

TOWN OF MONTVILLE, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

TOWN OF MONTVILLE, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Montville, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montville, Connecticut (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montville, Connecticut, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 and the information on pages 65 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 76 through 96 and the other supplementary information on pages 97 through 101 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other supplementary information has 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 December 23, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

The management of the Town of Montville, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

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 \$136,989,763 (net position). Of this amount, \$16,920,088 represents unrestricted net position. Of this amount, \$11,379,796 represents the unrestricted net position attributed to the operations of the Town's Sewer and Water Departments (business-type activities) and \$5,540,292 represents the unrestricted net position attributed to the Town's governmental activities.
- The Town's total net position increased by \$3,863,166 during the current fiscal year, which consisted of a current year increase of \$2,850,520 relating to the Town's governmental activities and an increase of \$1,012,646 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,014,677, a current year increase of \$2,973,830 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$10,295,661 or 16.7% of the Town's fiscal year 2020 General Fund Budgetary expenditure appropriation. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.1 months of General Fund operating expenditures.
- Overall Town debt, consisting of bonds, notes and capital leases payable, decreased by \$746,264 or 2.4% in comparison to the prior year. This decrease was due to current year scheduled repayments, offset by the issuance of new general obligation bonds and capital lease arrangements associated with the Town's governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, health and welfare, recreation and leisure and education. The business-type activities of the Town include sewer and water activities.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonded Projects Fund, both 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 through 21 of this report.

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and other supplementary information which can be found on pages 65 through 101 of this report, respectively.

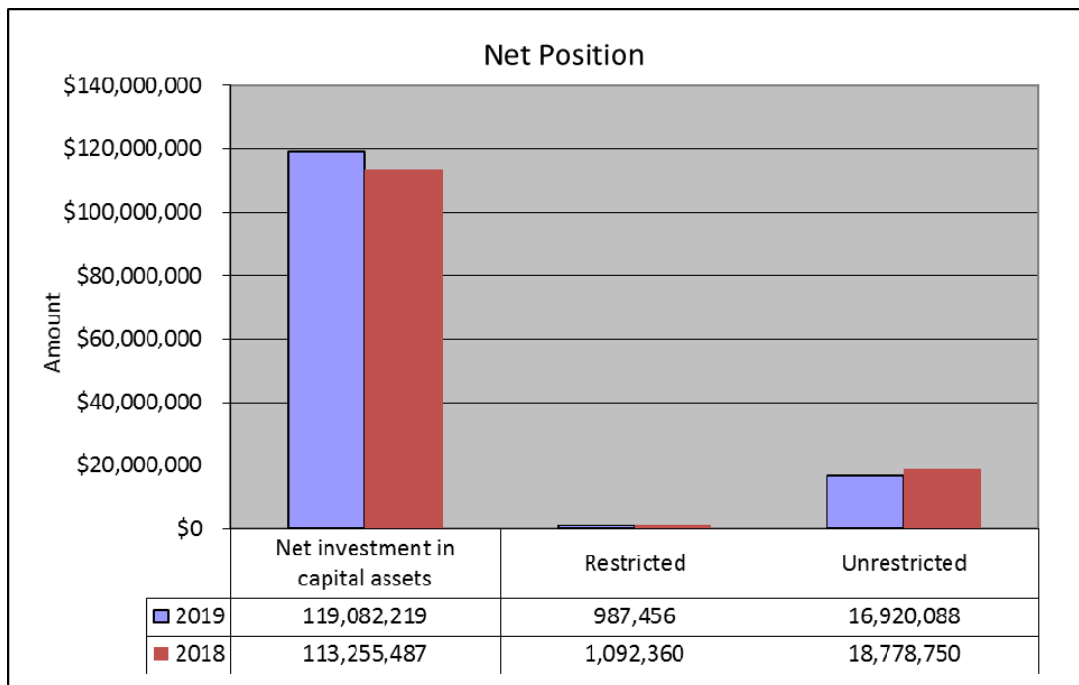
TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the Town (governmental and business type activities combined) totaled \$136,989,763 as of June 30, 2019 and \$133,126,597 as of June 30, 2018 and is summarized as follows:

	June 30, 2019			June 30, 2018	\$ Variance	% Variance
	Governmental Activities	Business-type Activities	Total			
Current and other assets	\$ 23,539,979	\$ 12,945,002	\$ 36,484,981	\$ 33,477,733	\$ 3,007,248	9.0%
Capital assets	97,351,627	50,161,786	147,513,413	145,364,211	2,149,202	1.5%
Total assets	<u>120,891,606</u>	<u>63,106,788</u>	<u>183,998,394</u>	<u>178,841,944</u>	<u>5,156,450</u>	2.9%
Deferred outflows of resources	<u>9,454,485</u>	<u>1,205,439</u>	<u>10,659,924</u>	<u>2,084,348</u>	<u>8,575,576</u>	411.4%
Other liabilities	2,943,659	571,686	3,515,345	2,944,602	570,743	19.4%
Long-term liabilities	49,021,078	4,217,155	53,238,233	44,804,772	8,433,461	18.8%
Total liabilities	<u>51,964,737</u>	<u>4,788,841</u>	<u>56,753,578</u>	<u>47,749,374</u>	<u>9,004,204</u>	18.9%
Deferred inflows of resources	<u>914,977</u>	<u>-</u>	<u>914,977</u>	<u>50,321</u>	<u>864,656</u>	1718.3%
Net position						
Net investment in capital assets	70,938,629	48,143,590	119,082,219	113,255,487	5,826,732	5.1%
Restricted	987,456	-	987,456	1,092,360	(104,904)	-9.6%
Unrestricted	5,540,292	11,379,796	16,920,088	18,778,750	(1,858,662)	-9.9%
Total net position	<u>\$ 77,466,377</u>	<u>\$ 59,523,386</u>	<u>\$ 136,989,763</u>	<u>\$ 133,126,597</u>	<u>\$ 3,863,166</u>	2.9%



TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

As of June 30, 2019, 86.9% of the Town's net position reflects its net investment in capital assets. 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.

As of June 30, 2019, 1.3% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted.

Overall, net position increased by \$3,863,166 in comparison with the prior year.

Changes in Net Position

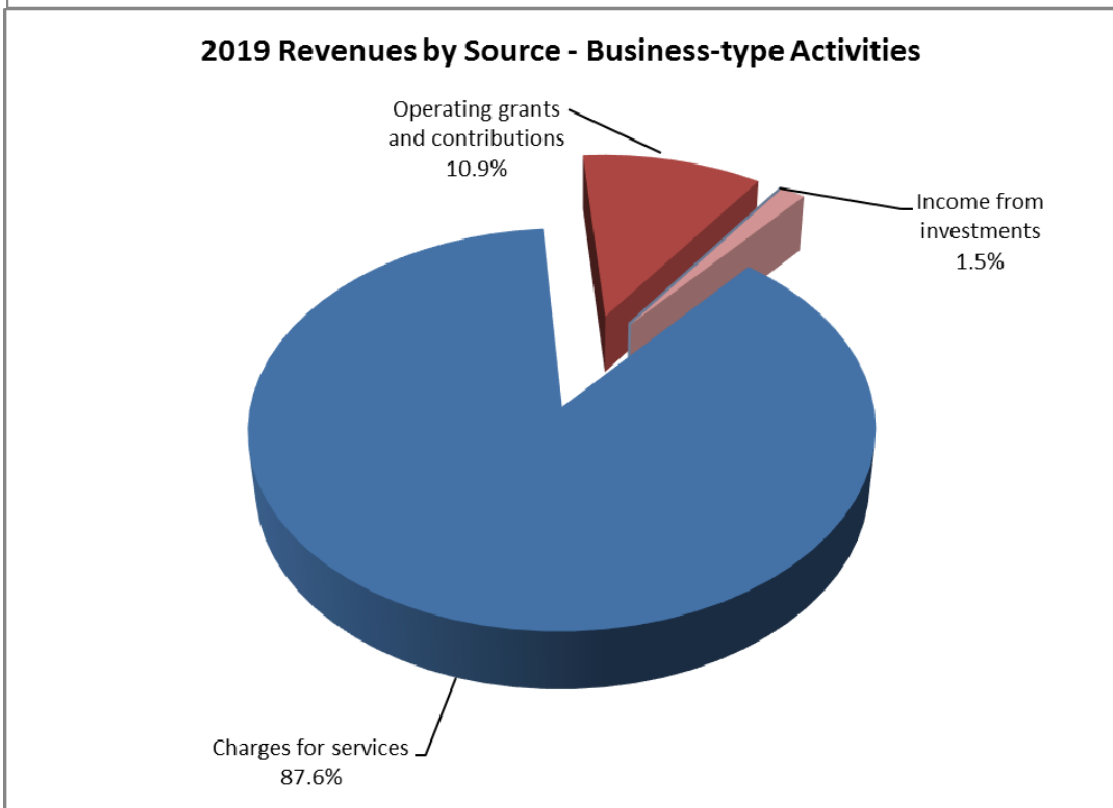
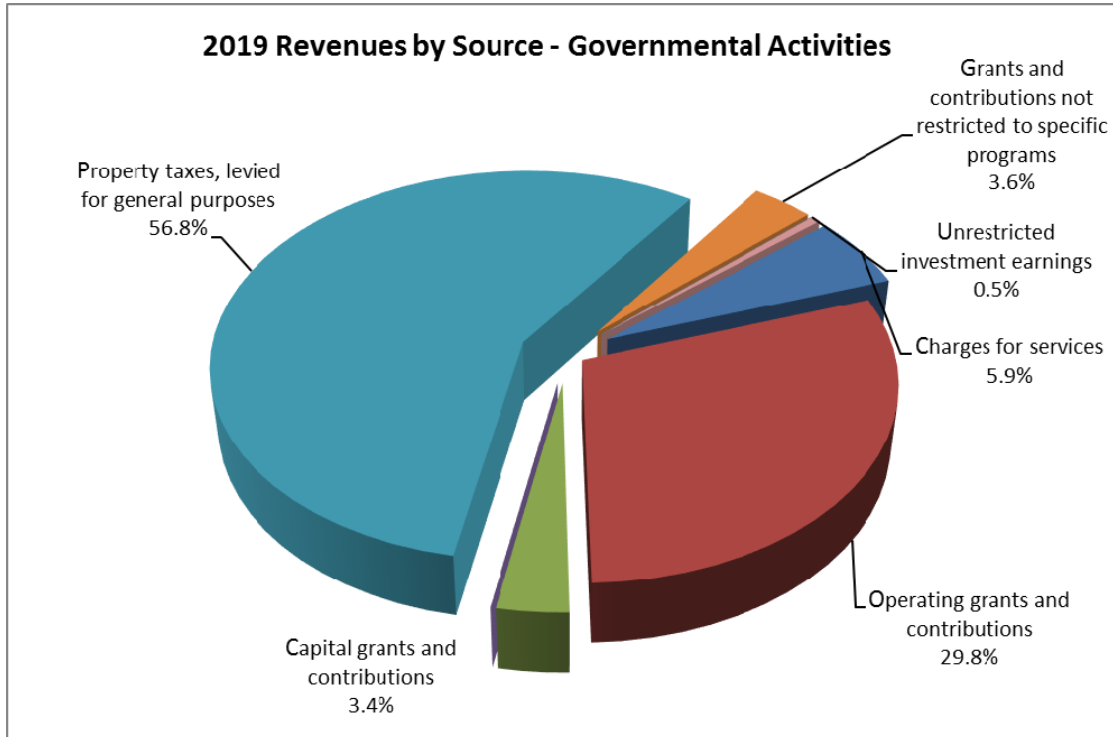
Changes in net position for the years ended June 30, 2019 and 2018 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2018 to conform with the current year presentation.

	June 30, 2019			June 30, 2018	\$ Variance	% Variance
	Governmental Activities	Business-type Activities	Total			
Revenues						
Program revenues:						
Charges for services	\$ 4,261,342	\$ 6,408,401	\$ 10,669,743	\$ 10,522,635	\$ 147,108	1.4%
Operating grants and contributions	18,256,324	793,557	19,049,881	22,147,444	(3,097,563)	-14.0%
Capital grants and contributions	2,352,286	-	2,352,286	971,700	1,380,586	142.1%
General revenues:						
Property taxes, levied for general purposes	40,842,759	-	40,842,759	40,704,466	138,293	0.3%
Grants and contributions not restricted to specific programs	2,589,233	-	2,589,233	3,455,500	(866,267)	-25.1%
Income from investments	387,720	107,801	495,521	241,586	253,935	105.1%
Total revenues	<u>68,689,664</u>	<u>7,309,759</u>	<u>75,999,423</u>	<u>78,043,331</u>	<u>(2,043,908)</u>	-2.6%
Expenses						
General government	8,151,813	-	8,151,813	7,652,827	498,986	6.5%
Public safety	5,457,707	-	5,457,707	4,687,700	770,007	16.4%
Public works	5,096,291	-	5,096,291	4,757,898	338,393	7.1%
Health and welfare	399,986	-	399,986	636,736	(236,750)	-37.2%
Recreation and leisure	461,673	-	461,673	731,067	(269,394)	-36.8%
Education	45,466,566	-	45,466,566	46,655,304	(1,188,738)	-2.5%
Interest expense	805,108	-	805,108	911,505	(106,397)	-11.7%
Sewer department	-	4,801,032	4,801,032	6,619,702	(1,818,670)	-27.5%
Water department	-	1,496,081	1,496,081	1,469,668	26,413	1.8%
Total expenses	<u>65,839,144</u>	<u>6,297,113</u>	<u>72,136,257</u>	<u>74,122,407</u>	<u>(1,986,150)</u>	-2.7%
Change in net position	<u>\$ 2,850,520</u>	<u>\$ 1,012,646</u>	<u>\$ 3,863,166</u>	<u>\$ 3,920,924</u>	<u>\$ 57,758</u>	1.5%

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

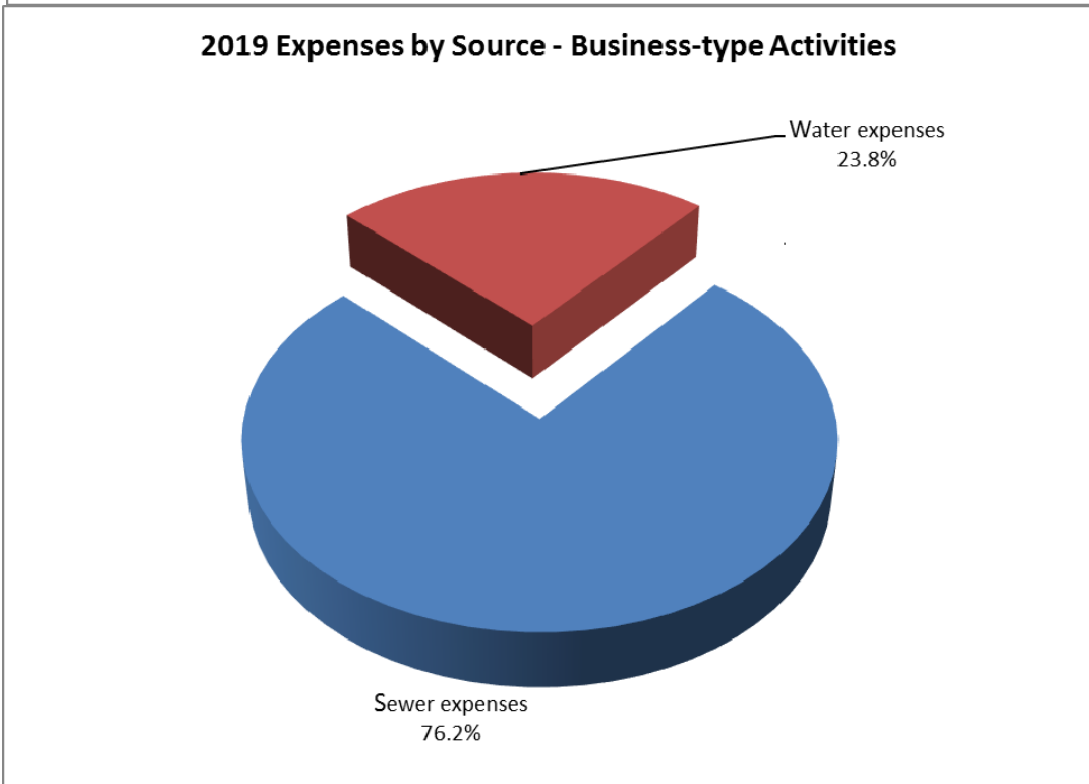
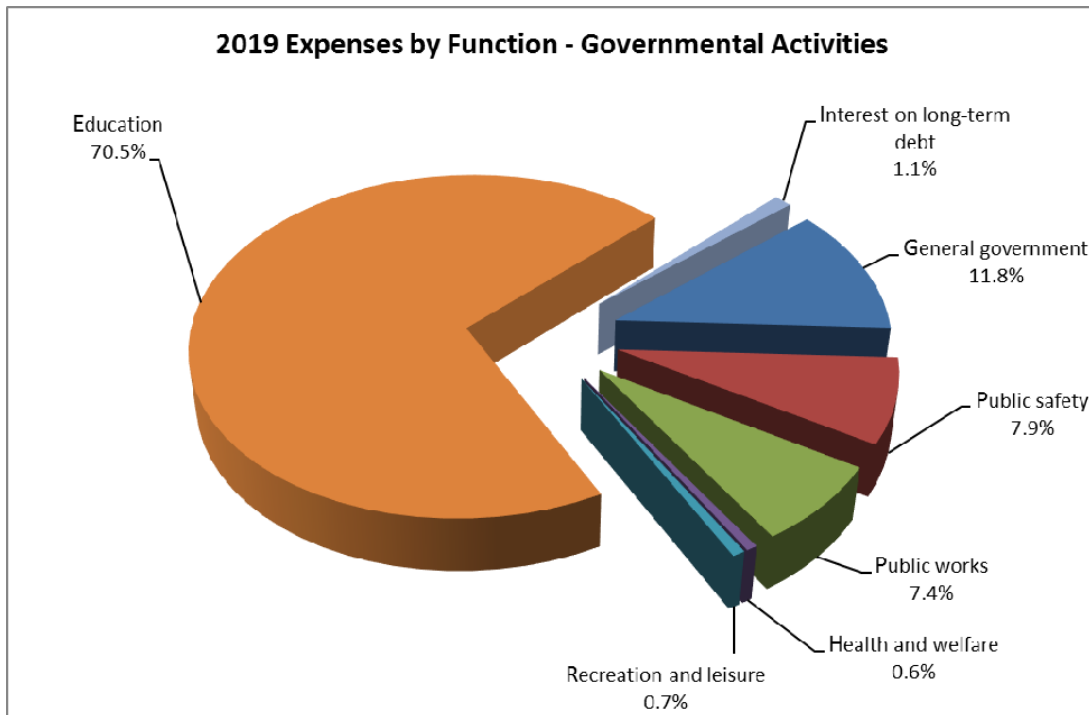
Change in Net Position (Continued)



TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental Activities

Governmental activities increased the Town's net position by a current year change of \$2,850,520. The increase is primarily attributable to capital grants received for the Bridge Street, Transfer Station, and Public Works Facility projects.

Business-type Activities

Business-type activities increased the Town's net position by a current year change of \$1,012,646. The current year increase is primarily attributable to the capital grants received for improvements to the Water Pollution Control Facility.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,014,677.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,295,661. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.7% of the Town's fiscal year 2020 General Fund Budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.1 months of General Fund operating expenditures.

The overall fund balance of the Town's General Fund decreased by \$122,436 during the current fiscal year, which was primarily due to normal fund activity offset by transfers made to nonmajor special revenue funds during the year.

Bonded Projects Fund

There was no change in the fund balance of the Bonded Projects Fund.

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$386,832. Expenditures were \$829,798 less than budgeted and total budgetary revenues were \$1,193,873 more than expected. The revenue surplus was primarily due to favorable tax collections and charges for services from police private duty. During the year ended June 30, 2019, the Town Council approved additional appropriations of \$230,000 from fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2019 totaled \$147,513,413 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, distribution and collection systems, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,149,202 or 1.5%. This increase consisted primarily of capital asset additions of approximately \$5.9 million, offset by depreciation expense of approximately \$3.8 million. Major capital asset events during the current fiscal year included the following:

- outlays for improvements to Bridge Street totaling \$454,530;
- outlays for upgrades to the Transfer Station totaling \$788,024;
- outlays for well improvements to Tyler Middle School totaling \$633,862;
- outlays for improvements to the Water Pollution Control Facility totaling \$793,557; and
- the purchase of buses and computers for the Board of Education totaling \$875,536.

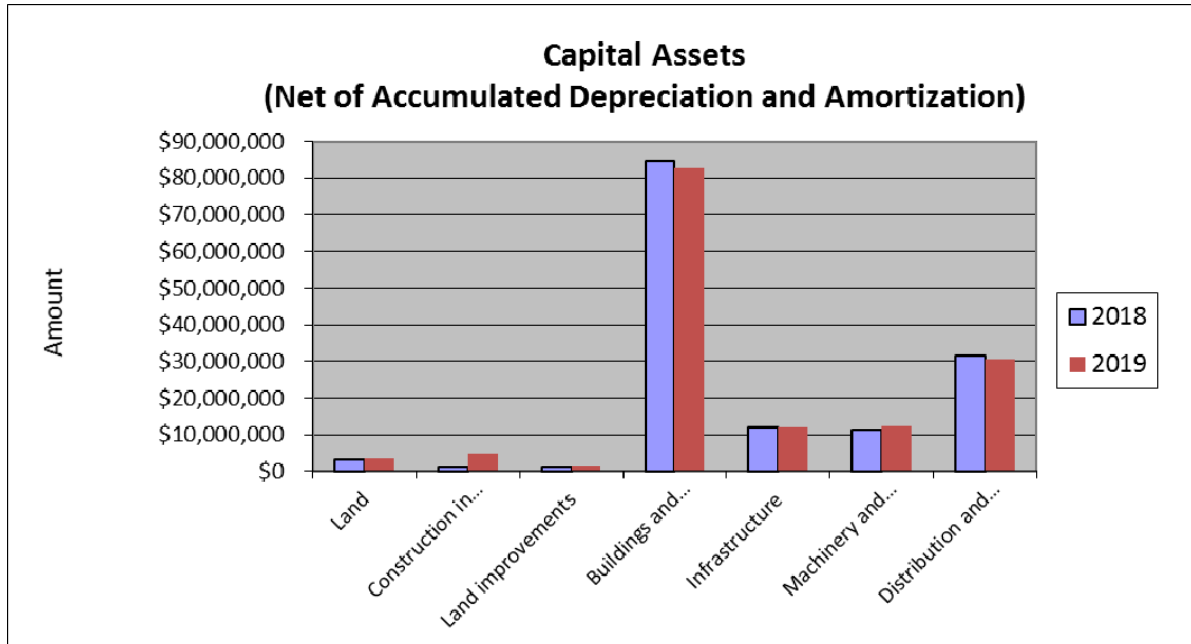
The following are tables of the investment in capital assets presented for both governmental and business-type activities:

	Capital Assets, Net					
	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Total	\$ Variance	% Variance
Land	\$ 2,301,950	\$ 1,127,031	\$ 3,428,981	\$ 3,165,331	\$ 263,650	8.3%
Construction in progress	4,061,917	793,557	4,855,474	1,254,559	3,600,915	287.0%
Land improvements	1,534,254	-	1,534,254	1,334,135	200,119	15.0%
Buildings and improvements	71,465,281	11,405,152	82,870,433	84,732,683	(1,862,250)	-2.2%
Infrastructure	11,824,299	-	11,824,299	12,105,809	(281,510)	-2.3%
Machinery and equipment	6,163,926	6,157,918	12,321,844	11,322,728	999,116	8.8%
Distribution and collection systems	-	30,678,128	30,678,128	31,448,966	(770,838)	-2.5%
Totals	<u>\$ 97,351,627</u>	<u>\$ 50,161,786</u>	<u>\$ 147,513,413</u>	<u>\$ 145,364,211</u>	<u>\$ 2,149,202</u>	<u>1.5%</u>

TOWN OF MONTVILLE, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note 4 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total debt, consisting of bonds, notes and capital leases payable, outstanding of \$30,335,146. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$746,264 or 2.4% during the current fiscal year. This decrease was due to current year scheduled repayments, offset by the issuance of general obligation bonds in the amount of \$2,500,000 to fund various road improvement projects and capital lease arrangements in the amount of \$875,536 to fund school buses and computers for the Town's School District.

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

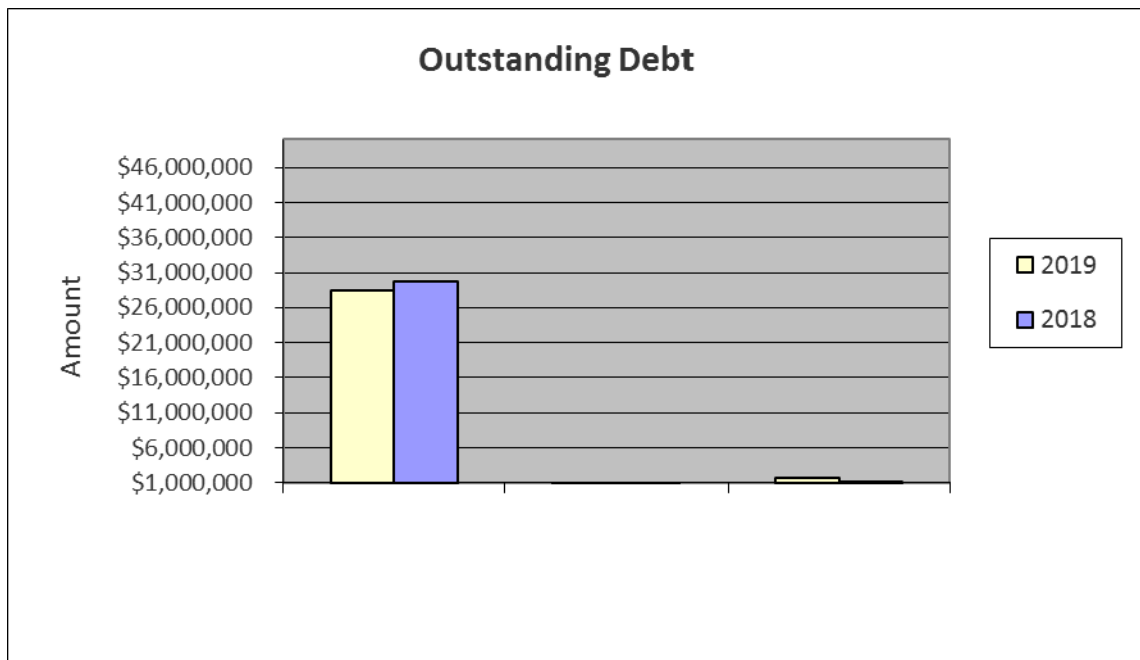
TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt (Continued)

The following are tables of long-term bonded debt:

	Long-term Debt					
	June 30, 2019			June 30, 2018		% Variance
	Governmental Activities	Business-type Activities	Total	Total	\$ Variance	
General obligation bonds	\$ 27,369,000	\$ 1,080,000	\$ 28,449,000	\$ 29,667,000	\$ (1,218,000)	-4.1%
Note payable	-	192,215	192,215	203,026	(10,811)	-5.3%
Capital lease obligations	1,623,443	70,488	1,693,931	1,211,384	482,547	39.8%
Totals	\$ 28,992,443	\$ 1,342,703	\$ 30,335,146	\$ 31,081,410	\$ (746,264)	-2.4%



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

TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2020, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2020. The Town's fiscal year 2020 General Fund budget was approved on May 13, 2019. The fiscal year 2020 budget contemplated expenditures of \$61,612,268, an increase of \$2,258,718, or 3.8%, over the original fiscal year 2019 budgeted expenditures. The approved mill rate for the fiscal year 2020 budget is 32.51, an increase of .78 or 2.45% over the fiscal year 2019 mill rate of 31.73. No use of fund balance was designated for balancing the fiscal year 2020 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Town of Montville, 310 Norwich-New London Tpke., Uncasville, Connecticut 06382.

BASIC FINANCIAL STATEMENTS

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 18,065,763	\$ 7,671,385	\$ 25,737,148
Investments	-	4,113,502	4,113,502
Receivables:			
Property taxes, net	1,635,767	-	1,635,767
Interest on property taxes, net	659,666	-	659,666
Assessments and user charges, net	34,600	1,161,835	1,196,435
Loans	305,771	-	305,771
Grants and contracts	718,748	86,265	805,013
Other	517,469	-	517,469
Internal balances	87,985	(87,985)	-
Escrow deposit	342,466	-	342,466
Other assets	8,493	-	8,493
Noncurrent assets:			
Receivables:			
Grants and contracts	1,163,251	-	1,163,251
Capital assets:			
Non-depreciable	6,363,867	1,920,588	8,284,455
Depreciable, net	90,987,760	48,241,198	139,228,958
Total assets	<u>120,891,606</u>	<u>63,106,788</u>	<u>183,998,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	1,019,391	-	1,019,391
Deferred charges on OPEB expense	78,731	-	78,731
Deferred charges on pension expense	8,356,363	1,205,439	9,561,802
Total deferred outflows of resources	<u>9,454,485</u>	<u>1,205,439</u>	<u>10,659,924</u>
LIABILITIES			
Accounts payable	1,329,237	539,183	1,868,420
Accrued liabilities:			
Salaries and benefits payable	364,771	15,771	380,542
Accrued interest	339,455	13,969	353,424
Claims payable	588,000	-	588,000
Unearned revenue	544,387	-	544,387
Noncurrent liabilities:			
Due within one year	4,755,259	140,468	4,895,727
Due in more than one year	44,043,628	4,079,450	48,123,078
Total liabilities	<u>51,964,737</u>	<u>4,788,841</u>	<u>56,753,578</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension expense	549,140	-	549,140
Deferred charges on OPEB expense	365,837	-	365,837
Total deferred inflows of resources	<u>914,977</u>	<u>-</u>	<u>914,977</u>
NET POSITION			
Net investment in capital assets	70,938,629	48,143,590	119,082,219
Restricted	987,456	-	987,456
Unrestricted	5,540,292	11,379,796	16,920,088
Total net position	<u>\$ 77,466,377</u>	<u>\$ 59,523,386</u>	<u>\$ 136,989,763</u>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 8,151,813	\$ 1,667,304	\$ 4,500	\$ -	\$ (6,480,009)	\$ -	\$ (6,480,009)
Public safety	5,457,707	671,326	236,775	8,153	(4,541,453)	-	(4,541,453)
Public works	5,096,291	734,698	-	1,897,699	(2,463,894)	-	(2,463,894)
Health and welfare	399,986	72,752	111,573	-	(215,661)	-	(215,661)
Recreation and leisure	461,673	288,341	-	-	(173,332)	-	(173,332)
Education	42,724,081	826,921	15,160,991	446,434	(26,289,735)	-	(26,289,735)
Education - State Teachers' Retirement	2,742,485	-	2,742,485	-	-	-	-
Interest expense	805,108	-	-	-	(805,108)	-	(805,108)
Total governmental activities	<u>65,839,144</u>	<u>4,261,342</u>	<u>18,256,324</u>	<u>2,352,286</u>	<u>(40,969,192)</u>	<u>-</u>	<u>(40,969,192)</u>
Business-type activities:							
Sewer department	4,801,032	5,098,875	793,557	-	-	1,091,400	1,091,400
Water department	1,496,081	1,309,526	-	-	-	(186,555)	(186,555)
	<u>6,297,113</u>	<u>6,408,401</u>	<u>793,557</u>	<u>-</u>	<u>-</u>	<u>904,845</u>	<u>904,845</u>
Total primary government	<u>\$ 72,136,257</u>	<u>\$ 10,669,743</u>	<u>\$ 19,049,881</u>	<u>\$ 2,352,286</u>	<u>(40,969,192)</u>	<u>904,845</u>	<u>(40,064,347)</u>
General revenues:							
Property taxes, levied for general purposes					40,842,759	-	40,842,759
Grants and contributions not restricted to specific programs					2,589,233	-	2,589,233
Investment income					387,720	107,801	495,521
Total general revenues					<u>43,819,712</u>	<u>107,801</u>	<u>43,927,513</u>
					<u>2,850,520</u>	<u>1,012,646</u>	<u>3,863,166</u>
					<u>74,615,857</u>	<u>58,510,740</u>	<u>133,126,597</u>
					<u>\$ 77,466,377</u>	<u>\$ 59,523,386</u>	<u>\$ 136,989,763</u>

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

TOWN OF MONTVILLE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 15,613,998	\$ -	\$ 398,898	\$ 16,012,896
Receivables:				
Property taxes, net	1,635,767	-	-	1,635,767
Interest on property taxes, net	659,666	-	-	659,666
Assessments and interest	34,600	-	-	34,600
Grants and contracts	-	1,163,251	718,748	1,881,999
Loans	-	-	305,771	305,771
Other	381,080	-	2,862	383,942
Due from other funds	1,642,869	-	5,425,960	7,068,829
Escrow deposit	342,466	-	-	342,466
Other	-	-	8,493	8,493
Total assets	<u>\$ 20,310,446</u>	<u>\$ 1,163,251</u>	<u>\$ 6,860,732</u>	<u>\$ 28,334,429</u>
LIABILITIES				
Accounts payable	\$ 1,157,757	\$ -	\$ 171,481	\$ 1,329,238
Salaries and benefits payable	360,780	-	3,991	364,771
Due to other funds	5,425,960	966,201	588,683	6,980,844
Unearned revenue	20,506	-	523,881	544,387
Total liabilities	<u>6,965,003</u>	<u>966,201</u>	<u>1,288,036</u>	<u>9,219,240</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	1,902,661	-	-	1,902,661
Unavailable revenue - assessments and interest	34,600	-	-	34,600
Unavailable revenue - school construction grant	-	1,163,251	-	1,163,251
Total deferred inflows of resources	<u>1,937,261</u>	<u>1,163,251</u>	<u>-</u>	<u>3,100,512</u>
FUND BALANCES				
Nonspendable	-	-	8,493	8,493
Restricted	425,762	-	3,234,491	3,660,253
Committed	264,244	-	2,376,424	2,640,668
Assigned	422,515	-	-	422,515
Unassigned	10,295,661	(966,201)	(46,712)	9,282,748
Total fund balances	<u>11,408,182</u>	<u>(966,201)</u>	<u>5,572,696</u>	<u>16,014,677</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,310,446</u>	<u>\$ 1,163,251</u>	<u>\$ 6,860,732</u>	<u>\$ 28,334,429</u>

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

TOWN OF MONTVILLE, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balance for governmental funds	\$	16,014,677
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	\$	2,301,950
Construction in progress		4,061,917
Land improvements		2,433,472
Buildings and improvements		94,221,685
Machinery and equipment		16,016,531
Infrastructure		20,470,955
Less accumulated depreciation and amortization		<u>(42,154,883)</u>
Total capital assets, net		97,351,627
Some of the Town's taxes, assessments, interest and long-term grant receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		
		3,100,512
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable		(339,455)
Long-term debt:		
Bonds payable, net		(28,659,464)
Deferred charge on refunding		1,019,391
Other long-term liabilities:		
Capital lease obligations		(1,623,443)
Energy loan		(164,745)
Landfill post-closure care liability		(95,000)
Early retirement incentive		(171,997)
Compensated absences		(1,238,420)
Net pension liability		(15,314,155)
Total OPEB liability		<u>(1,531,662)</u>
Total long-term liabilities		(48,118,950)
Deferred outflows and inflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are reported in the statements of net position.		
		7,520,117
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		<u>1,598,394</u>
Net position of governmental activities	\$	<u><u>77,466,377</u></u>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 41,533,232	\$ -	\$ -	\$ 41,533,232
Intergovernmental	15,806,688	-	4,472,003	20,278,691
State on-behalf pension and OPEB contributions	5,944,744	-	-	5,944,744
Charges for goods and services	3,028,080	-	545,942	3,574,022
Other	261,836	-	38,429	300,265
Investment income	393,636	-	228	393,864
Total revenues	<u>66,968,216</u>	<u>-</u>	<u>5,056,602</u>	<u>72,024,818</u>
EXPENDITURES				
Current:				
General government	7,231,555	-	74,600	7,306,155
Public safety	4,635,866	-	4,679	4,640,545
Public works	3,836,172	-	132,901	3,969,073
Health and welfare	234,632	-	155,650	390,282
Recreation and leisure	290,482	-	86,114	376,596
Miscellaneous	73,300	-	-	73,300
State on-behalf pension and OPEB contributions	5,944,744	-	-	5,944,744
Education	37,824,973	-	2,145,653	39,970,626
Debt service:				
Principal payments	3,911,742	-	-	3,911,742
Interest and fiscal charges	825,261	-	-	825,261
Capital outlays	1,635,138	-	3,610,849	5,245,987
Total expenditures	<u>66,443,865</u>	<u>-</u>	<u>6,210,446</u>	<u>72,654,311</u>
Excess (deficiency) of revenues over expenditures	524,351	-	(1,153,844)	(629,493)
OTHER FINANCING SOURCES (USES)				
Capital lease financing	875,536	-	-	875,536
Issuance of bonds	-	-	2,500,000	2,500,000
Premium on issuance of bonds	-	-	227,787	227,787
Transfers in	-	-	1,522,323	1,522,323
Transfers out	(1,522,323)	-	-	(1,522,323)
Total other financing sources (uses)	<u>(646,787)</u>	<u>-</u>	<u>4,250,110</u>	<u>3,603,323</u>
Net change in fund balances	(122,436)	-	3,096,266	2,973,830
Fund balances - beginning	<u>11,530,618</u>	<u>(966,201)</u>	<u>2,476,430</u>	<u>13,040,847</u>
Fund balances - ending	<u>\$ 11,408,182</u>	<u>\$ (966,201)</u>	<u>\$ 5,572,696</u>	<u>\$ 16,014,677</u>

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

TOWN OF MONTVILLE, 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, 2019

Net change in fund balances - total governmental funds \$ 2,973,830

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 5,199,588	
Depreciation and amortization expense	<u>(2,517,505)</u>	
Net adjustment		2,682,083

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (78,345)

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

Debt issued or incurred:		
Capital lease obligations	(875,536)	
Bonds issued	(2,500,000)	
Premium on bonds issued	(227,787)	
Principal repayments:		
Bonds payable	3,424,300	
Capital lease obligations	371,157	
Energy loan	<u>116,280</u>	
Net adjustment		308,414

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

Accrued interest	37,269	
Deferred charge on refunding	(142,724)	
Unamortized bond premium	125,612	
Landfill post closure care liability	19,000	
Early retirement incentive	31,037	
Compensated absences	67,088	
Net pension liability	(8,642,541)	
Total OPEB liability	222,191	
Deferred charges on pension expense	7,043,670	
Deferred charges on OPEB expense	<u>(236,785)</u>	

(1,476,183)

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

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2019

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in unavailable revenues.	\$ (693,625)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities.	<u>(865,654)</u>
Change in net position of governmental activities	<u>\$ 2,850,520</u> <i>(Concluded)</i>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019

	Business-type Activities			Governmental
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,282,979	\$ 1,388,406	\$ 7,671,385	\$ 2,052,867
Investments	4,113,502	-	4,113,502	-
Receivables:				
User charges, net	1,043,166	118,669	1,161,835	-
Grants and contracts	86,265	-	86,265	-
Other	-	-	-	133,527
Due from other funds	10,000	-	10,000	-
Total current assets	<u>11,535,912</u>	<u>1,507,075</u>	<u>13,042,987</u>	<u>2,186,394</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	1,880,288	40,300	1,920,588	-
Depreciable, net	37,903,904	10,337,294	48,241,198	-
Total noncurrent assets	<u>39,784,192</u>	<u>10,377,594</u>	<u>50,161,786</u>	<u>-</u>
Total assets	<u>51,320,104</u>	<u>11,884,669</u>	<u>63,204,773</u>	<u>2,186,394</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on pension expense	1,205,439	-	1,205,439	-
Total deferred outflows of resources	<u>1,205,439</u>	<u>-</u>	<u>1,205,439</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	453,342	85,841	539,183	-
Salaries and benefits payable	15,771	-	15,771	-
Accrued interest	13,969	-	13,969	-
Claims payable	-	-	-	588,000
Due to other funds	97,985	-	97,985	-
Total current liabilities	<u>581,067</u>	<u>85,841</u>	<u>666,908</u>	<u>588,000</u>
Non-current liabilities:				
Due within one year	140,468	-	140,468	-
Due in more than one year	3,403,956	675,494	4,079,450	-
Total non-current liabilities	<u>3,544,424</u>	<u>675,494</u>	<u>4,219,918</u>	<u>-</u>
Total liabilities	<u>4,125,491</u>	<u>761,335</u>	<u>4,886,826</u>	<u>588,000</u>
NET POSITION				
Net investment in capital assets	38,441,490	9,702,100	48,143,590	-
Unrestricted	9,958,562	1,421,234	11,379,796	1,598,394
Total net position	<u>\$ 48,400,052</u>	<u>\$ 11,123,334</u>	<u>\$ 59,523,386</u>	<u>\$ 1,598,394</u>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities			Governmental
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 5,098,875	\$ 1,309,526	\$ 6,408,401	\$ 6,266,856
Grants and contracts	793,557	-	793,557	-
Total operating revenues	<u>5,892,432</u>	<u>1,309,526</u>	<u>7,201,958</u>	<u>6,266,856</u>
OPERATING EXPENSES				
Personnel services	766,015	59,491	825,506	-
Supplies and administration	1,508,877	1,053,600	2,562,477	-
Maintenance	170,296	33,163	203,459	-
Energy and transportation	818,815	39,927	858,742	-
Insurance and taxes	54,990	6,022	61,012	-
Claims incurred	-	-	-	6,561,307
Administration	-	-	-	575,059
Depreciation	1,471,428	303,878	1,775,306	-
Total operating expenses	<u>4,790,421</u>	<u>1,496,081</u>	<u>6,286,502</u>	<u>7,136,366</u>
Operating income (loss)	1,102,011	(186,555)	915,456	(869,510)
NON-OPERATING INCOME (EXPENSE)				
Interest income	97,456	10,345	107,801	3,855
Interest expense	(10,611)	-	(10,611)	-
Total non-operating income (expense)	<u>86,845</u>	<u>10,345</u>	<u>97,190</u>	<u>3,855</u>
Changes in net position	1,188,856	(176,210)	1,012,646	(865,655)
Net position - beginning	<u>47,211,196</u>	<u>11,299,544</u>	<u>58,510,740</u>	<u>2,464,049</u>
Net position - ending	<u>\$ 48,400,052</u>	<u>\$ 11,123,334</u>	<u>\$ 59,523,386</u>	<u>\$ 1,598,394</u>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities			Governmental
				Activities
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Customers and users	\$ 5,192,077	\$ 1,381,551	\$ 6,573,628	\$ 6,133,329
Intergovernmental	793,557	-	793,557	-
Cash paid for the following:				
Personnel services	(887,191)	(59,491)	(946,682)	-
Supplies and administration	(1,508,877)	(1,058,409)	(2,567,286)	(575,059)
Maintenance	(170,296)	(33,163)	(203,459)	-
Energy and transportation	(818,815)	(39,927)	(858,742)	-
Insurance and taxes	(54,990)	(6,022)	(61,012)	-
Benefits and claims	-	-	-	(6,563,307)
Net cash provided by (used in) operating activities	<u>2,545,465</u>	<u>184,539</u>	<u>2,730,004</u>	<u>(1,005,037)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,308,592)	(98,444)	(1,407,036)	-
Payments collected on long-term receivables	41,483	-	41,483	-
Interest income	97,456	-	97,456	-
Interest paid on capital debt	(50,324)	-	(50,324)	-
Principal paid on capital debt	(326,343)	(10,500)	(336,843)	-
Net cash used in capital and related financing activities	<u>(1,546,320)</u>	<u>(108,944)</u>	<u>(1,655,264)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,703,135)	-	(3,703,135)	-
Interest income	-	10,345	10,345	3,855
Net cash provided by (used in) investing activities	<u>(3,703,135)</u>	<u>10,345</u>	<u>(3,692,790)</u>	<u>3,855</u>
Net increase (decrease) in cash and cash equivalents	(2,703,990)	85,940	(2,618,050)	(1,001,182)
Cash and cash equivalents, beginning of year	8,986,969	1,302,466	10,289,435	3,054,049
Cash and cash equivalents, end of year	<u>\$ 6,282,979</u>	<u>\$ 1,388,406</u>	<u>\$ 7,671,385</u>	<u>\$ 2,052,867</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,102,011	\$ (186,555)	\$ 915,456	\$ (869,510)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,471,428	303,878	1,775,306	-
Changes in assets and liabilities:				
Decrease in user charges receivable	93,202	72,025	165,227	-
Increase in other receivables	-	-	-	(133,527)
Increase (decrease) in accounts payable	209,339	(4,809)	204,530	(2,000)
Decrease in accrued liabilities	(1,496)	-	(1,496)	-
Decrease in compensated absences	(1,582)	-	(1,582)	-
Increase in due to other funds	1,944	-	1,944	-
Decrease in net pension liability and related deferrals	(329,381)	-	(329,381)	-
Net cash provided by (used in) operating activities	<u>\$ 2,545,465</u>	<u>\$ 184,539</u>	<u>\$ 2,730,004</u>	<u>\$ (1,005,037)</u>

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2019

	Private Purpose Trust Fund - School Scholarships	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 70,327	\$ 431,919
Investments:		
Certificates of deposit	120,247	52,642
Mutual funds	293,813	-
Total assets	<u>484,387</u>	<u>\$ 484,561</u>
LIABILITIES		
Due to student groups	-	\$ 327,205
Due to others	-	157,356
Total liabilities	<u>-</u>	<u>\$ 484,561</u>
NET POSITION		
Held in trust for scholarship benefits	<u>\$ 484,387</u>	

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

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund - School Scholarships
ADDITIONS	
Investment earnings:	
Interest	\$ 21,901
Net change in the fair value of investments	(8,642)
Total investment income	13,259
Total additions	13,259
DEDUCTIONS	
Awards expense	2,500
Administrative expenses	175
Total deductions	2,675
Change in net position	10,584
Net position - beginning	473,803
Net position - ending	\$ 484,387

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Montville, Connecticut, was settled in 1786 and covers 43.9 square miles located in the Southeastern part of Connecticut. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, health, social services, recreation, planning and zoning, education and other miscellaneous programs.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance, part of the government's operations and therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Bonded Projects Fund - This fund is used to account for the revenues and expenditures related to major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

Sewer Department - This fund is used to account for activities of the Town's Sewer department.

Water Department - This fund is used to account for activities of the Town's Water department.

In addition, the Town reports the following fund types:

Internal Service Fund (proprietary) - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

Private Purpose Trust Funds - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarships Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system. The performance bonds fund accounts for monies received to ensure that new home construction is performed per specifications.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds consist of charges to customers for services relating to sewer and water usage. Operating expenses of the Town's enterprise funds include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Implementation of Accounting Standards

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

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

Cash and cash Equivalents

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

Investments

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

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

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$275,000 and \$250,000, respectively, as of June 30, 2019.

Upon completion of projects, water and sewer assessments are levied and assessed to the users each February. Usage charges are billed quarterly or monthly depending on the property type, beginning in January. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the WPCA has established an allowance for uncollectible sewer and water usage of \$305,000 and \$1,600, respectively, as of June 30, 2019.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds are included as part of the capitalized cost of the assets constructed.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Capital Assets *(Continued)*

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

<u>Assets</u>	<u>Years</u>
Buildings	35 - 50
Building improvements	20
Distribution and collection systems	50 - 65
Infrastructure	30 - 50
Land improvements	30 - 50
Machinery and equipment	5 - 20

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

Unearned Revenue

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Town reports deferred charges on pension and OPEB expenses and deferred charges on refunding in the government-wide statement of net position. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension and total OPEB liabilities and are being amortized as a component of pension expense on a systematic and rational basis. Deferred charges on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Town reports unavailable revenue from property taxes and related interest in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town also reports deferred charges on pension and OPEB expenses in the government-wide statement of net position, which resulted from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expenses in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Compensated Absences

Under the terms of various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Town employees may not carry over any accumulated vacation time and may carry over a limited number of sick days to subsequent years. In the event of retirement, Town employees are reimbursed for accumulated vacation and sick days based on union contract. Board of Education employees may carry over a limited number of unused vacation days to the next fiscal year. When a Board of Education employee retires, limited accumulated unused sick leave is not paid but added to the credited service used to calculate pension benefits.

All compensated absences are accrued when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e. due to resignation or retirement).

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

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

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

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

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

Net Position and Fund Balance *(Continued)*

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

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

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

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Council.

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

Net Position Flow Assumption

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

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

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

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund between 12% and 16% of the Town's General Fund budget. Two-thirds vote of the entire Town Council is required to decrease total fund balance below 12%. Unassigned fund balance in the General Fund as of June 30, 2019 represents 16.7% of the Town's final General Fund budget.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash and cash equivalents as of June 30, 2019 is as follows:

Government-wide statement of net position	\$ 25,737,148
Statement of fiduciary net position	<u>502,246</u>
	26,239,394
Add: certificates of deposit classified as investments	4,286,391
Less: cash equivalents considered investments for disclosure purposes	<u>(3,531,832)</u>
	<u><u>\$ 26,993,953</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$27,302,736 of the Town's bank balance of \$28,550,363 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,572,462
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>2,730,274</u>
	<u><u>\$ 27,302,736</u></u>

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

Investments

A reconciliation of the Town's investments as of June 30, 2019 is as follows:

Government-wide statement of net position	\$ 4,113,502
Statement of fiduciary net position	<u>466,702</u>
	4,580,204
Add: cash equivalents considered investments for disclosure purposes	3,531,832
Less: certificates of deposit classified as investments	<u>(4,286,391)</u>
	<u><u>\$ 3,825,645</u></u>

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Interest Rate Risk

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's investments to this risk using the segmented time distribution model is as follows:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years) Less Than 1
Debt Securities:				
<i>Government-wide statement of net position:</i>				
Short-Term Investment Fund	Net Asset Value	AAA	\$ 3,531,832	<u>\$ 3,531,832</u>
 Other investments:				
<i>Statement of fiduciary net position:</i>				
Mutual funds	Fair Value		<u>293,813</u>	
			<u>\$ 3,825,645</u>	

Because the State of Connecticut's Short-Term Investment Fund (STIF) has weighted average maturities of less than 90 days, they are presented as investments with maturities of less than one year.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

Custodial Credit Risk

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Investments *(Continued)*

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2019, more than 10.0% of the Town's governmental activities investments are invested in the Short-Term Investment Fund (100%), which is managed by the State of Connecticut Office of the Treasurer. As of June 30, 2019, more than 10.0% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
UBS Financial Services, Inc.	UBS US Allocation Class A Mutual Fund	\$ 128,532	43.7%
UBS Financial Services, Inc.	Putnam Fund for Growth & Income Mutual Fund	64,862	22.1%
UBS Financial Services, Inc.	Pace Large Co Value Equity Investment Mutual Fund	49,032	16.7%
Fidelity Investments	Fidelity Asset Manager 50% Mutual Fund	30,528	10.4%

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2019, by level within the fair value hierarchy are presented in the table below.

<u>Financial Assets Measured at Fair Value</u>	<u>Prices in Active Market (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual funds	\$ 293,813	-	-	\$ 293,813

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,038,300	\$ 263,650	\$ -	\$ 2,301,950
Construction in progress	<u>1,254,559</u>	<u>2,807,358</u>	<u>-</u>	<u>4,061,917</u>
Total capital assets, not being depreciated	<u>3,292,859</u>	<u>3,071,008</u>	<u>-</u>	<u>6,363,867</u>
Capital assets, being depreciated:				
Land improvements	2,173,093	260,379	-	2,433,472
Buildings and improvements	94,263,027	9,891	(51,233)	94,221,685
Machinery and equipment	14,653,851	1,858,310	(495,630)	16,016,531
Infrastructure	<u>20,470,955</u>	<u>-</u>	<u>-</u>	<u>20,470,955</u>
Total capital assets, being depreciated	<u>131,560,926</u>	<u>2,128,580</u>	<u>(546,863)</u>	<u>133,142,643</u>
Less accumulated depreciation and amortization for:				
Land improvements	838,958	60,260	-	899,218
Buildings and improvements	21,350,163	1,435,751	(29,510)	22,756,404
Machinery and equipment	9,551,628	739,985	(439,008)	9,852,605
Infrastructure	8,365,146	281,510	-	8,646,656
Total accumulated depreciation and amortization	<u>40,105,895</u>	<u>2,517,506</u>	<u>(468,518)</u>	<u>42,154,883</u>
Total capital assets, being depreciated, net	<u>91,455,031</u>	<u>(388,926)</u>	<u>(78,345)</u>	<u>90,987,760</u>
Governmental activities capital assets, net	<u>\$ 94,747,890</u>	<u>\$ 2,682,082</u>	<u>\$ (78,345)</u>	<u>\$97,351,627</u>

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

Governmental Activities:	
General government	\$ 255,183
Public safety	307,783
Public works	517,595
Recreation and leisure	50,143
Education	<u>1,386,802</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 2,517,506</u>

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS *(Continued)*

Capital asset activity for business-type activities for the year ended June 30, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,127,031	\$ -	\$ -	\$ 1,127,031
Construction in progress	-	793,557	-	793,557
Total capital assets, not being depreciated	<u>1,127,031</u>	<u>793,557</u>	<u>-</u>	<u>1,920,588</u>
Capital assets, being depreciated:				
Buildings and improvements	19,862,414	-	-	19,862,414
Distribution and collection systems	51,487,323	-	-	51,487,323
Machinery and equipment	15,453,232	527,212	-	15,980,444
Total capital assets, being depreciated	<u>86,802,969</u>	<u>527,212</u>	<u>-</u>	<u>87,330,181</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	8,042,595	414,667	-	8,457,262
Distribution and collection systems	20,038,357	770,838	-	20,809,195
Machinery and equipment	9,232,727	589,799	-	9,822,526
Total accumulated depreciation and amortization	<u>37,313,679</u>	<u>1,775,304</u>	<u>-</u>	<u>39,088,983</u>
Total capital assets, being depreciated, net	<u>49,489,290</u>	<u>(1,248,092)</u>	<u>-</u>	<u>48,241,198</u>
Business-type activities capital assets, net	<u>\$ 50,616,321</u>	<u>\$ (454,535)</u>	<u>\$ -</u>	<u>\$ 50,161,786</u>

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

Business-type Activities:	
Sewer department	\$ 1,471,427
Water department	<u>303,877</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 1,775,304</u>

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Bonded Projects Fund	\$ 966,201
	Nonmajor governmental funds	588,683
	Sewer Department	87,985
		1,642,869
Nonmajor governmental funds	General Fund	5,425,960
		\$ 7,068,829

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

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds		
Nonmajor governmental funds	General Fund	\$ 1,522,323

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - FUND BALANCE

The various components of fund balance at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$ -	\$ -	\$ 8,493	\$ 8,493
Restricted for:				
Capital purposes	342,466	-	2,870,636	3,213,102
External - donations	6,164	-	19,139	25,303
Health and welfare	-	-	3,846	3,846
Cafeteria operations	-	-	340,870	340,870
Education	77,132	-	-	77,132
Committed to:				
Education carryover	264,244	-	-	264,244
General government	-	-	26,863	26,863
Health and welfare	-	-	226,677	226,677
Recreation	-	-	89,366	89,366
Capital projects	-	-	2,033,518	2,033,518
Assigned to:				
General government encumbrances	12,647	-	-	12,647
Public safety encumbrances	14,916	-	-	14,916
Public works encumbrances	11,400	-	-	11,400
Recreation and leisure	1,953	-	-	1,953
Education encumbrances	381,599	-	-	381,599
Unassigned	10,295,661	(966,201)	(46,712)	9,282,748
	<u>\$ 11,408,182</u>	<u>\$ (966,201)</u>	<u>\$ 5,572,696</u>	<u>\$ 16,014,677</u>

Deficit Fund Balances

The following funds have deficit fund balances as of June 30, 2019, which do not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Bonded Projects Fund	\$ 996,201
Bridge St. Remediation Fund	46,475
Bridges Fund	237

The deficits are expected to be eliminated by future revenue sources, state grant reimbursements, and/or appropriations from the General Fund.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT

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

Changes in long-term debt for the year ended June 30, 2019, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 28,293,300	\$ 2,500,000	\$ (3,424,300)	\$ 27,369,000	\$ 3,989,000
Unamortized premium	1,188,289	227,787	(125,612)	1,290,464	-
Total bonds payable	29,481,589	2,727,787	(3,549,912)	28,659,464	3,989,000
Capital leases from direct borrowings	1,119,064	875,536	(371,157)	1,623,443	342,806
Contract payable from direct borrowings	281,025	-	(116,280)	164,745	116,280
	<u>\$ 30,881,678</u>	<u>\$ 3,603,323</u>	<u>\$ (4,037,349)</u>	<u>\$ 30,447,652</u>	<u>\$ 4,448,086</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 1,373,700	\$ -	\$ (293,700)	\$ 1,080,000	\$ 90,000
Unamortized premium	65,261	-	(65,261)	-	-
Total bonds payable	1,438,961	-	(358,961)	1,080,000	90,000
Capital leases from direct borrowings	92,320	-	(21,832)	70,488	22,644
Note payable from direct borrowings	203,026	-	(10,811)	192,215	11,029
Contract payable from direct borrowings	685,994	-	(1,501)	684,493	-
	<u>\$ 2,420,301</u>	<u>\$ -</u>	<u>\$ (393,105)</u>	<u>\$ 2,027,196</u>	<u>\$ 123,673</u>

Bonds payable typically have been liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2019 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds - Series A	2010	2,212,600	2.0% - 4.0%	2022	\$ 675,000
General Obligation Bonds - Series B	2010	7,890,000	3.0% - 5.0%	2025	2,285,000
General Obligation Bonds	2013	10,625,000	2.125% - 5.0%	2033	7,545,000
General Obligation Refunding Bonds	2013	9,195,000	1.0% - 4.0%	2027	8,865,000
General Obligation Refunding Bonds	2015	5,849,000	1.97%	2033	5,499,000
General Obligation Bonds	2019	2,500,000	3.0% - 5.0%	2029	2,500,000
					<u>\$ 27,369,000</u>
Business-type Activities					
Bonds Payable					
General Obligation Bonds	2013	1,500,000	2.125% - 5.0%	2033	<u>\$ 1,080,000</u>

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2019:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 3,989,000	\$ 781,943	\$ 4,770,943
2021	4,104,000	655,799	4,759,799
2022	3,610,000	537,325	4,147,325
2023	3,372,000	420,628	3,792,628
2024	3,351,000	309,827	3,660,827
2025-2029	7,223,000	673,567	7,896,567
2030-2034	1,720,000	103,200	1,823,200
	<u>\$ 27,369,000</u>	<u>\$ 3,482,289</u>	<u>\$ 30,851,289</u>

Year ending June 30:	Business-type Activities		
	Principal	Interest	Total
2020	\$ 90,000	\$ 32,538	\$ 122,538
2021	90,000	28,938	118,938
2022	90,000	25,338	115,338
2023	90,000	21,648	111,648
2024	90,000	18,982	108,982
2025-2029	350,000	67,463	417,463
2030-2034	280,000	16,800	296,800
	<u>\$ 1,080,000</u>	<u>\$ 211,707</u>	<u>\$ 1,291,707</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$288,851,024 as of June 30, 2019. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2019.

Authorized, Unissued Bonds

As of June 30, 2019, the Town had authorized but unissued bonds totaling \$7,500,000.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets acquired through capital lease is as follows as of June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 2,203,301	\$ 116,478
Less: accumulated amortization	338,503	11,001
	<u>\$ 1,864,798</u>	<u>\$ 105,477</u>

Governmental activities amortization expense relative to leased equipment under the capital lease totaled \$179,638 for the year ended June 30, 2019. Business-type activities amortization expense relative to leased equipment under the capital lease totaled \$7,765 for the year ended June 30, 2019. Such amounts are included in depreciation and amortization expense disclosed in Note 4. Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019 is as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 394,113	\$ 25,265
2021	390,930	25,265
2022	388,395	25,264
2023	338,402	-
2024	85,293	-
Thereafter	165,434	-
Total minimum lease payments	1,762,567	75,794
Less: amount representing interest	(139,124)	(5,306)
Present value of minimum lease payments	<u>\$ 1,623,443</u>	<u>\$ 70,488</u>

Note Payable from Direct Borrowings

The State of Connecticut Department of Energy and Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the Town dated January 30, 2015, in the initial amount of \$245,631. The note is payable in 240 monthly installments of \$1,231 and matures in July 2033. The note bears an interest rate of 2.0%.

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2019:

<u>Year ending June 30:</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,029	\$ 3,743	\$ 14,772
2021	11,252	3,521	14,773
2022	11,479	3,924	15,403
2023	11,710	3,062	14,772
2024	11,947	2,826	14,773
2025-2029	63,450	10,414	73,864
2030-2034	71,348	3,748	75,096
	<u>\$ 192,215</u>	<u>\$ 31,238</u>	<u>\$ 223,453</u>

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

Contract Payables from Direct Borrowings

The Town currently has an outstanding loan with its utility provider to finance a portion of the costs for energy conservation lighting and other related items for street lights throughout the Town. The loan is non-interest bearing with total monthly principal payments of \$9,690 through November 2020.

The Town has entered into a long-term contract with the Mohegan Tribal Utility Authority in connection with its portion of costs from a Regional Water Extension Project. Amounts payable total \$684,493 as of June 30, 2019 and are due upon new connections to the system.

NOTE 9 - OTHER LONG-TERM LIABILITIES

Change in other long-term liabilities for the year ended June 30, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending	Due Within One Year
Governmental Activities					
Landfill post-closure care liability	\$ 114,000	\$ -	\$ (19,000)	\$ 95,000	\$ 19,000
Early retirement incentive	203,034	188,030	(219,067)	171,997	40,489
Compensated absences	1,305,508	28,617	(95,705)	1,238,420	247,684
Net pension liability <i>(see Note 10)</i>	6,671,614	8,642,541	-	15,314,155	-
Total OPEB liability <i>(see Note 11)</i>	1,753,853	-	(222,191)	1,531,662	-
	<u>\$ 10,048,009</u>	<u>\$ 8,859,188</u>	<u>\$ (555,963)</u>	<u>\$ 18,351,234</u>	<u>\$ 307,173</u>
Business-type Activities					
Compensated absences	\$ 83,973	\$ -	\$ (1,582)	\$ 82,391	\$ 16,795
Net pension liability <i>(see Note 10)</i>	1,370,811	748,517	-	2,119,328	-
	<u>\$ 1,454,784</u>	<u>\$ 748,517</u>	<u>\$ (1,582)</u>	<u>\$ 2,201,719</u>	<u>\$ 16,795</u>

Other long-term liabilities are typically liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities.

Landfill Post-Closure Care Liability

The Town landfill has been closed. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Estimated monitoring costs of \$19,000 per year for the next 5 years total \$95,000 at June 30, 2019. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to former employees. Benefits are paid annually based on the retirement agreement for each employee. Benefits are payable through 2024. The amount paid from General Fund appropriations during the year ended June 30, 2019 was \$171,997.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Connecticut Municipal Employees' Retirement System

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - All full-time employees of the Town, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security. Police employees of the Town participate in the CMERS plan for police and firemen with social security.

Benefits provided - General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 % of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. The current rate is 14.22% of the annual Town employees' covered payroll and 19.95% of the Police employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the year ended June 30, 2019 was \$1,615,704 and was equal to the required contribution for the year.

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2018 was \$956.443 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$17,433,483 or approximately 1.82% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The portion of the net pension liability associated with the Town was based on the 2018 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

The Town's proportionate share of the net pension liability allocated to the Town's business-type activities totaled \$2,119,328 and was based on the proportion of current year contributions made by the business-type activities to the CMERS plan. The remaining proportionate share of the net pension liability, in the amount of \$15,314,155, was allocated to the Town's governmental activities.

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

Inflation	2.50%
Salary increases	43.50% - 10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The 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.

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	20.0%	5.30%
Developed Market International	11.0%	5.10%
Emerging Market International	9.0%	7.40%
Core Fixed Income	16.0%	1.60%
Inflation Linked Bond	5.0%	1.30%
Emerging Market Debt	5.0%	2.90%
High Yield Bond	6.0%	3.40%
Real Estate	10.0%	4.70%
Private Equity	10.0%	7.30%
Alternative Investments	7.0%	3.20%
Liquidity Fund	1.0%	0.90%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the CMERS' total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. 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.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town proportionate share of the net pension liability as of June 30, 2019	\$ 25,714,617	\$ 17,433,483	\$ 10,499,355

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized pension expense related to the CMERS of \$2,852,952. At June 30, 2019, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ 2,119,852	\$ (353,143)	\$ 1,766,709
Net difference between projected and actual earnings on pension plan investments	1,086,528	-	1,086,528
Other	6,355,422	(195,997)	6,159,425
Total	\$ 9,561,802	\$ (549,140)	\$ 9,012,662

Amounts reported as deferred outflows and inflows of resources related to the CMERS will be recognized as a component of pension expense in future years as follows:

	Governmental Activities	Business-type Activities	Total
Year ended June 30,			
2020	\$ 2,445,980	\$ 363,723	\$ 2,809,703
2021	2,071,289	314,686	2,385,975
2022	1,508,184	245,896	1,754,080
2023	1,781,770	281,134	2,062,904
	\$ 7,807,223	\$ 1,205,439	\$ 9,012,662

Connecticut State Teachers' Retirement System

Plan Description

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

Benefit Provisions

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

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

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per years of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

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

Administrative Expenses

Administrative costs of the plan are funded by the State.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$5,784,261 or 0.455% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2019.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective pension expense allocated to the Town totaled \$6,716,979. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2019.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$59,848,879 or approximately 0.455% of the total collective net pension liability.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	43.50% - 10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100.0%</u>	

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability	\$ 75,638,096	\$ 59,848,879	\$ 46,496,410

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan

Plan Description

The Town administers an Other Post-Employment Benefits Plan (the "Plan"), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits Provided

The OPEB Plan provides for medical, prescription, dental and life insurance benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. The Town finances the Plan on a pay-as-you-go basis. Currently, the Town contributes the following for various classes of employees covered:

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Board of Education Plan *(Continued)*

Benefits Provided *(Continued)*

Board of Education Administrators: Administrators receiving benefits are required to contribute 50% of their premium costs. Administrators hired on or after July 1, 2012 are required to contribute 75% of their premium costs. Administrators are eligible for benefits upon retirement and 20 years of service regardless of age.

Board of Education Teachers: Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

Employees Covered by Benefit Terms

At July 1, 2018, plan membership consisted of the following:

Inactive plan members receiving benefits	75
Active participants	227
	302
	302

Total OPEB Liability

The Town's total OPEB liability of \$1,531,662 was measured as of June 30, 2019. The total OPEB liability was measured as of June 30, 2019 using the Alternative Measurement Method.

Actuarial assumptions and other inputs – The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50% as of June 30, 2019
2018 Medical Trend Rates	8.00%
2019 Medical Trend Rates	7.00%
Ultimate Medical Trend Rates	5.00%
Year Ultimate Medical Trend Rates Reached	2021
Payroll Increase	2.50%

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected with projection scale MP-2018.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability

Total OPEB liability	
Balance at June 30, 2018	\$ 1,753,853
Service cost	53,285
Interest	56,241
Differences between expected and actual experience	(343,496)
Changes in assumptions	84,742
Benefit payments, including refunds	<u>(72,963)</u>
Net change in total opeb liability	<u>(222,191)</u>
Balance at June 30, 2019	<u><u>\$ 1,531,662</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 1,640,290	\$ 1,531,662	\$ 1,328,718

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00% decreasing to 4.00%) or higher (9.00% increasing to 6.00%) than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Total OPEB liability	\$ 1,327,724	\$ 1,531,662	\$ 1,786,552

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Town recognized OPEB expense of \$87,557. At June 30, 2019, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (319,134)	\$ (319,134)
Changes in assumptions	78,731	(46,703)	32,028
	\$ 78,731	\$ (365,837)	\$ (287,106)

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

Year ended June 30,	
2020	\$ (21,969)
2021	(21,969)
2022	(21,969)
2023	(21,969)
2024	(21,969)
Thereafter	(177,261)
	\$ (287,106)

Connecticut State Teachers' Retirement System

Plan Description

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

Benefit Provisions

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

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

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

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

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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

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

Administrative Expenses

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

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2018.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$160,483 or 0.455% of the total expected contribution effort. The District has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective OPEB expense allocated to the District totaled \$3,974,494.

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$11,964,182 or approximately 0.455% of the total collective net OPEB liability.

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

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

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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

Long-Term Rate of Return

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

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

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

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

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- o Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- o Employee contributions were assumed to be made at the current member contribution rate.
- o Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- o No future employer contributions were assumed to be made.

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

Proportionate Share of the Collective Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 3.87%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount (3.87%)	1% Increase (4.87%)
Town proportionate share of the net OPEB liability	\$ 14,206,579	\$ 11,964,182	\$ 10,174,555

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Town proportionate share of the net OPEB liability	\$ 10,026,352	\$ 11,964,182	\$ 14,536,506

TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2019, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$150,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2019. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2018 and 2019 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2018	\$ 523,000	\$ 6,699,572	\$ 6,632,572	\$ 590,000
2019	590,000	6,561,307	6,563,307	588,000

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2019, the Town has recorded \$420,562 in encumbrances, which has been presented assigned fund balance within the General Fund.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the District's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 41,073,727	\$ 41,073,727	\$ 41,533,232	\$ 459,505
Intergovernmental	15,818,000	15,818,000	15,747,404	(70,596)
Charges for services	2,330,923	2,339,923	2,870,536	530,613
Use of Town money	131,000	131,000	405,351	274,351
Total revenues	<u>59,353,650</u>	<u>59,362,650</u>	<u>60,556,523</u>	<u>1,193,873</u>
EXPENDITURES				
Current:				
General government	7,408,134	7,590,315	7,180,332	(409,983)
Public safety	4,613,022	4,630,072	4,457,097	(172,975)
Public works	4,102,550	4,102,550	3,951,591	(150,959)
Health and welfare	177,817	188,817	188,535	(282)
Social services	34,170	35,670	35,162	(508)
Recreation and leisure	314,377	314,627	292,435	(22,192)
Miscellaneous	73,300	73,300	73,300	-
Education	37,660,619	37,660,619	37,592,014	(68,605)
Capital outlays	396,500	423,519	419,248	(4,271)
Debt service:				
Principal payments	3,757,457	3,757,457	3,757,436	(21)
Interest and fiscal charges	815,704	815,704	815,702	(2)
Total expenditures	<u>59,353,650</u>	<u>59,592,650</u>	<u>58,762,852</u>	<u>(829,798)</u>
Excess (deficiency) of revenues over expenditures	-	(230,000)	1,793,671	2,023,671
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	230,000	-	(230,000)
Appropriation of capital	-	1,406,839	-	(1,406,839)
Transfers out	-	(1,406,839)	(1,406,839)	-
Total other financing sources (uses)	<u>-</u>	<u>230,000</u>	<u>(1,406,839)</u>	<u>(1,636,839)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,832</u>	<u>\$ 386,832</u>

See accompanying notes to required supplementary information.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.455%	0.467%	0.467%	0.474%	0.474%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	59,848,900	63,074,000	66,544,000	52,024,000	48,086,000
Total	<u>\$ 59,848,900</u>	<u>\$ 63,074,000</u>	<u>\$ 66,544,000</u>	<u>\$ 52,024,000</u>	<u>\$ 48,086,000</u>
Town's covered payroll	\$ 17,840,000	\$ 18,490,000	\$ 18,654,000	\$ 18,728,000	\$ 18,347,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.823%	3.240%	2.860%	1.979%	4.769%
Town's proportionate share of the net pension liability	<u>\$ 17,433,483</u>	<u>\$ 8,042,425</u>	<u>\$ 9,513,824</u>	<u>\$ 6,566,284</u>	<u>\$ 4,699,674</u>
Town's covered payroll	\$ 10,462,743	\$ 11,026,760	\$ 12,319,105	\$ 10,870,196	\$ 10,187,832
Town's proportionate share of the net pension liability as a percentage of its covered payroll	166.6%	72.9%	77.2%	60.4%	46.1%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	91.68%	88.29%	92.72%	96.06%

See accompanying notes to required supplementary information.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,615,704	\$ 1,417,446	\$ 1,514,844	\$ 1,346,598	\$ 872,911
Contributions in relation to the contractually required contribution	<u>1,615,704</u>	<u>1,417,446</u>	<u>1,514,844</u>	<u>1,346,598</u>	<u>872,911</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,462,743	\$ 11,026,760	\$ 12,319,105	\$ 10,870,196	\$ 10,187,832
Contributions as a percentage of covered payroll	15.44%	12.85%	12.30%	12.39%	8.57%

See accompanying notes to required supplementary information.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS

	2019	2018
Total OPEB liability		
Service cost	\$ 53,285	\$ 47,363
Interest	56,241	64,449
Differences between expected and actual experience	(343,496)	-
Changes in assumptions	84,742	(53,939)
Benefit payments, including refunds	(72,963)	(112,809)
Net change in total OPEB liability	(222,191)	(54,936)
Total OPEB liability - beginning	1,753,853	1,808,789
Total OPEB liability - ending	\$ 1,531,662	\$ 1,753,853

See accompanying notes to required supplementary information.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST TWO FISCAL YEARS
(Rounded to nearest thousand)

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.455%	0.467%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	11,964,000	16,234,000
Total	<u>\$ 11,964,000</u>	<u>\$ 16,234,000</u>
Town's covered employee payroll	\$ 17,840,000	\$ 18,490,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

See accompanying notes to required supplementary information.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of Connecticut General Statutes and annually adopted budget policies.

- By 100 days before the close of the fiscal year, the head of each department, office and agency submits to the Finance Director detailed estimates of expenditures and any revenues other than tax revenues expected to be collected. Expenditures are controlled at the department level.
- The Mayor submits a Capital Improvement Program for the ensuing fiscal year and the immediate four subsequent years to the Town Council for changes from the prior year's program by 75 days before the close of the fiscal year. It is then submitted to the Planning and Zoning Commission for approval. The Town Council then adopts the Program. The Program details the project, cost estimates, methods of financing, time schedules, and the estimated annual cost of the facility operation.
- By 75 days before the close of the fiscal year, the Mayor presents a budget message, estimates of revenues and expenditures and justifications to the Town Council.
- By 60 days before the close of the fiscal year, the Town Council publishes the particulars of the budgets and holds one or more public hearings.
- The Town Council may add, increase, delete or decrease any programs or amounts except for those prohibited by law. The budget is returned to the Mayor, who approves it or vetoes one or more line items (except for the Board of Education budget). A veto may be overridden by a two-thirds vote of the entire Town Council.
- The Town Council adopts the final budget before 30 days of the close of the fiscal year.
- If the Town Council fails to adopt a budget within the prescribed timeframe, the previous year's budget prevails on a month-to-month basis until the new budget is adopted.
- With written approval of a department head and the Director of Finance, transfers between line items within a department can be made. The Town Council may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations may be made during the year by resolution of the Town Council. Additional appropriations from fund balance for the year ended June 30, 2019 amounted to \$230,000.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY INFORMATION *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2019:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources - (Uses), Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 60,556,523	\$ 58,762,852	\$ (1,406,839)	\$ 386,832
"On-behalf" payments - State Teachers Retirement Fund	5,944,744	5,944,744	-	-
Changes in encumbrances	-	(31,436)	-	31,436
Certain revenues and expenses presented net for budgetary purposes	466,949	838,833	(60,025)	(431,909)
Proceeds from capital lease not recorded for budgetary purposes	-	984,331	875,536	(108,795)
Certain transfers recorded as expenditures for budgetary purposes	-	(55,459)	(55,459)	-
GAAP basis	<u>\$ 66,968,216</u>	<u>\$ 66,443,865</u>	<u>\$ (646,787)</u>	<u>\$ (122,436)</u>

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

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

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2018:

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

NOTE 3 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuations performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

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

Assumption Changes – The following changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2018:

- the inflation assumption was reduced from 3.25% to 2.50%;
- the salary increases assumption reduced from 4.25% - 11.00% to 3.50% - 10.00%;
- the investment rate of return assumption was reduced from 8.00% to 7.00%

NOTE 4 - SCHEDULE OF CONTRIBUTIONS – CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

Actuarially determined contribution rates are calculated as of June 30, 2018, two years prior to the end of the fiscal year in which contributions are reported:

NOTE 4 - SCHEDULE OF CONTRIBUTIONS - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(Continued)

Methods and Assumptions Utilized

- Actuarial cost method: Entry Age Actuarial Cost Method;
- Amortization method: Level dollar, closed;
- Remaining amortization period: 22 years;
- Asset valuation method: Smoothed market with 20% recognition of investment gains and losses;
- Inflation: 2.50%;
- Investment rate of return: 7.00%;
- Salary increases: Varies 3.50% to 10.00%;
- Mortality: For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

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

The Town measures the total OPEB liability at the end of each fiscal year using the Alternative Measurement Method.

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

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

- the mortality projection scale was updated from the SOA MP-2016 scale to the SOA MP-2018 scale; and
- the discount rate was decreased from 3.87% to 3.50%.

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

Benefit Changes – Effective July 1, 2018, the Plan changed the “base plan” to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)*

Assumption Changes – The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2018:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- the long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Revenues from property taxes	\$ 40,710,727	\$ 40,710,727	\$ 41,029,744	\$ 319,017
Telephone access	55,000	55,000	42,455	(12,545)
Interest and lien fees	308,000	308,000	461,033	153,033
Total property taxes	<u>41,073,727</u>	<u>41,073,727</u>	<u>41,533,232</u>	<u>459,505</u>
INTERGOVERNMENTAL REVENUES				
State grants for school aid:				
ECS grant	12,633,829	12,633,829	12,577,047	(56,782)
Transportation	80,000	80,000	71,500	(8,500)
Special education	316,000	316,000	430,579	114,579
Adult education	33,611	33,611	34,296	685
Total state grants for school aid	<u>13,063,440</u>	<u>13,063,440</u>	<u>13,113,422</u>	<u>49,982</u>
State grants unspecified:				
In lieu of taxes - State property	1,079,480	1,079,480	1,082,647	3,167
Emergency management program	9,877	9,877	9,856	(21)
Tax relief for elderly	100,000	100,000	-	(100,000)
Tax relief for disabled	3,000	3,000	3,115	115
Tax relief for veterans	9,500	9,500	10,935	1,435
Municipal revenue sharing	20,897	20,897	20,897	-
Municipal Grant-in-Aid	528,644	528,644	528,644	-
Other grants	45,000	45,000	17,565	(27,435)
CT Fines reimbursement	12,000	12,000	14,161	2,161
Pequot funds	946,162	946,162	946,162	-
Total state grants unspecified	<u>2,754,560</u>	<u>2,754,560</u>	<u>2,633,982</u>	<u>(120,578)</u>
Total intergovernmental revenues	<u>15,818,000</u>	<u>15,818,000</u>	<u>15,747,404</u>	<u>(70,596)</u>
CHARGES FOR SERVICES				
Licenses and permits:				
Conveyance tax	185,000	185,000	199,409	14,409
Town clerk fees	120,000	120,000	122,132	2,132
Dog licenses	7,500	7,500	4,763	(2,737)
Dog services for Salem	11,185.00	11,185	12,190	1,005
Dog warden	2,000	2,000	1,405	(595)
Building department	200,000	200,000	266,428	66,428
Miscellaneous permits	15,000	15,000	19,666	4,666
Fire permits	60,000	60,000	100,645	40,645
Transfer station	158,000	158,000	166,776	8,776
Total licenses and permits	<u>758,685</u>	<u>758,685</u>	<u>893,414</u>	<u>134,729</u>
Revenue from other agencies:				
Planning and zoning board of appeals	10,109	10,109	9,593	(516)
Parks and recreation	125,440	125,440	132,779	7,339
Camp Oakdale rent	4,500	4,500	3,415	(1,085)
Fair oaks facility rental	1,500	1,500	1,600	100
Housing authority	29,000	29,000	27,920	(1,080)
Youth service program	46,089	46,089	57,984	11,895
Total revenue from other agencies	<u>216,638</u>	<u>216,638</u>	<u>233,291</u>	<u>16,653</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CHARGES FOR SERVICES (Continued)				
Charges for current services:				
Tuition regular	\$ 21,000	\$ 21,000	\$ 33,549	\$ 12,549
Tuition special education	100,000	100,000	49,544	(50,456)
School miscellaneous revenue	1,500	1,500	225	(1,275)
Public works department	100	100	-	(100)
Commercial tipping fees	375,000	375,000	383,622	8,622
Community booklet	-	9,000	8,900	(100)
Copy money	1,000	1,000	1,069	69
Total charges for current services	<u>498,600</u>	<u>507,600</u>	<u>476,909</u>	<u>(30,691)</u>
Miscellaneous:				
St. Bernard's health service	20,000	20,000	26,596	6,596
Police reimbursement	185,000	185,000	474,630	289,630
Insurance reimbursement	65,000	65,000	31,721	(33,279)
Attorney fees for taxes due	-	-	375	375
Millstone reimbursement	15,000	15,000	7,699	(7,301)
Fire marshal private duty	15,000	15,000	2,685	(12,315)
All other miscellaneous	50,000	50,000	107,301	57,301
Sale of assets	-	-	108,950	108,950
Verizon	6,000	6,000	6,965	965
Mohegan contributions	500,000	500,000	500,000	-
Engineering review reimbursement	1,000	1,000	-	(1,000)
Total miscellaneous	<u>857,000</u>	<u>857,000</u>	<u>1,266,922</u>	<u>409,922</u>
Total charges for services	<u>2,330,923</u>	<u>2,339,923</u>	<u>2,870,536</u>	<u>530,613</u>
REVENUE FROM USE OF TOWN MONEY				
Investment interest	125,000	125,000	383,636	258,636
Sewer assessments	6,000	6,000	11,715	5,715
WPCA revenue	-	-	10,000	10,000
Total revenue from use of Town money	<u>131,000</u>	<u>131,000</u>	<u>405,351</u>	<u>274,351</u>
Total revenues	<u>59,353,650</u>	<u>59,362,650</u>	<u>60,556,523</u>	<u>1,193,873</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	-	230,000	-	(230,000)
Appropriation of capital	-	1,406,839	-	(1,406,839)
Total other financing sources	<u>-</u>	<u>1,636,839</u>	<u>-</u>	<u>(1,636,839)</u>
Total revenues and other financing sources	<u>\$ 59,353,650</u>	<u>\$ 60,999,489</u>	<u>\$ 60,556,523</u>	<u>\$ (442,966)</u>

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Mayor:				
Human services	\$ 139,100	\$ 138,833	\$ 138,789	\$ (44)
Contractual services	51,600	53,588	53,546	(42)
Commodities	9,500	7,779	6,964	(815)
Total mayor	<u>200,200</u>	<u>200,200</u>	<u>199,299</u>	<u>(901)</u>
Town council:				
Human services	18,000	18,000	17,909	(91)
Commodities	9,500	22,500	19,550	(2,950)
Total town council	<u>27,500</u>	<u>40,500</u>	<u>37,459</u>	<u>(3,041)</u>
Town attorney	<u>185,000</u>	<u>185,000</u>	<u>111,923</u>	<u>(73,077)</u>
Town hall / central services:				
Contractual services	186,750	182,750	175,422	(7,328)
Commodities	53,000	51,500	44,688	(6,812)
Capital	1,500	7,000	6,369	(631)
Total town hall / central services	<u>241,250</u>	<u>241,250</u>	<u>226,479</u>	<u>(14,771)</u>
Probate court	<u>15,524</u>	<u>15,524</u>	<u>15,524</u>	<u>-</u>
Finance department:				
Human services	592,000	599,500	597,274	(2,226)
Contractual services	71,500	69,400	68,905	(495)
Commodities	11,500	11,300	10,180	(1,120)
Total finance department	<u>675,000</u>	<u>680,200</u>	<u>676,359</u>	<u>(3,841)</u>
Insurance and taxes	<u>4,204,000</u>	<u>4,216,900</u>	<u>4,020,378</u>	<u>(196,522)</u>
Board of assessment appeals:				
Human services	250	250	-	(250)
Commodities	100	100	-	(100)
Total board of assessment appeals	<u>350</u>	<u>350</u>	<u>-</u>	<u>(350)</u>
Auditor	<u>19,375</u>	<u>19,375</u>	<u>18,225</u>	<u>(1,150)</u>
Other	<u>220,000</u>	<u>136,196</u>	<u>64,600</u>	<u>(71,596)</u>
Town clerk:				
Human services	137,900	137,900	135,979	(1,921)
Contractual services	275	275	225	(50)
Commodities	18,000	18,000	9,655	(8,345)
Total town clerk	<u>156,175</u>	<u>156,175</u>	<u>145,859</u>	<u>(10,316)</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Registrar of voters:				
Human services	\$ 39,536	\$ 39,536	\$ 39,119	\$ (417)
Contractual services	230	230	130	(100)
Commodities	2,700	1,700	382	(1,318)
Total registrar of voters	<u>42,466</u>	<u>41,466</u>	<u>39,631</u>	<u>(1,835)</u>
Elections / referendum:				
Contractual services	23,000	27,290	27,283	(7)
Commodities	11,700	8,410	8,399	(11)
Total elections / referendum	<u>34,700</u>	<u>35,700</u>	<u>35,682</u>	<u>(18)</u>
Land use department:				
Human services	262,900	263,750	257,288	(6,462)
Contractual services	600	600	165	(435)
Commodities	13,800	12,600	9,387	(3,213)
Capital	800	1,150	1,111	(39)
Total land use department	<u>278,100</u>	<u>278,100</u>	<u>267,951</u>	<u>(10,149)</u>
Inlands wetlands commission:				
Human services	800	800	567	(233)
Commodities	100	100	70	(30)
Total inlands wetlands commission	<u>900</u>	<u>900</u>	<u>637</u>	<u>(263)</u>
Economic development commission:				
Human services	700	925	920	(5)
Commodities	2,200	1,975	650	(1,325)
Total economic development commission	<u>2,900</u>	<u>2,900</u>	<u>1,570</u>	<u>(1,330)</u>
Zoning board of appeals	<u>600</u>	<u>600</u>	<u>183</u>	<u>(417)</u>
Senior Center:				
Human services	168,950	169,270	168,992	(278)
Contractual services	37,050	37,010	36,383	(627)
Commodities	16,765	16,485	16,154	(331)
Total senior center	<u>222,765</u>	<u>222,765</u>	<u>221,529</u>	<u>(1,236)</u>
Youth services:				
Human services	178,300	178,240	171,708	(6,532)
Contractual services	18,738	17,748	11,563	(6,185)
Commodities	4,900	5,950	4,921	(1,029)
Total youth services	<u>201,938</u>	<u>201,938</u>	<u>188,192</u>	<u>(13,746)</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Private duty	\$ 105,000	\$ 331,385	\$ 330,579	\$ (806)
Building inspector:				
Human services	201,441	201,441	200,992	(449)
Contractual services	400	400	175	(225)
Commodities	2,750	2,750	1,563	(1,187)
Capital	350	350	-	(350)
Total building inspector	<u>204,941</u>	<u>204,941</u>	<u>202,730</u>	<u>(2,211)</u>
Information technology:				
Human services	136,900	136,900	136,399	(501)
Contractual services	228,550	238,060	236,173	(1,887)
Commodities	4,000	2,990	2,971	(19)
Total information technology	<u>369,450</u>	<u>377,950</u>	<u>375,543</u>	<u>(2,407)</u>
Total general government	<u>7,408,134</u>	<u>7,590,315</u>	<u>7,180,332</u>	<u>(409,983)</u>
PUBLIC SAFETY				
Emergency management:				
Human services	95,921	90,725	85,042	(5,683)
Contractual services	15,000	15,300	14,656	(644)
Commodities	2,500	3,144	3,094	(50)
Total emergency management	<u>113,421</u>	<u>109,169</u>	<u>102,792</u>	<u>(6,377)</u>
Police department:				
Human services	2,224,855	2,197,355	2,093,756	(103,599)
Contractual services	235,000	236,400	216,810	(19,590)
Commodities	86,450	112,550	106,896	(5,654)
Capital	18,500	18,500	17,432	(1,068)
Total police department	<u>2,564,805</u>	<u>2,564,805</u>	<u>2,434,894</u>	<u>(129,911)</u>
Fire marshal:				
Human services	95,921	100,173	96,551	(3,622)
Commodities	5,610	5,610	5,241	(369)
Total fire marshal	<u>101,531</u>	<u>105,783</u>	<u>101,792</u>	<u>(3,991)</u>
Animal control:				
Human services	68,900	71,290	71,162	(128)
Contractual services	2,325	2,335	2,078	(257)
Commodities	6,950	6,550	5,788	(762)
Total animal control	<u>78,175</u>	<u>80,175</u>	<u>79,028</u>	<u>(1,147)</u>
Public safety commission:				
Human services	1,000	1,050	1,041	(9)

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC SAFETY (Continued)				
Dispatch:				
Human services	\$ 394,960	\$ 388,960	\$ 380,839	\$ (8,121)
Commodities	4,550	10,550	7,296	(3,254)
Total dispatch	<u>399,510</u>	<u>399,510</u>	<u>388,135</u>	<u>(11,375)</u>
Fire protection:				
Human services	797,013	812,793	811,875	(918)
Contractual services	364,000	364,000	364,000	-
Commodities	107,567	106,787	105,820	(967)
Total fire protection	<u>1,268,580</u>	<u>1,283,580</u>	<u>1,281,695</u>	<u>(1,885)</u>
Public safety building:				
Contractual services	84,000	84,000	66,334	(17,666)
Commodities	2,000	2,000	1,386	(614)
Total public safety building	<u>86,000</u>	<u>86,000</u>	<u>67,720</u>	<u>(18,280)</u>
Total public safety	<u>4,613,022</u>	<u>4,630,072</u>	<u>4,457,097</u>	<u>(172,975)</u>
PUBLIC WORKS				
Public works:				
Human services	1,467,600	1,392,750	1,392,121	(629)
Contractual services	516,700	555,660	552,707	(2,953)
Commodities	884,500	922,640	859,531	(63,109)
Capital	10,600	8,350	7,083	(1,267)
Total public works	<u>2,879,400</u>	<u>2,879,400</u>	<u>2,811,442</u>	<u>(67,958)</u>
Camp Oakdale:				
Contractual services	54,300	49,040	42,862	(6,178)
Commodities	19,000	24,260	21,096	(3,164)
Capital	500	500	175	-
Total Camp Oakdale	<u>73,800</u>	<u>73,800</u>	<u>64,133</u>	<u>(9,667)</u>
Solid waste:				
Human services	169,400	159,275	159,054	(221)
Contractual services	763,500	764,245	731,653	(32,592)
Commodities	30,450	38,495	36,128	(2,367)
Capital	6,000	7,335	7,048	(287)
Total solid waste	<u>969,350</u>	<u>969,350</u>	<u>933,883</u>	<u>(35,467)</u>
Engineering services	<u>180,000</u>	<u>180,000</u>	<u>142,133</u>	<u>(37,867)</u>
Total public works	<u>4,102,550</u>	<u>4,102,550</u>	<u>3,951,591</u>	<u>(150,959)</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HEALTH AND WELFARE				
Contractual services	\$ 177,117	\$ 188,617	\$ 188,379	\$ (238)
Commodities	700	200	156	(44)
Total health and welfare	<u>177,817</u>	<u>188,817</u>	<u>188,535</u>	<u>(282)</u>
SOCIAL SERVICES				
Human services	33,145	35,395	35,087	(308)
Contractual services	750	-	-	-
Commodities	275	275	75	(200)
Total social services	<u>34,170</u>	<u>35,670</u>	<u>35,162</u>	<u>(508)</u>
RECREATION AND LEISURE				
Recreation:				
Human services	235,202	228,980	217,527	(11,453)
Contractual services	875	880	775	(105)
Commodities	46,900	53,117	43,592	(9,525)
Capital	3,600	3,600	2,792	(808)
Total recreation	<u>286,577</u>	<u>286,577</u>	<u>264,686</u>	<u>(21,891)</u>
Fair oaks building	<u>26,800</u>	<u>27,000</u>	<u>26,699</u>	<u>(301)</u>
Parks and recreation commission:				
Human services	<u>1,000</u>	<u>1,050</u>	<u>1,050</u>	<u>-</u>
Total recreation and leisure	<u>314,377</u>	<u>314,627</u>	<u>292,435</u>	<u>(22,192)</u>
MISCELLANEOUS				
Donations to organizations	<u>73,300</u>	<u>73,300</u>	<u>73,300</u>	<u>-</u>
EDUCATION	<u>37,660,619</u>	<u>37,660,619</u>	<u>37,592,014</u>	<u>(68,605)</u>
CAPITAL OUTLAYS	<u>396,500</u>	<u>423,519</u>	<u>419,248</u>	<u>(4,271)</u>
DEBT SERVICE				
Redemption of debt - principal	3,757,457	3,757,457	3,757,436	(21)
Interest payments	815,704	815,704	815,702	(2)
Total debt service	<u>4,573,161</u>	<u>4,573,161</u>	<u>4,573,138</u>	<u>(23)</u>
Total expenditures	<u>59,353,650</u>	<u>59,592,650</u>	<u>58,762,852</u>	<u>(829,798)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>1,406,839</u>	<u>1,406,839</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 59,353,650</u>	<u>\$ 60,999,489</u>	<u>\$ 60,169,691</u>	<u>\$ (829,798)</u>

(Concluded)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2019

Grand List Year	Balance Uncollected June 30, 2018	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2019
			Additions	Deductions			Taxes	Interest, Liens and Fees		
								Total		
2017	\$ -	\$ 40,774,819	\$ 78,858	\$ 179,635	\$ 2,864	\$ 40,671,178	\$ 40,007,599	\$ 185,354	\$ 40,192,953	\$ 663,579
2016	803,265	-	2,494	17,848	3,569	784,342	438,547	104,630	543,177	345,795
2015	459,780	-	263	927	3,809	455,307	163,469	69,335	232,804	291,838
2014	305,234	-	160	337	1,091	303,966	76,017	39,837	115,854	227,949
2013	265,404	-	-	1,617	1,036	262,751	58,632	36,058	94,690	204,119
2012	318,645	-	-	-	231,261	87,384	29,553	20,180	49,733	57,831
2011	47,590	-	-	-	-	47,590	5,461	6,360	11,821	42,129
2010	26,941	-	-	-	-	26,941	2,970	3,765	6,735	23,971
2009	20,189	-	-	-	-	20,189	1,242	1,373	2,615	18,947
2008	9,695	-	-	-	-	9,695	-	-	-	9,695
2007	7,508	-	-	-	-	7,508	-	-	-	7,508
2006	4,110	-	-	-	-	4,110	-	-	-	4,110
2005	3,120	-	-	-	-	3,120	-	-	-	3,120
2004	2,713	-	-	-	-	2,713	-	-	-	2,713
2003	2,608	-	-	-	-	2,608	-	-	-	2,608
2002	2,552	-	-	-	-	2,552	-	-	-	2,552
2001	2,303	-	-	-	-	2,303	-	-	-	2,303
	<u>\$ 2,281,657</u>	<u>\$ 40,774,819</u>	<u>\$ 81,775</u>	<u>\$ 200,364</u>	<u>\$ 243,630</u>	<u>\$ 42,694,257</u>	<u>\$ 40,783,490</u>	<u>\$ 466,892</u>	<u>\$ 41,250,382</u>	<u>\$ 1,910,767</u>

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2019

Total cash collections for the year ended
June 30, 2019:

Taxes	\$ 40,783,490
Interest and lien fees	466,892
Total	41,250,382
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	14,050
Base	\$ 41,264,432

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 92,844,972	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	185,689,944	-	-	-
3-3/4 times base	-	-	154,741,620	-	-
3-1/4 times base	-	-	-	134,109,404	-
3 times base	-	-	-	-	123,793,296
Total debt limitation	92,844,972	185,689,944	154,741,620	134,109,404	123,793,296
Indebtedness:					
Bonds payable	16,758,550	9,392,450	1,080,000	-	-
Note payable	-	-	192,215	-	-
Authorized, but unissued bonds	7,500,000	-	-	-	-
Total indebtedness	24,258,550	9,392,450	1,272,215	-	-
Less: Assessments receivable	34,600	-	-	-	-
Less: School construction grants receivable	-	1,163,251	-	-	-
Net indebtedness	24,223,950	8,229,199	1,272,215	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 68,621,022	\$ 177,460,745	\$ 153,469,405	\$ 134,109,404	\$ 123,793,296
Total capacity of borrowing (7 times base)	\$ 288,851,024				
Total present indebtedness	33,725,364				
Margin for additional borrowing	\$ 255,125,660				

Note : Per Connecticut General Statutes 7-374 - Bonded indebtedness of municipalities - the aggregate indebtedness of the Town shall exclude each bond, note and other evidence of indebtedness issued for the supply of water. As such, water bonds in the amount of \$1,218,000 have been excluded from the above schedule.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF SEWER ASSESSMENT COLLECTIONS - PHASE II
FOR THE YEAR ENDED JUNE 30, 2019

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien		
						Fees	Total	
2002	\$ 3,274,736	\$ 61	\$ 1,424	\$ 3,273,373	\$ 422,036	\$ 258,963	\$ 680,999	\$ 2,851,337
2003	2,851,337	-	4,108	2,847,229	466,519	297,766	764,285	2,380,710
2004	2,380,710	65	3,584	2,377,191	323,598	15,781	339,379	2,053,593
2005	2,053,593	218	-	2,053,811	299,662	138,600	438,262	1,754,149
2006	1,754,149	24	46,244	1,707,929	367,903	91,784	459,687	1,340,026
2007	1,340,026	142	-	1,340,168	260,239	74,600	334,839	1,079,929
2008	1,079,929	-	2,702	1,077,227	211,382	64,108	275,490	865,845
2009	865,845	-	4,106	861,739	184,117	41,507	225,624	677,622
2010	677,622	-	175	677,447	189,341	31,885	221,226	488,106
2011	488,106	20	-	488,126	154,173	25,776	179,949	333,953
2012	333,953	-	20	333,933	138,002	21,363	159,365	195,931
2013	195,931	-	1,338	194,593	134,573	9,246	143,819	60,020
2014	60,020	-	-	60,020	18,244	4,376	22,620	41,776
2015	41,776	-	5,971	35,805	8,041	7,534	15,575	27,764
2016	27,764	-	-	27,764	4,707	7,534	12,241	23,057
2017	23,057	-	-	23,057	2,152	3,075	5,227	20,905
2018	20,905	-	-	20,905	2,163	3,651	5,814	18,742
2019	18,742	-	-	18,742	2,909	8,267	11,176	15,833

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF WATER ASSESSMENT COLLECTIONS - PHASE IV
FOR THE YEAR ENDED JUNE 30, 2019

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
2002	\$ 154,119	\$ -	\$ -	\$ 154,119	\$ 15,255	\$ 7,520	\$ 22,775	\$ 138,864
2003	138,864	-	-	138,864	18,057	5,775	23,832	120,807
2004	120,807	-	-	120,807	11,026	4,686	15,712	109,781
2005	109,781	-	-	109,781	12,041	4,836	16,877	97,740
2006	97,740	-	14,521	83,219	26,527	13,500	40,027	56,692
2007	56,692	-	-	56,692	10,359	2,638	12,997	46,333
2008	46,333	-	-	46,333	8,714	1,896	10,610	37,619
2009	37,619	-	-	37,619	12,898	1,829	14,727	24,721
2010	24,721	-	-	24,721	8,811	1,720	10,531	15,910
2011	15,910	82	-	15,992	9,319	1,528	10,847	6,673
2012	6,673	-	-	6,673	537	268	805	6,136
2013	6,136	-	-	6,136	1,967	2,686	4,653	4,169
2014	4,169	-	-	4,169	927	468	1,395	3,242
2015	3,242	-	-	3,242	463	178	641	2,779
2016	2,779	-	-	2,779	463	153	616	2,316
2017	2,316	-	-	2,316	463	127	590	1,853
2018	1,853	-	-	1,853	463	102	565	1,390
2019	1,390	-	-	1,390	463	76	539	927

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF MONTVILLE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Nonmajor Special Revenue Funds						
	Town Aid Road Fund	Small Cities Fund	Mental Health Grant Fund	Hot Lunch Program Fund	Special Education Grants Fund	Social Services Fund	Town Historic Preservation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 3,846	\$ -	\$ 266,794	\$ 116,842	\$ -	\$ -
Receivables:							
Grants and contracts	-	-	-	83,022	3,946	-	-
Loans	-	305,771	-	-	-	-	-
Other	-	-	-	2,862	-	-	-
Due from other funds	240,902	-	7,731	-	-	227,833	26,863
Inventories	-	-	-	8,493	-	-	-
Total assets	<u>\$ 240,902</u>	<u>\$ 309,617</u>	<u>\$ 7,731</u>	<u>\$ 361,171</u>	<u>\$ 120,788</u>	<u>\$ 227,833</u>	<u>\$ 26,863</u>
LIABILITIES							
Accounts payable	\$ 43,063	\$ -	\$ 1,155	\$ 7,817	\$ 1,640	\$ 3,922	\$ -
Accrued liabilities	-	-	-	3,991	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	305,771	3,810	-	119,148	-	-
Total liabilities	<u>43,063</u>	<u>305,771</u>	<u>4,965</u>	<u>11,808</u>	<u>120,788</u>	<u>3,922</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	8,493	-	-	-
Restricted	197,839	3,846	-	340,870	-	-	-
Committed	-	-	2,766	-	-	223,911	26,863
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>197,839</u>	<u>3,846</u>	<u>2,766</u>	<u>349,363</u>	<u>-</u>	<u>223,911</u>	<u>26,863</u>
Total liabilities and fund balances	<u>\$ 240,902</u>	<u>\$ 309,617</u>	<u>\$ 7,731</u>	<u>\$ 361,171</u>	<u>\$ 120,788</u>	<u>\$ 227,833</u>	<u>\$ 26,863</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2019

	Nonmajor Special Revenue Funds						
	Youth Service Bureau Fund	Learn Not to Burn Fund	Police Donations Fund	Parks and Recreation Fund	Dog Warden Donation Fund	Montville Farmer's Market Fund	Police Forfeiture Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	61,163	-	2,275	40,357	2,623	548	3,855
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 61,163</u>	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 40,357</u>	<u>\$ 2,623</u>	<u>\$ 548</u>	<u>\$ 3,855</u>
LIABILITIES							
Accounts payable	\$ 1,908	\$ -	\$ 826	\$ 10,246	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>1,908</u>	<u>-</u>	<u>826</u>	<u>10,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	1,449	-	2,623	548	3,855
Committed	59,255	-	-	30,111	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>59,255</u>	<u>-</u>	<u>1,449</u>	<u>30,111</u>	<u>2,623</u>	<u>548</u>	<u>3,855</u>
Total liabilities and fund balances	<u>\$ 61,163</u>	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 40,357</u>	<u>\$ 2,623</u>	<u>\$ 548</u>	<u>\$ 3,855</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2019

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds				
	Comstock Book Fund	Total Special Revenue Funds	Road Bonding Fund	Old Colchester/Black Ash Road Fund	Public Works Facility Improvements Fund	Transfer Station Fund	LOCIP Fund
ASSETS							
Cash and cash equivalents	\$ 11,416	\$ 398,898	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Grants and contracts	-	86,968	-	-	337,690	93,315	155,968
Loans	-	305,771	-	-	-	-	-
Other	-	2,862	-	-	-	-	-
Due from other funds	-	614,150	2,672,797	95,152	-	-	-
Inventories	-	8,493	-	-	-	-	-
Total assets	<u>\$ 11,416</u>	<u>\$ 1,417,142</u>	<u>\$ 2,672,797</u>	<u>\$ 95,152</u>	<u>\$ 337,690</u>	<u>\$ 93,315</u>	<u>\$ 155,968</u>
LIABILITIES							
Accounts payable	\$ -	\$ 70,577	\$ -	\$ -	\$ 17,787	\$ 830	\$ -
Accrued liabilities	-	3,991	-	-	-	-	-
Due to other funds	752	752	-	-	319,903	92,485	88,261
Unearned revenue	-	428,729	-	95,152	-	-	-
Total liabilities	<u>752</u>	<u>504,049</u>	<u>-</u>	<u>95,152</u>	<u>337,690</u>	<u>93,315</u>	<u>88,261</u>
FUND BALANCES							
Nonspendable	-	8,493	-	-	-	-	-
Restricted	10,664	561,694	2,672,797	-	-	-	-
Committed	-	342,906	-	-	-	-	67,707
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>10,664</u>	<u>913,093</u>	<u>2,672,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,707</u>
Total liabilities and fund balances	<u>\$ 11,416</u>	<u>\$ 1,417,142</u>	<u>\$ 2,672,797</u>	<u>\$ 95,152</u>	<u>\$ 337,690</u>	<u>\$ 93,315</u>	<u>\$ 155,968</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 AS OF JUNE 30, 2019

	Nonmajor Capital Projects Fund						Total Nonmajor Governmental Funds
	Capital Nonrecurring Fund	Capital Projects Fund	Open Space Fund	Bridges Fund	Bridge St. Remediation Fund	Total Capital Projects Funds	
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,898
Receivables:							
Grants and contracts	-	-	-	6,737	38,070	631,780	718,748
Loans	-	-	-	-	-	-	305,771
Other	-	-	-	-	-	-	2,862
Due from other funds	908,374	1,130,487	5,000	-	-	4,811,810	5,425,960
Inventories	-	-	-	-	-	-	8,493
Total assets	<u>\$ 908,374</u>	<u>\$ 1,130,487</u>	<u>\$ 5,000</u>	<u>\$ 6,737</u>	<u>\$ 38,070</u>	<u>\$ 5,443,590</u>	<u>\$ 6,860,732</u>
LIABILITIES							
Accounts payable	\$ -	\$ 78,050	\$ -	\$ 4,237	\$ -	\$ 100,904	\$ 171,481
Accrued liabilities	-	-	-	-	-	-	3,991
Due to other funds	-	-	-	2,737	84,545	587,931	588,683
Unearned revenue	-	-	-	-	-	95,152	523,881
Total liabilities	<u>-</u>	<u>78,050</u>	<u>-</u>	<u>6,974</u>	<u>84,545</u>	<u>783,987</u>	<u>1,288,036</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	8,493
Restricted	-	-	-	-	-	2,672,797	3,234,491
Committed	908,374	1,052,437	5,000	-	-	2,033,518	2,376,424
Unassigned	-	-	-	(237)	(46,475)	(46,712)	(46,712)
Total fund balances	<u>908,374</u>	<u>1,052,437</u>	<u>5,000</u>	<u>(237)</u>	<u>(46,475)</u>	<u>4,659,603</u>	<u>5,572,696</u>
Total liabilities and fund balances	<u>\$ 908,374</u>	<u>\$ 1,130,487</u>	<u>\$ 5,000</u>	<u>\$ 6,737</u>	<u>\$ 38,070</u>	<u>\$ 5,443,590</u>	<u>\$ 6,860,732</u>

(Concluded)

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds						
	Town Aid Road Fund	Small Cities Fund	Mental Health Grant Fund	Hot Lunch Program Fund	Special Education Grants Fund	Social Services Fund	Town Historic Preservation Fund
REVENUES							
Intergovernmental	\$ 324,397	\$ -	\$ 11,997	\$ 614,117	\$ 1,230,335	\$ 75,150	\$ 4,500
Charges for services	-	-	-	348,222	-	72,752	-
Investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	27,192	9,427
Total revenues	<u>324,397</u>	<u>-</u>	<u>11,997</u>	<u>962,339</u>	<u>1,230,335</u>	<u>175,094</u>	<u>13,927</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	4,500
Public safety	-	-	-	-	-	-	-
Public works	132,901	-	-	-	-	-	-
Health and welfare	-	-	9,231	-	-	146,419	-
Recreation and leisure	-	-	-	-	-	-	-
Education	-	-	-	915,318	1,230,335	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>132,901</u>	<u>-</u>	<u>9,231</u>	<u>915,318</u>	<u>1,230,335</u>	<u>146,419</u>	<u>4,500</u>
Excess (deficiency) of revenues over expenditures	191,496	-	2,766	47,021	-	28,675	9,427
OTHER FINANCING SOURCES							
Issuance of bonds	-	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	191,496	-	2,766	47,021	-	28,675	9,427
Fund balances - beginning	<u>6,343</u>	<u>3,846</u>	<u>-</u>	<u>302,342</u>	<u>-</u>	<u>195,236</u>	<u>17,436</u>
Fund balances - ending	<u>\$ 197,839</u>	<u>\$ 3,846</u>	<u>\$ 2,766</u>	<u>\$ 349,363</u>	<u>\$ -</u>	<u>\$ 223,911</u>	<u>\$ 26,863</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds						
	Youth Service Bureau Fund	Learn Not to Burn Fund	Police Donations Fund	Parks and Recreation Fund	Dog Warden Donation Fund	Montville Farmer's Market Fund	Police Forfeiture Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454
Charges for services	30,920	-	-	87,284	-	-	-
Investment income	-	-	-	-	-	-	-
Other	-	-	754	-	1,056	-	-
Total revenues	<u>30,920</u>	<u>-</u>	<u>754</u>	<u>87,284</u>	<u>1,056</u>	<u>-</u>	<u>454</u>
EXPENDITURES							
Current:							
General government	13,406	-	-	-	-	952	-
Public safety	-	359	2,648	-	1,267	-	405
Public works	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	86,114	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>13,406</u>	<u>359</u>	<u>2,648</u>	<u>86,114</u>	<u>1,267</u>	<u>952</u>	<u>405</u>
Excess (deficiency) of revenues over expenditures	17,514	(359)	(1,894)	1,170	(211)	(952)	49
OTHER FINANCING SOURCES							
Issuance of bonds	-	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,500	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Net change in fund balances	17,514	(359)	(1,894)	1,170	(211)	548	49
Fund balances - beginning	<u>41,741</u>	<u>359</u>	<u>3,343</u>	<u>28,941</u>	<u>2,834</u>	<u>-</u>	<u>3,806</u>
Fund balances - ending	<u>\$ 59,255</u>	<u>\$ -</u>	<u>\$ 1,449</u>	<u>\$ 30,111</u>	<u>\$ 2,623</u>	<u>\$ 548</u>	<u>\$ 3,855</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds		Nonmajor Capital Projects Funds				
	Comstock Book Fund	Total Special Revenue Funds	Road Bonding Fund	Old Colchester/ Black Ash Road Fund	Public Works Facility Improvements Fund	Transfer Station Fund	LOCIP Fund
REVENUES							
Intergovernmental	\$ -	\$ 2,260,950	\$ -	\$ 40,958	\$ 334,067	\$ 902,345	\$ 155,968
Charges for services	-	539,178	-	-	-	-	6,764
Investment income	228	228	-	-	-	-	-
Other	-	38,429	-	-	-	-	-
Total revenues	<u>228</u>	<u>2,838,785</u>	<u>-</u>	<u>40,958</u>	<u>334,067</u>	<u>902,345</u>	<u>162,732</u>
EXPENDITURES							
Current:							
General government	752	19,610	54,990	-	-	-	-
Public safety	-	4,679	-	-	-	-	-
Public works	-	132,901	-	-	-	-	-
Health and welfare	-	155,650	-	-	-	-	-
Recreation and leisure	-	86,114	-	-	-	-	-
Education	-	2,145,653	-	-	-	-	-
Capital outlays	-	-	-	40,958	334,067	842,345	155,968
Total expenditures	<u>752</u>	<u>2,544,607</u>	<u>54,990</u>	<u>40,958</u>	<u>334,067</u>	<u>842,345</u>	<u>155,968</u>
Excess (deficiency) of revenues over expenditures	(524)	294,178	(54,990)	-	-	60,000	6,764
OTHER FINANCING SOURCES							
Issuance of bonds	-	-	2,500,000	-	-	-	-
Premium on issuance of bonds	-	-	227,787	-	-	-	-
Transfers in	-	1,500	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>1,500</u>	<u>2,727,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(524)	295,678	2,672,797	-	-	60,000	6,764
Fund balances - beginning	<u>11,188</u>	<u>617,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>60,943</u>
Fund balances - ending	<u>\$ 10,664</u>	<u>\$ 913,093</u>	<u>\$ 2,672,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,707</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Capital Projects Fund						Total Nonmajor Governmental Funds
	Capital Nonrecurring Fund	Capital Projects Funds	Open Space Fund	Bridges Fund	Bridge St. Remediation Fund	Total Capital Projects Funds	
REVENUES							
Intergovernmental	\$ 446,254	\$ -	\$ -	\$ 8,407	\$ 323,054	\$ 2,211,053	\$ 4,472,003
Charges for services	-	-	-	-	-	6,764	545,942
Investment income	-	-	-	-	-	-	228
Other	-	-	-	-	-	-	38,429
Total revenues	<u>446,254</u>	<u>-</u>	<u>-</u>	<u>8,407</u>	<u>323,054</u>	<u>2,217,817</u>	<u>5,056,602</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	54,990	74,600
Public safety	-	-	-	-	-	-	4,679
Public works	-	-	-	-	-	-	132,901
Health and welfare	-	-	-	-	-	-	155,650
Recreation and leisure	-	-	-	-	-	-	86,114
Education	-	-	-	-	-	-	2,145,653
Capital outlays	<u>1,139,492</u>	<u>635,083</u>	<u>-</u>	<u>8,407</u>	<u>454,529</u>	<u>3,610,849</u>	<u>3,610,849</u>
Total expenditures	<u>1,139,492</u>	<u>635,083</u>	<u>-</u>	<u>8,407</u>	<u>454,529</u>	<u>3,665,839</u>	<u>6,210,446</u>
Excess (deficiency) of revenues over expenditures	(693,238)	(635,083)	-	-	(131,475)	(1,448,022)	(1,153,844)
OTHER FINANCING SOURCES							
Issuance of bonds	-	-	-	-	-	2,500,000	2,500,000
Premium on issuance of bonds	-	-	-	-	-	227,787	227,787
Transfers in	<u>1,481,364</u>	<u>39,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,520,823</u>	<u>1,522,323</u>
Total other financing sources	<u>1,481,364</u>	<u>39,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,248,610</u>	<u>4,250,110</u>
Net change in fund balances	788,126	(595,624)	-	-	(131,475)	2,800,588	3,096,266
Fund balances - beginning	<u>120,248</u>	<u>1,648,061</u>	<u>5,000</u>	<u>(237)</u>	<u>85,000</u>	<u>1,859,015</u>	<u>2,476,430</u>
Fund balances - ending	<u>\$ 908,374</u>	<u>\$ 1,052,437</u>	<u>\$ 5,000</u>	<u>\$ (237)</u>	<u>\$ (46,475)</u>	<u>\$ 4,659,603</u>	<u>\$ 5,572,696</u>

(Concluded)

FIDUCIARY FUNDS

TOWN OF MONTVILLE, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2019

	Student Activities Fund	Performance Bonds Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 274,563	\$ 157,356	\$ 431,919
Investments	52,642	-	52,642
Total assets	<u>\$ 327,205</u>	<u>\$ 157,356</u>	<u>\$ 484,561</u>
LIABILITIES			
Due to student groups	\$ 327,205	\$ -	\$ 327,205
Due to others	-	157,356	157,356
Total liabilities	<u>\$ 327,205</u>	<u>\$ 157,356</u>	<u>\$ 484,561</u>

TOWN OF MONTVILLE, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2019</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 298,109	\$ 467,880	\$ 491,426	\$ 274,563
Investments	52,618	24	-	52,642
Total assets	<u>\$ 350,727</u>	<u>\$ 467,904</u>	<u>\$ 491,426</u>	<u>\$ 327,205</u>
Liabilities				
Due to student groups	\$ 350,727	\$ 467,904	\$ 491,426	\$ 327,205
Total liabilities	<u>\$ 350,727</u>	<u>\$ 467,904</u>	<u>\$ 491,426</u>	<u>\$ 327,205</u>
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 153,130	\$ 19,075	\$ 14,849	\$ 157,356
Total assets	<u>\$ 153,130</u>	<u>\$ 19,075</u>	<u>\$ 14,849</u>	<u>\$ 157,356</u>
Liabilities				
Due to others	\$ 153,130	\$ 19,075	\$ 14,849	\$ 157,356
Total liabilities	<u>\$ 153,130</u>	<u>\$ 19,075</u>	<u>\$ 14,849</u>	<u>\$ 157,356</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 451,239	\$ 486,955	\$ 506,275	\$ 431,919
Investments	52,618	24	-	52,642
Total assets	<u>\$ 503,857</u>	<u>\$ 486,979</u>	<u>\$ 506,275</u>	<u>\$ 484,561</u>
Liabilities				
Due to student groups	\$ 350,727	\$ 467,904	\$ 491,426	\$ 327,205
Due to others	153,130	19,075	14,849	157,356
Total liabilities	<u>\$ 503,857</u>	<u>\$ 486,979</u>	<u>\$ 506,275</u>	<u>\$ 484,561</u>

OTHER SUPPLEMENTARY INFORMATION

Table 1

TOWN OF MONTVILLE, CONNECTICUT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
(Unaudited)

<u>GRAND LIST DATED 10/1</u>	<u>REAL PROPERTY PERCENT</u>	<u>PERSONAL PROPERTY PERCENT</u>	<u>MOTOR VEHICLE PERCENT</u>	<u>GROSS TAXABLE GRAND LIST (1)</u>	<u>LESS EXEMPTIONS (1)</u>	<u>NET TAXABLE GRAND LIST (1)</u>	<u>PERCENT CHANGE %</u>
2017	77.6	11.9	10.4	\$ 1,656,074	\$ 367,257	\$ 1,288,817	1.4%
2016	78.3	11.2	10.5	1,640,413	369,988	1,270,425	-0.8%
2015	81.1	8.9	10.0	1,636,050	355,646	1,280,404	0.8%
2014	76.8	13.7	9.5	1,619,701	271,914	1,269,939	0.8%
2013	82.1	7.8	10.1	1,605,569	346,271	1,259,298	0.4%
2012	82.6	7.4	10.0	1,602,427	347,898	1,254,529	-4.1%
2011	79.7	10.5	9.8	1,531,006	222,785	1,308,221	14.6%
2010	82.9	9.2	7.9	1,745,512	213,719	1,531,793	1.0%
2009	83.1	9.2	7.7	1,725,221	208,864	1,516,357	0.3%
2008	82.4	9.8	7.8	1,709,810	197,863	1,511,947	-

(1) In thousands

Source: Town of Montville, Office of the Assessor

Table 2

TOWN OF MONTVILLE, CONNECTICUT
MAJOR TAXPAYERS
2017 GRAND LIST
(Unaudited)

NAME OF TAXPAYER	NATURE OF BUSINESS	GRAND LIST AMOUNT (1)	% NET TAXABLE GRAND LIST (2)
Eversource	Utility	\$ 58,794,550	4.56
Montville Station LLC	Retail Shopping Center	12,919,940	1.00
Alogonquin Gas Transmission LLC	Utility	11,731,390	0.91
Montville Power LLC	Utility	11,278,410	0.88
Home Depot USA Inc.	Retail Shopping Center	10,719,590	0.83
WestRock Converting Co	Manufacturer	10,590,210	0.82
Rand Whitney Containerboard LTD	Paper/Paperboard	9,535,960	0.74
Stonestreet Hospitality Realty Co	Hotel	8,474,090	0.66
Yankee Gas Services	Utility	8,354,690	0.65
Jensens Inc.	Active Adult Community	<u>6,347,042</u>	<u>0.49</u>
		<u><u>\$ 148,745,872</u></u>	11.54

(1) Net Taxable Grand List 10/01/17

(2) Net Taxable Grand List 10/01/17 Amount \$1,288,817,447

Source: Town of Montville, Office of the Tax Collector

Table 3

TOWN OF MONTVILLE, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Grand List Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2019	2017	\$ 40,774,819	\$ 40,007,599	98.12%	\$ -	\$ 40,007,599	98.12%
2018	2016	40,170,228	39,214,729	97.62%	609,704	39,824,433	99.14%
2017	2015	38,963,093	38,194,770	98.03%	476,485	38,671,255	99.25%
2016	2014	37,925,442	37,067,885	97.74%	278,523	37,346,408	98.47%
2015	2013	36,794,710	35,912,024	97.60%	455,467	36,367,491	98.84%
2014	2012	36,173,699	35,271,962	97.51%	429,505	35,701,467	98.69%
2013	2011	38,212,245	36,735,621	96.14%	1,240,946	37,976,567	99.38%
2012	2010	35,089,735	33,078,939	94.27%	1,850,543	34,929,482	99.54%
2011	2009	33,817,048	33,200,666	98.18%	589,253	33,789,919	99.92%
2010	2008	32,227,184	31,558,711	97.93%	652,058	32,210,769	99.95%

Source: Town of Montville, Office of the Tax Collector

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

TOWN OF MONTVILLE, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Bonded Debt	Clean Water Fund Notes	Total Net Bonded Debt	Ratio of Net Bonded Debt to Est. Actual Taxable Value ¹	Percentage of Personal Income ²	Debt Per Capita ³
Governmental Activities:						
2019	\$ 27,369,000	\$ -	\$ 27,369,000	2.12%	4.58%	1,403
2018	28,293,300	-	28,293,300	2.23%	4.73%	1,451
2017	31,723,800	-	31,723,800	2.48%	5.46%	1,621
2016	34,937,500	-	34,937,500	2.75%	5.61%	1,779
2015	37,631,200	-	37,631,200	2.99%	5.23%	1,929
2014	40,650,200	-	40,650,200	3.24%	7.17%	2,084
2013	43,484,200	-	43,484,200	3.32%	7.41%	2,207
2012	46,177,600	-	46,177,600	3.01%	8.68%	2,472
2011	38,197,600	-	38,197,600	2.52%	8.54%	1,910
2010	41,137,600	-	41,137,600	2.72%	9.43%	2,108
Business-type Activities:						
2019	\$ 1,080,000	\$ 192,215	\$ 1,272,215	0.10%	0.21%	65
2018	1,373,700	203,026	1,576,726	0.12%	0.26%	81
2017	1,669,200	213,623	1,882,823	0.15%	0.32%	96
2016	1,966,500	224,008	2,190,508	0.17%	0.35%	112
2015	2,263,800	245,631	2,509,431	0.20%	0.35%	129
2014	2,534,800	-	2,534,800	0.20%	0.45%	130
2013	2,745,800	-	2,745,800	0.21%	0.47%	139
2012	2,922,400	-	2,922,400	0.19%	0.55%	156
2011	1,777,400	-	1,777,400	0.12%	0.40%	89
2010	2,022,400	-	2,022,400	0.13%	0.46%	104
Town-wide:						
2019	\$ 28,449,000	\$ 192,215	\$ 28,641,215	2.22%	4.79%	1,468
2018	29,667,000	203,026	29,870,026	2.35%	4.99%	1,531
2017	33,393,000	213,623	33,606,623	2.62%	5.78%	1,717
2016	36,904,000	224,008	37,128,008	2.92%	5.96%	1,891
2015	39,895,000	245,631	40,140,631	3.19%	5.58%	2,057
2014	43,185,000	-	43,185,000	3.44%	7.62%	2,214
2013	46,230,000	-	46,230,000	3.53%	7.88%	2,346
2012	49,100,000	-	49,100,000	3.21%	9.23%	2,628
2011	39,975,000	-	39,975,000	2.64%	8.94%	1,998
2010	43,160,000	-	43,160,000	2.85%	9.89%	2,212

Source: Annual Town Financial Statements

1 See Table 1 for taxable property value data.

2 See Table 5 for population data. These ratios are calculated using personal income.

3 See Table 5 for population data. These ratios are calculated using personal income and population.

Table 5

TOWN OF MONTVILLE, CONNECTICUT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population ¹	Personal Income (000)s	Per Capita Personal Income ²	Median Age ¹	Unemployment Rate ³
2019	19,505	\$ 598,199	\$ 32,794	42	3.2%
2018	19,505	598,199	30,669	43	4.3%
2017	19,571	581,043	29,689	43	4.3%
2016	19,635	623,278	31,847	43	4.2%
2015	19,511	719,780	36,891	40	6.0%
2014	19,505	566,640	29,051	42	6.7%
2013	19,703	586,696	29,777	42	8.0%
2012	18,680	532,044	28,482	39	9.0%
2011	20,003	447,207	22,357	38	9.1%
2010	19,516	436,319	22,357	39	9.2%

Source: Various Town records

- 1** Connecticut Economic Resource Center, Inc. Annual Town Profile
- 2** State of Connecticut, Department of Economic and Community Development
- 3** State of Connecticut, Labor Department, By Town, Not Seasonally Adjusted