	(3,774)
Water and underground tank testing	2,000	-	2,000	-	2,000
Pest control	10,600	-	10,600	5,505	5,095
Tile and carpet replacement	5,000	-	5,000	-	5,000
Equipment rental	120,000	-	120,000	102,023	17,977
Property and liability insurance	121,800	-	121,800	115,431	6,369
Staff travel	11,480	-	11,480	1,446	10,034
Communications	70,171	-	70,171	53,777	16,394
Newspaper advertising	650	-	650	2,065	(1,415)
Printing and binding	14,749	-	14,749	12,051	2,698
Other purchased services	39,500	-	39,500	20,600	18,900
Natural gas	157,545	-	157,545	135,742	21,803
Motor fuel	126,076	-	126,076	68,107	57,969
Electricity	379,000	-	379,000	368,334	10,666
Textbooks	-	-	-	38,237	(38,237)
Library books/periodicals	18,869	-	18,869	13,185	5,684
Other supplies and materials	36,500	-	36,500	27,598	8,902
Dues and fees	46,000	-	46,000	41,075	4,925
Technology software	-	-	-	9,958	(9,958)
Equipment	-	-	-	200,944	(200,944)
Other	-	-	-	105	(105)
Special items	(80,000)	-	(80,000)	-	(80,000)
Total expenditures - Schedule 2	\$ 32,132,300	\$ -	\$ 32,132,300	\$ 32,131,949	\$ 351

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Water System	User fees	Water operations
Public Safety	Fees	Police outside services
Culture and Recreation	User fees and grants	Recreation programs
School Cafeteria	Sale of lunches and grants	Cafeteria operations
Education Grant	Federal and State grants and fees	Education related programs
School Activity	Activity fees and contributions	Student activity funds and school scholarships
Public Works	Federal and State grants and income from investments	Public works projects
Community Development	Federal grants	Town development programs
Miscellaneous Grants	Federal and State grants	Civic and human services and general government purposes
WPCA Joint Facilities	Member town fees	Regional sewer facility operations
WPCA Operating	User fees	Sewer operations

Debt Service Fund

The debt service fund is used to account for and report resources for the payment of future debt service payments funded by the operating budget.

Capital Projects Funds

Capital project funds are used to account for acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

Fund	Funding Source	Function
WPCA Development	Charges for services and income from investments	Acquisition and construction related to the WPCA operations
WPCA	Income from investments and transfers	Acquisition and construction related to the WPCA
WPCA Joint Facilities	Income from investments and transfers	Acquisition and construction related to WPCA Joint Facilities
Public Water System	Grants	Construction related to the development of a public water system

Other Governmental Funds

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title.

Fund	Funding Source	Function
Library Trust	Income from investments	Support and benefit of the Town's library

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds						
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	School Activity	Public Works
<u>Assets</u>							
Cash	\$ 274,739	\$ 60,789	\$ 246,997	\$ 22,177	\$ 213,160	\$ 462,647	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Assessments and use charges	19,753	-	-	-	-	-	-
Intergovernmental	-	-	-	138,548	117,362	-	-
Loans	-	-	-	-	-	-	-
Other	-	30,620	-	1,444	-	-	-
Due from other funds	-	-	-	-	-	-	100,734
Other	-	-	-	18,733	-	-	-
Total assets	<u>\$ 294,492</u>	<u>\$ 91,409</u>	<u>\$ 246,997</u>	<u>\$ 180,902</u>	<u>\$ 330,522</u>	<u>\$ 462,647</u>	<u>\$ 100,734</u>
<u>Liabilities</u>							
Accounts payable	\$ 13,735	\$ 2,470	\$ 31,872	\$ 12,255	\$ 19,193	\$ -	\$ -
Due to other funds	3,099	4,332	14,853	5,511	11,115	-	-
Unearned revenue	-	-	100,400	-	-	-	-
Total liabilities	<u>16,834</u>	<u>6,802</u>	<u>147,125</u>	<u>17,766</u>	<u>30,308</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenues:							
Water charges	19,753	-	-	-	-	-	-
Sewer assessment and use charges	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>19,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	257,905	-	-	163,136	-	-	-
Committed	-	84,607	99,872	-	300,214	462,647	100,734
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>257,905</u>	<u>84,607</u>	<u>99,872</u>	<u>163,136</u>	<u>300,214</u>	<u>462,647</u>	<u>100,734</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 294,492</u>	<u>\$ 91,409</u>	<u>\$ 246,997</u>	<u>\$ 180,902</u>	<u>\$ 330,522</u>	<u>\$ 462,647</u>	<u>\$ 100,734</u>

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2021

Debt
Service Fund

	<u>Special Revenue Funds</u>					
	<u>Community Development</u>	<u>Miscellaneous Grants</u>	<u>WPCA Joint Facilities</u>	<u>WPCA Operating</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>
<u>Assets</u>						
Cash	\$ 6,577	\$ 39,124	\$ 471,901	\$ 411,134	\$ 2,209,245	\$ 195,060
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	-	-	-	215,555	235,308	-
Intergovernmental	12,156	7,266	-	-	275,332	-
Loans	208,857	-	-	-	208,857	-
Other	-	-	55,611	28,343	116,018	-
Due from other funds	-	68,123	-	-	168,857	-
Other	-	-	396	636	19,765	-
Total assets	<u>\$ 227,590</u>	<u>\$ 114,513</u>	<u>\$ 527,908</u>	<u>\$ 655,668</u>	<u>\$ 3,233,382</u>	<u>\$ 195,060</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 6,099	\$ 91,203	\$ 36,762	\$ 213,589	\$ -
Due to other funds	12,155	-	25,366	3,000	79,431	72,463
Unearned revenue	-	34,543	-	-	134,943	-
Total liabilities	<u>12,155</u>	<u>40,642</u>	<u>116,569</u>	<u>39,762</u>	<u>427,963</u>	<u>72,463</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	-	-	-	-	19,753	-
Sewer assessment and use charges	-	-	-	215,555	215,555	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,555</u>	<u>235,308</u>	<u>-</u>
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	215,435	-	411,339	400,351	1,448,166	-
Committed	-	73,871	-	-	1,121,945	-
Assigned	-	-	-	-	-	122,597
Total fund balances	<u>215,435</u>	<u>73,871</u>	<u>411,339</u>	<u>400,351</u>	<u>2,570,111</u>	<u>122,597</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 227,590</u>	<u>\$ 114,513</u>	<u>\$ 527,908</u>	<u>\$ 655,668</u>	<u>\$ 3,233,382</u>	<u>\$ 195,060</u>

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2021

	Capital Projects Funds					Permanent Fund	Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	
<u>Assets</u>							
Cash	\$ 478,372	\$ 1,021,433	\$ -	\$ 54,725	\$ 1,554,530	\$ 17,182	\$ 3,976,017
Investments	-	-	985,854	-	985,854	-	985,854
Receivables:							
Assessments and use charges	35,199	-	-	-	35,199	-	270,507
Intergovernmental	-	-	-	-	-	-	275,332
Loans	-	-	-	-	-	-	208,857
Other	-	-	-	-	-	-	116,018
Due from other funds	-	-	-	-	-	-	168,857
Other	-	-	-	-	-	-	19,765
Total assets	\$ 513,571	\$ 1,021,433	\$ 985,854	\$ 54,725	\$ 2,575,583	\$ 17,182	\$ 6,021,207
<u>Liabilities</u>							
Accounts payable	\$ -	\$ 2,020	\$ 36,128	\$ -	\$ 38,148	\$ -	\$ 251,737
Due to other funds	-	-	-	-	-	-	151,894
Unearned revenue	-	-	-	-	-	-	134,943
Total liabilities	-	2,020	36,128	-	38,148	-	538,574
<u>Deferred Inflows of Resources</u>							
Unavailable revenues:							
Water charges	-	-	-	-	-	-	19,753
Sewer assessment and use charges	35,199	-	-	-	35,199	-	250,754
Total deferred inflows of resources	35,199	-	-	-	35,199	-	270,507
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	15,500	15,500
Restricted	-	-	-	-	-	1,682	1,449,848
Committed	478,372	1,019,413	949,726	54,725	2,502,236	-	3,624,181
Assigned	-	-	-	-	-	-	122,597
Total fund balances	478,372	1,019,413	949,726	54,725	2,502,236	17,182	5,212,126
Total liabilities, deferred inflows of resources and fund balances	\$ 513,571	\$ 1,021,433	\$ 985,854	\$ 54,725	\$ 2,575,583	\$ 17,182	\$ 6,021,207

(Concluded)

Town of East Hampton, Connecticut

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

	Special Revenue Funds						
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	School Activity	Public Works
Revenues:							
Intergovernmental	\$ -	\$ 1,060	\$ 203,059	\$ 670,685	\$ 1,646,959	\$ -	\$ -
Charges for services	181,002	286,476	227,237	12,635	455,988	210,218	-
Income from investments	310	68	15	4	15	386	178
Contributions and donations	-	702	11,634	-	3,374	-	-
Total revenues	181,312	288,306	441,945	683,324	2,106,336	210,604	178
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	262,990	-	-	-	-	-
Public works and utilities	119,680	-	-	-	-	-	-
Culture and recreation	-	-	433,328	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Education	-	-	-	619,400	2,155,396	258,744	-
Debt service	-	-	-	-	-	-	-
Total expenditures	119,680	262,990	433,328	619,400	2,155,396	258,744	-
Excess (deficiency) of revenues over expenditures	61,632	25,316	8,617	63,924	(49,060)	(48,140)	178
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(23,000)	-	-	-	-
Net other financing sources (uses)	-	-	(23,000)	-	-	-	-
Net change in fund balances	61,632	25,316	(14,383)	63,924	(49,060)	(48,140)	178
Fund balances - July 1, 2020 (as restated)	196,273	59,291	114,255	99,212	349,274	510,787	100,556
Fund balances - June 30, 2021	\$ 257,905	\$ 84,607	\$ 99,872	\$ 163,136	\$ 300,214	\$ 462,647	\$ 100,734

(Continued)

Town of East Hampton, Connecticut

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

	Special Revenue Funds				Debt Service Fund	
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating	Total Special Revenue Funds	Debt Service
Revenues:						
Intergovernmental	\$ 12,158	\$ 109,392	\$ -	\$ -	\$ 2,643,313	\$ -
Charges for services	-	22,052	1,347,608	1,840,492	4,583,708	-
Income from investments	9	118	86	965	2,154	283
Contributions and donations	-	8,674	-	-	24,384	-
Total revenues	12,167	140,236	1,347,694	1,841,457	7,253,559	283
Expenditures:						
Current:						
General government	12,156	14,975	-	-	27,131	-
Public safety	-	-	-	-	262,990	-
Public works and utilities	-	-	748,595	1,711,010	2,579,285	-
Culture and recreation	-	-	-	-	433,328	-
Health and human services	-	117,689	-	-	117,689	-
Education	-	-	-	-	3,033,540	17,600
Debt service	-	-	30,293	-	30,293	-
Total expenditures	12,156	132,664	778,888	1,711,010	6,484,256	17,600
Excess (deficiency) of revenues over expenditures	11	7,572	568,806	130,447	769,303	(17,317)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	42,500
Transfers out	-	-	(855,174)	(871,403)	(1,749,577)	-
Net other financing sources (uses)	-	-	(855,174)	(871,403)	(1,749,577)	42,500
Net change in fund balances	11	7,572	(286,368)	(740,956)	(980,274)	25,183
Fund balances - July 1, 2020 (as restated)	215,424	66,299	697,707	1,141,307	3,550,385	97,414
Fund balances - June 30, 2021	\$ 215,435	\$ 73,871	\$ 411,339	\$ 400,351	\$ 2,570,111	\$ 122,597

(Continued)

Town of East Hampton, Connecticut

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

	Capital Projects Funds					Permanent Fund	
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	Total Other Governmental Funds
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,643,313
Charges for services	37,902	-	-	-	37,902	-	4,621,610
Income from investments	1,077	626	1,002	-	2,705	-	5,142
Contributions and donations	-	-	-	-	-	-	24,384
Total revenues	38,979	626	1,002	-	40,607	-	7,294,449
Expenditures:							
Current:							
General government	-	-	-	-	-	-	27,131
Public safety	-	-	-	-	-	-	262,990
Public works and utilities	5,063	288,482	375,788	-	669,333	-	3,248,618
Culture and recreation	-	-	-	-	-	-	433,328
Health and human services	-	-	-	-	-	-	117,689
Education	-	-	-	-	-	-	3,051,140
Debt service	-	-	-	-	-	-	30,293
Total expenditures	5,063	288,482	375,788	-	669,333	-	7,171,189
Excess (deficiency) of revenues over expenditures	33,916	(287,856)	(374,786)	-	(628,726)	-	123,260
Other financing sources (uses):							
Transfers in	-	871,403	855,174	-	1,726,577	-	42,500
Transfers out	-	-	-	-	-	-	(23,000)
Net other financing sources (uses)	-	871,403	855,174	-	1,726,577	-	19,500
Net change in fund balances	33,916	583,547	480,388	-	1,097,851	-	142,760
Fund balances - July 1, 2020 (as restated)	444,456	435,866	469,338	54,725	1,404,385	17,182	5,069,366
Fund balances - June 30, 2021	\$ 478,372	\$ 1,019,413	\$ 949,726	\$ 54,725	\$ 2,502,236	\$ 17,182	\$ 5,212,126

(Concluded)

Statistical Section

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

Table	Description
Financial Trend (Tables 1-4)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.
Revenue Capacity (Tables 5-7)	These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.
Debt Capacity (Tables 8-11)	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.
Demographic and Economic Information (Tables 12-15)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.
Operating Information (Tables 16-17)	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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

Town of East Hampton, Connecticut

Net Position by Component
Governmental Activities
Last Ten Years
(Unaudited)

June 30,

	2021	2020 (as restated)	2019	(1) 2018	2017	2016	2015	(2) 2014	2013	2012
Net investment in capital assets	\$ 97,017,074	\$ 94,922,095	\$ 90,815,986	\$ 92,111,852	\$ 92,409,066	\$ 84,059,272	\$ 76,685,651	\$ 71,600,194	\$ 69,287,816	\$ 70,148,958
Restricted	2,233,277	2,367,105	1,801,621	1,411,558	1,224,115	824,233	638,069	1,743,119	2,241,000	3,183,000
Unrestricted	<u>(2,523,031)</u>	<u>(3,466,076)</u>	<u>(386,430)</u>	<u>(1,950,181)</u>	<u>1,216,719</u>	<u>7,422,392</u>	<u>6,222,350</u>	<u>4,881,503</u>	<u>11,940,565</u>	<u>8,359,229</u>
Total net position	<u>\$ 96,727,320</u>	<u>\$ 93,823,124</u>	<u>\$ 92,231,177</u>	<u>\$ 91,573,229</u>	<u>\$ 94,849,900</u>	<u>\$ 92,305,897</u>	<u>\$ 83,546,070</u>	<u>\$ 78,224,816</u>	<u>\$ 83,469,381</u>	<u>\$ 81,691,187</u>

Source: Current and prior year financial statements.

Notes:

(1) Unrestricted net position decreased in 2018 due to the implementation of GASB No. 75, which required that the OPEB liability of \$3,846,921 be recorded on the government-wide financial statements.

(2) Unrestricted net position decreased in 2014 due to the implementation of GASB No. 68, which required that the net pension liability of \$5,295,067 be recorded on the government-wide financial statements.

Table 2

Town of East Hampton, Connecticut

**Changes in Net Position
Governmental Activities
Last Ten Years
(Unaudited)**

For the Year Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
		(as restated)								
Expenses:										
General government	\$ 3,309,430	\$ 3,014,783	\$ 3,074,835	\$ 3,061,842	\$ 3,548,663	\$ 3,257,116	\$ 2,847,076	\$ 2,607,793	\$ 2,663,044	\$ 2,447,985
Public safety	4,216,665	4,620,650	3,794,082	3,925,006	3,801,189	3,391,168	3,150,700	2,941,474	2,618,870	2,823,334
Public works and utilities	5,041,635	6,387,425	5,682,984	6,052,715	6,005,994	6,207,110	6,445,962	5,188,262	5,297,481	5,364,060
Culture and recreation	1,965,444	1,771,647	2,105,434	1,729,582	1,930,354	1,729,557	1,539,637	1,654,876	1,303,462	1,439,916
Health and human services	672,529	730,668	500,180	689,520	665,153	509,796	1,032,383	727,068	458,228	436,539
Regulatory	548,243	598,751	531,294	522,221	477,104	567,332	509,982	458,302	436,731	424,570
Education	41,752,559	39,379,682	39,253,487	40,215,775	40,207,125	34,928,883	33,265,577	33,743,421	32,105,361	31,579,590
Interest	1,236,515	1,159,392	1,107,436	1,033,464	791,832	611,498	89,742	284,456	196,684	259,279
Total expenses	58,743,020	57,662,998	56,049,732	57,230,125	57,427,414	51,202,460	48,881,059	47,605,652	45,079,861	44,775,273
Program revenues:										
Charges for services:										
General government	560,455	369,005	381,373	396,441	378,462	354,803	334,535	330,789	331,161	307,991
Public safety	305,557	223,831	127,270	176,571	156,255	172,264	175,584	82,916	87,190	77,903
Public works and utilities	3,449,181	3,215,053	2,938,823	2,415,293	2,591,122	2,460,626	2,199,579	2,190,984	2,153,810	2,166,724
Culture and recreation	254,650	263,933	318,290	275,085	257,926	266,383	210,777	206,256	196,679	209,251
Health and human services	1,460	600	1,525	1,375	1,800	975	1,274	1,250	975	550
Regulatory	423,689	202,731	207,224	193,828	185,851	201,477	156,507	146,059	107,721	110,638
Education	678,841	799,304	723,460	638,599	578,751	575,870	591,855	462,261	454,627	501,103
Operating grants and contributions	14,129,996	14,160,824	14,077,429	15,010,161	15,417,882	13,052,314	11,819,345	13,204,237	12,414,880	12,786,216
Capital grants and contributions	2,258,486	902,980	555,095	229,450	6,608,161	10,431,742	6,813,942	1,570,666	981,075	1,422,995
Total program revenues	22,062,315	20,138,261	19,330,489	19,336,803	26,176,210	27,516,454	22,303,398	18,195,418	16,728,118	17,583,371
Net expenses	(36,680,705)	(37,524,737)	(36,719,243)	(37,893,322)	(31,251,204)	(23,686,006)	(26,577,661)	(29,410,234)	(28,351,743)	(27,191,902)
General revenues:										
Property taxes	38,761,885	38,583,751	36,855,185	35,727,324	33,287,819	32,164,130	31,378,784	30,545,568	29,729,485	29,054,004
Grants and contributions not restricted to specific programs	276,036	185,962	154,988	156,382	410,559	152,200	237,767	218,407	227,704	229,541
Income from investments	18,930	196,848	279,650	92,757	70,147	102,101	236,524	37,313	65,317	47,794
Other	3,080	17,144	87,368	2,704	26,682	27,402	45,840	112,659	107,431	66,258
Gain on sale of assets	14,183	132,979	-	-	-	-	-	-	-	-
Total general revenues	39,074,114	39,116,684	37,377,191	35,979,167	33,795,207	32,445,833	31,898,915	30,913,947	30,129,937	29,397,597
Change in net position	\$ 2,393,409	\$ 1,591,947	\$ 657,948	\$ (1,914,155)	\$ 2,544,003	\$ 8,759,827	\$ 5,321,254	\$ 1,503,713	\$ 1,778,194	\$ 2,205,695

Source: Current and prior year financial statements.

Table 3

Town of East Hampton, Connecticut

Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

June 30

	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,550
Committed	3,177	-	-	-	-	-	-	-	-	-
Assigned	-	738,000	-	-	-	-	-	-	-	-
Unassigned	<u>5,744,534</u>	<u>5,142,057</u>	<u>5,713,344</u>	<u>5,435,624</u>	<u>5,263,469</u>	<u>4,959,395</u>	<u>5,064,400</u>	<u>4,872,509</u>	<u>4,873,812</u>	<u>4,365,605</u>
Total general fund	<u>5,747,711</u>	<u>5,880,057</u>	<u>5,713,344</u>	<u>5,435,624</u>	<u>5,263,469</u>	<u>4,959,395</u>	<u>5,064,400</u>	<u>4,872,509</u>	<u>4,873,812</u>	<u>4,581,155</u>
All other governmental funds:										
Nonspendable	15,500	15,500	15,500	224,357	15,500	15,500	15,500	15,500	15,500	15,500
Restricted	2,217,777	2,351,605	1,779,566	1,396,058	1,208,615	808,733	622,569	1,727,619	2,225,500	3,167,500
Committed	7,563,360	7,113,235	8,689,795	4,669,882	5,163,325	5,699,789	13,528,022	5,912,955	5,748,389	3,332,988
Assigned	122,597	97,414	-	-	-	113,865	169,130	232,188	358,538	435,709
Unassigned	<u>-</u>	<u>-</u>	<u>(12,643)</u>	<u>(8,166)</u>	<u>(19,013)</u>	<u>(26,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,066)</u>
Total all other governmental funds	<u>9,919,234</u>	<u>9,577,754</u>	<u>10,472,218</u>	<u>6,282,131</u>	<u>6,368,427</u>	<u>6,611,825</u>	<u>14,335,221</u>	<u>7,888,262</u>	<u>8,347,927</u>	<u>6,631,631</u>
Grand total	<u>\$ 15,666,945</u>	<u>\$ 15,457,811</u>	<u>\$ 16,185,562</u>	<u>\$ 11,717,755</u>	<u>\$ 11,631,896</u>	<u>\$ 11,571,220</u>	<u>\$ 19,399,621</u>	<u>\$ 12,760,771</u>	<u>\$ 13,221,739</u>	<u>\$ 11,212,786</u>

Source: Current and prior year financial statements.

Notes:

General fund:

Assigned Decreased due to no appropriation for subsequent year's budget

All other governmental funds:

Committed Increased due to ARPA grant received committed for Town-wide projects

Table 4

Town of East Hampton, Connecticut
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes	\$ 38,825,861	\$ 38,345,305	\$ 37,184,386	\$ 36,935,812	\$ 33,583,829	\$ 31,981,176	\$ 31,199,130	\$ 30,227,688	\$ 29,330,074	\$ 29,094,729
Intergovernmental	16,640,134	15,218,395	14,720,333	15,314,541	22,108,968	23,439,452	18,833,229	14,949,740	13,767,049	14,596,871
Charges for services	5,690,205	4,995,476	4,831,881	4,411,157	4,152,828	3,957,917	3,598,131	3,319,868	3,340,273	3,367,972
Income from investments	18,930	196,848	279,650	92,757	70,147	102,101	236,524	37,313	65,317	47,794
Contributions and donations	24,384	31,371	67,179	81,452	173,754	53,434	181,098	63,714	22,581	12,958
Other	3,080	17,144	87,368	2,704	26,682	27,402	45,840	103,238	107,431	66,258
Total revenues	61,202,594	58,804,539	57,170,797	56,838,423	60,116,208	59,561,482	54,093,952	48,701,561	46,632,725	47,186,582
Expenditures:										
Current:										
General government	4,915,092	16,043,227	11,249,842	4,826,958	4,698,857	3,904,068	3,711,488	3,555,998	3,588,818	3,371,103
Public safety	3,479,332	4,292,328	2,972,253	2,962,159	2,917,696	2,577,012	2,458,595	2,385,843	2,301,579	2,391,197
Public works and utilities	6,243,327	5,616,516	5,581,204	4,975,138	5,906,007	5,056,247	5,232,672	3,932,921	4,173,659	4,138,647
Culture and recreation	1,623,867	1,697,340	2,035,310	1,291,651	1,599,904	1,289,322	1,254,488	1,392,707	1,188,691	1,236,785
Health and human services	613,757	631,835	427,372	599,688	561,431	420,828	977,274	679,756	416,126	395,823
Regulatory	429,226	408,543	363,711	352,768	323,558	422,147	368,205	378,159	364,173	359,986
Education	39,934,267	38,677,743	38,496,966	39,896,742	36,743,208	33,759,174	32,500,120	32,790,124	31,188,500	30,824,266
Debt service:										
Principal	3,362,450	2,373,314	2,374,318	2,077,368	1,944,738	866,085	1,171,716	914,545	977,727	998,844
Interest	1,179,859	1,179,859	1,322,037	994,208	936,730	232,302	158,256	191,774	224,294	257,686
Capital outlay	-	-	-	-	11,326,553	25,850,728	16,204,393	3,730,812	3,369,141	3,000,532
Total expenditures	61,781,177	70,920,705	64,823,013	57,976,680	66,958,682	74,377,913	64,037,207	49,952,639	47,792,708	46,974,869
Excess (deficiency) of revenues over expenditures	(578,583)	(12,116,166)	(7,652,216)	(1,138,257)	(6,842,474)	(14,816,431)	(9,943,255)	(1,251,078)	(1,159,983)	211,713
Other financing sources (uses):										
Issuance of refunding bonds	1,225,000	-	-	-	-	-	-	-	-	-
Issuance of notes	286,194	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(1,403,247)	-	-	-	-	-	-	-	-	-
Issuance of debt	-	9,505,000	12,015,579	405,000	6,700,000	4,810,000	16,415,000	745,000	3,140,000	-
Premium	653,494	882,531	104,445	500,372	-	1,116,024	167,105	35,689	28,936	-
Capital lease	-	-	-	109,887	172,349	1,062,006	-	-	-	-
Sale of capital assets	26,276	326,682	-	-	-	-	-	9,421	-	-
Transfers in	882,431	1,653,503	1,000,787	1,497,291	1,386,850	1,601,414	1,040,795	1,783,900	1,015,868	1,704,661
Transfers out	(882,431)	(1,653,503)	(1,000,787)	(1,497,291)	(1,356,049)	(1,601,414)	(1,040,795)	(1,783,900)	(1,015,868)	(1,762,161)
Net other financing sources (uses)	787,717	10,714,213	12,120,024	1,015,259	6,903,150	6,988,030	16,582,105	790,110	3,168,936	(57,500)
Net change in fund balances	\$ 209,134	\$ (1,401,953)	\$ 4,467,808	\$ (122,998)	\$ 60,676	\$ (7,828,401)	\$ 6,638,850	\$ (460,968)	\$ 2,008,953	\$ 154,213
Debt service as a percentage of noncapital expenditures	7.80%	6.28%	5.90%	5.50%	5.39%	2.29%	2.79%	2.40%	2.72%	2.72%

Source: Current and prior year financial statements.

Table 5**Town of East Hampton, Connecticut****Assessed and Estimated Actual Value of Taxable Property
Last Ten Years
(Unaudited)**

Year Ended June 30	Real Estate		Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Value	(1) Total Direct Tax Rate
	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value		
2012	\$ 997,694,577	\$ 1,425,277,967	\$ 116,989,453	\$ 167,127,790	\$ 1,114,684,030	\$ 1,592,405,757	70.00%	25.68
2013	1,001,807,950	1,431,154,214	123,855,863	176,936,947	1,125,663,813	1,608,091,161	70.00%	25.97
2014	1,005,402,915	1,436,289,879	122,101,568	174,430,811	1,127,504,483	1,610,720,690	70.00%	26.63
2015	1,011,357,214	1,444,796,020	123,287,597	176,125,139	1,134,644,811	1,620,921,159	70.00%	27.14
2016	1,015,087,787	1,450,125,410	125,225,394	178,893,420	1,140,313,181	1,629,018,830	70.00%	27.78
2017	995,161,525	1,421,659,321	127,747,940	182,497,057	1,122,909,465	1,604,156,378	70.00%	29.44
2018	995,231,847	1,421,759,781	133,439,983	190,628,547	1,128,671,830	1,612,388,328	70.00%	31.32
2019	1,000,847,779	1,429,782,541	137,122,868	195,889,811	1,137,970,647	1,625,672,353	70.00%	32.21
2020	1,007,053,461	1,438,647,801	140,754,647	201,078,067	1,147,808,108	1,639,725,869	70.00%	33.14
2021	1,012,480,654	1,446,400,934	144,528,979	206,469,970	1,157,009,633	1,652,870,904	70.00%	33.14

Source: Town of East Hampton, Assessor's Office

Notes:

(1) There are no overlapping governments or tax rates.

Table 6

Town of East Hampton, Connecticut

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Name	Nature of Business	2021			2012		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (1)
Eversource (Formerly CT Light & Power Co.)	Utility	\$ 21,738,740	1	1.88%	\$ 13,251,620	1	1.19%
Landmark East Hampton LLC	Mall Real Estate	7,521,320	2	0.65%	7,400,000	2	0.66%
Hampton 66 LLC	Real Estate Developer	3,500,000	3	0.30%	-	-	-
Connecticut Natural Gas Corp.	Utility	3,274,090	4	0.28%	-	-	-
Global Self Storage	Commercial Real Estate	2,514,680	5	0.22%	1,856,452	9	0.17%
East High Street Realty	Real Estate Developer	2,387,472	6	0.21%	2,345,180	7	0.21%
American Distilling	Manufacturer	2,184,420	7	0.19%	2,962,890	5	0.27%
Edgewater Hill Properties LLC	Real Estate Developer	2,170,680	8	0.19%	-	-	-
Paul's & Sandy's Too, Inc.	Real Estate - Commercial/Farm	2,070,750	9	0.18%	2,066,070	8	0.19%
Neslen, Inc./Gustine Family Ltd	Campground	1,836,280	10	0.16%	-	-	-
East Hampton NE Development LLC	Real Estate Developer	-	-	-	3,309,880	3	0.30%
Skyline Estates LLC	Real Estate Developer	-	-	-	3,043,911	4	0.27%
Rechovos Corporation	Real Estate Developer	-	-	-	2,529,637	6	0.23%
Z Incorporated	Convalescent Home	-	-	-	1,760,140	10	0.16%
Totals		<u>\$ 49,198,432</u>		<u>4.25%</u>	<u>\$ 40,525,780</u>		<u>3.64%</u>
(1) Based on October 1, 2019 and 2010 net taxable grand list of:		<u>\$ 1,157,009,633</u>			<u>\$ 1,114,684,030</u>		

Source: Assessor's Office, Town of East Hampton

Table 7

Town of East Hampton, Connecticut
Tax Rates, Levies and Cash Collections
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Mill Rate	(2) Total Adjusted Tax Levy	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Collections in Subsequent Years	Total Collections	Percent of Levy Collected	Current Delinquent Balance
2012	25.68	\$28,705,137	\$28,141,477	98.04%	\$ 563,660	\$28,705,137	100.00%	\$ -
2013	25.97	29,347,660	28,659,192	97.65%	688,468	29,347,660	100.00%	-
2014	26.63	30,178,771	29,481,088	97.69%	697,683	30,178,771	100.00%	-
2015	27.14	30,951,102	30,345,144	98.04%	605,958	30,951,102	100.00%	-
2016	27.78	31,836,966	31,191,920	97.97%	643,913	31,835,833	100.00%	1,133
2017	29.44	33,204,218	32,674,062	98.40%	527,553	33,201,615	99.99%	2,603
2018	31.32	35,564,525	35,251,726	99.12%	308,149	35,559,875	99.99%	4,650
2019	32.21	36,924,601	36,607,508	99.14%	272,950	36,880,458	99.88%	44,143
2020	33.14	38,317,072	37,881,573	98.86%	298,741	38,180,314	99.64%	136,758
2021	33.14	38,613,145	38,277,298	99.13%	-	38,277,298	99.13%	335,847

Source: Town of East Hampton Tax office

Notes:

(1) There are no overlapping tax rates.

(2) Adjusted tax levy equals the tax levy after lawful corrections, abatements and transfers to suspense.

Town of East Hampton, Connecticut

**Ratios of Outstanding Debt By Type
Last Ten Years
(Unaudited)**

Year Ended June 30	(1) General Obligation Bonds	Notes	Premium	Capital Leases	Total	Percentage of Personal Income	Per Capita
2012	\$ 6,115,000	\$299,338	\$ 44,224	\$ -	\$ 6,458,562	0.68%	\$ 497
2013	8,340,000	236,611	33,873	-	8,610,484	0.88%	665
2014	8,250,000	210,815	57,425	-	8,518,240	0.84%	660
2015	23,625,000	184,498	47,202	-	23,856,700	2.38%	1,853
2016	27,715,000	157,650	1,065,479	976,617	29,914,746	2.99%	2,327
2017	32,710,000	130,260	1,008,544	922,978	34,771,782	2.80%	2,181
2018	31,410,000	803,236	1,387,818	80,516	33,681,570	3.35%	2,611
2019	41,300,000	580,126	1,306,649	54,887	43,241,662	4.31%	3,352
2020	48,725,000	313,632	2,070,327	28,067	51,137,026	4.30%	3,352
2021	45,710,000	378,255	2,322,078	-	48,410,333	4.81%	3,752

There is no overlapping debt for the Town.

Source: Current and prior year financial statements.

Notes:

(1) Includes permanently financed bond anticipation notes.

Table 9

Town of East Hampton, Connecticut
Ratios of General Bonded Debt Outstanding
Last Ten Years
(Unaudited)

Year Ended June 30	General Obligation Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	(1) General Obligation Bonds	Premium	Total		
2012	\$ 6,115,000	\$ 44,224	\$ 6,159,224	0.41%	\$ 474
2013	8,340,000	33,873	8,373,873	0.54%	647
2014	8,250,000	57,425	8,307,425	0.53%	643
2015	23,625,000	47,202	23,672,202	1.46%	1,839
2016	27,715,000	1,065,479	28,780,479	1.77%	2,238
2017	32,710,000	1,008,544	33,718,544	2.10%	2,171
2018	31,410,000	1,387,818	32,797,818	2.03%	2,542
2019	41,300,000	1,306,649	42,606,649	2.62%	3,315
2020	48,725,000	2,070,327	50,795,327	3.10%	3,952
2021	45,710,000	2,322,078	48,032,078	2.91%	3,737

There is no overlapping debt for the Town.

Source: Current and prior year financial statements.

Notes:

(1) Includes permanently financed bond anticipation notes.

Town of East Hampton, Connecticut

Schedule of Debt Limitation
Connecticut Statutes, Section 7-374(b)
For the Year Ended June 30, 2021
(Unaudited)

Tax base:

Total tax collections (including interest and lien fees) for the prior year	\$ 38,371,426
---	---------------

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<u>Debt limitation:</u>					
2 1/4 times base	\$ 86,335,709	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	172,671,417	-	-	-
3 3/4 times base	-	-	143,892,848	-	-
3 1/4 times base	-	-	-	124,707,135	-
3 times base	-	-	-	-	115,114,278
Total limitations	86,335,709	172,671,417	143,892,848	124,707,135	115,114,278

Indebtedness:

Bond	24,035,852	21,674,148	-	-	-
Debt limitation in excess of outstanding debt	\$ 62,299,857	\$ 150,997,269	\$ 143,892,848	\$ 124,707,135	\$ 115,114,278

The total net indebtedness above amounts to:	\$ 45,710,000
--	---------------

In no event shall total indebtedness exceed seven times the base for debt limitation computation:	\$ 268,599,982
---	----------------

There is no overlapping debt for the Town.

Source: Current and prior year financial statements.

Table 11**Town of East Hampton, Connecticut****Legal Debt Margin Information
Last Ten Years
(Unaudited)**

<u>Year Ended June 30</u>	<u>Debt Limit</u>	<u>Net Debt Applicable To Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable</u>
2012	\$ 203,328,377	\$ 6,084,708	\$ 197,243,699	2.99%
2013	204,978,284	8,807,952	196,170,332	4.30%
2014	211,140,356	8,317,300	202,823,056	3.94%
2015	218,324,484	23,809,256	194,515,228	10.91%
2016	223,149,794	32,872,650	190,277,144	14.73%
2017	235,251,737	33,140,260	202,111,477	14.09%
2018	235,251,737	33,187,317	202,064,420	14.11%
2019	259,351,099	42,000,000	217,351,099	16.19%
2020	260,041,817	49,096,000	210,945,817	18.88%
2021	268,599,982	45,710,000	222,889,982	17.02%

Source: Current and prior year financial statements.

Table 12

Town of East Hampton, Connecticut

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

	(1)	(2)	(2)	(2)	(2)	(2)	(3)	(4)
Year Ended June 30	Population	Personal Income	Median Household Income	Per Capita Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2012	12,989	\$ 73,274	\$ 90,539	\$ 39,293	40	37% Bachelor Degree or more	1,928	7.50%
2013	12,940	75,492	91,770	38,149	40	39% Bachelor Degree or more	1,882	7.50%
2014	12,912	78,750	93,083	40,017	41	40% Bachelor Degree or more	1,839	4.80%
2015	12,874	77,917	109,915	42,794	41	40% Bachelor Degree or more	1,830	4.00%
2016	12,858	77,813	96,066	43,207	42	42% Bachelor Degree or more	1,888	5.00%
2017	12,869	78,002	96,299	45,836	45	39% Bachelor Degree or more	1,880	4.30%
2018	12,901	76,378	95,923	47,758	45	41% Bachelor Degree or more	1,894	3.40%
2019	12,854	79,283	99,104	43,426	46	39% Bachelor Degree or more	1,921	3.00%
2020	12,800	81,303	101,629	42,900	46	39% Bachelor Degree or more	1,902	8.00%
2021	12,827	81,559	95,513	42,820	46	40% Bachelor Degree or more	1,885	5.00%

Sources:

(1) State of Connecticut, Department of Health Services, U.S. Census

(2) Advance CT

(3) Town of East Hampton, Board of Education

(4) Department of Labor, State of Connecticut

Table 13**Town of East Hampton, Connecticut****Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2021			2012		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Town of East Hampton	391	1	19.36%	388	1	20.44%
Stop & Shop Supermarket	150	2	7.43%	152	2	8.01%
Cobalt Lodge	74	3	3.66%	74	3	3.90%
Eversource Energy	50	4	2.48%	50	4	2.63%
American Distilling	50	5	2.48%	50	5	2.63%
Paul's & Sandy's Too Inc.	35	6	1.73%	-	-	0.00%
United State Postal Service	31	7	1.53%	30	6	1.58%
Dattco, Inc.	30	8	1.49%	-	-	0.00%
Bevin Brothers	18	9	0.89%	14	7	0.74%
Total	829		40.80%	758		39.87%

Source: Connecticut Department of Labor

Note:

All other employers have less than 10 employees.

Table 14

Town of East Hampton, Connecticut

Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Administrative and General Government</u>										
Town Clerk	2.2	2.2	2.2	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Town Manager's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Town Planning and Zoning	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Human Resources	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Facilities / Building Maintenance	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0	3.5
Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
<u>Finance</u>										
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Assessor	2.1	2.1	2.2	2.3	2.5	2.5	2.5	2.5	2.5	2.5
Tax Collector	2.1	2.1	2.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>Public Safety</u>										
Fire Marshal	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Police	20.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	17.0	17.0
Animal Control	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
Emergency Communications Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Public Works</u>										
Public Works Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works Operations	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water Pollution Control	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	11.0
<u>Social and Senior Services</u>										
Social and Human Services	2.5	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.3	1.3
Senior Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<u>Library</u>	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<u>Recreation</u>										
Parks and Recreation	5.5	5.5	5.5	5.5	5.5	5.5	5.0	5.0	5.0	5.5
Grand Total	89.4	86.9	86.1	86.3	85.0	84.0	83.5	84.0	86.3	87.8

Source: Town Human Resources Department.

Town of East Hampton, Connecticut

Full-Time Equivalent Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Town</u>										
Administrative and General Government	15.2	15.2	14.2	14.0	13.5	13.5	12.5	13.0	15.0	15.5
Finance	9.2	9.2	9.4	9.8	10.0	10.0	10.0	10.0	10.0	10.0
Public Safety	20.5	18.5	18.5	18.5	18.5	17.5	18.5	18.5	18.5	18.5
Public Works	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	27.0
Social and Senior Services	4.5	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.3	3.3
Library	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Recreation	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.5</u>
Total	<u>89.4</u>	<u>86.9</u>	<u>86.1</u>	<u>86.3</u>	<u>85.0</u>	<u>84.0</u>	<u>83.5</u>	<u>84.0</u>	<u>86.3</u>	<u>87.8</u>
<u>Board of Education</u>										
Certified	174.0	172.0	175.0	175.0	173.0	172.0	175.0	176.4	175.4	174.0
Non-Certified	<u>127.6</u>	<u>127.0</u>	<u>120.5</u>	<u>120.5</u>	<u>119.0</u>	<u>119.0</u>	<u>125.0</u>	<u>126.0</u>	<u>126.0</u>	<u>126.0</u>
Total	<u>301.6</u>	<u>299.0</u>	<u>295.5</u>	<u>295.5</u>	<u>292.0</u>	<u>291.0</u>	<u>300.0</u>	<u>302.4</u>	<u>301.4</u>	<u>300.0</u>
Total	<u><u>391.0</u></u>	<u><u>385.9</u></u>	<u><u>381.6</u></u>	<u><u>381.8</u></u>	<u><u>377.0</u></u>	<u><u>375.0</u></u>	<u><u>383.5</u></u>	<u><u>386.4</u></u>	<u><u>387.7</u></u>	<u><u>387.8</u></u>

Source: Town and Board of Education Human Resource Departments.

Table 16

Town of East Hampton, Connecticut

Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public safety										
Fire										
Incidents	423	328	324	313	302	318	351	350	413	445
Fire Marshal Inspections	356	252	75	72	151	214	179	193	174	133
Police										
Criminal arrests	96	99	145	178	130	141	166	139	144	129
Parking violations	-	-	-	4	-	2	15	15	1	2
Citations	146	149	189	173	178	248	343	207	133	418
Public works										
Street resurfacing (paved miles)	5.24	6.27	3.20	0.74	6.06	7.89	10.00	-	5.12	7.90
Storm drains cleaned	753	548	400	28	887	756	1,055	972	-	300
Parks and recreation										
Sessions and classes	384	272	312	318	328	279	241	228	285	220
Program enrollments	3,936	3,062	4,370	4,191	3,987	3,958	3,002	3,536	2,469	1,978
Library										
Volumes in collection	52,144	59,718	63,207	65,285	80,040	78,383	78,403	69,908	69,908	72,543
Total volumes borrowed	100,925	82,314	77,250	70,695	64,167 *	141,349	140,380	141,078	141,451	138,967
Education										
School enrollment	1,885	1,902	1,921	1,864	1,861	1,888	1,830	1,839	1,882	1,928

Source: Various Town Departments.

Note:

* The definition/method used to calculate total volumes borrowed has been revised.

Table 17

Town of East Hampton, Connecticut

Capital Asset Statistics by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Parks and Recreation:</u>										
Playgrounds	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
<u>Public Safety:</u>										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	9	9
<u>Public Works:</u>										
Highway department										
Streets (miles)	92.2	91.6	91.6	91.6	91.6	91.6	91.3	91.1	91.1	91.1
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96
Treatment capacity (thousands of gallons)	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
<u>Libraries:</u>										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
<u>Education:</u>										
High schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
Elementary schools	2	2	2	2	2	2	2	2	2	2

Source: Town capital asset records and various Town Departments.