

TOWN OF LEDYARD, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2018

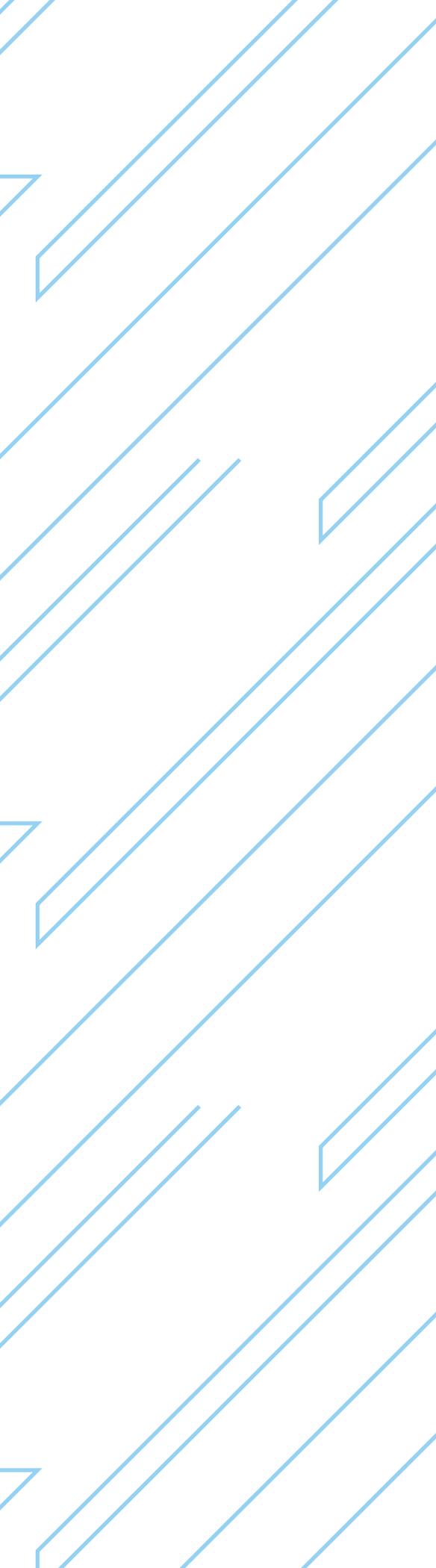
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Introductory Section

TOWN OF LEDYARD, CONNECTICUT

Principal Officials

JUNE 30, 2018

Town Council

Linda C. Davis, Chairman
Kevin Dombrowski
Stephen Eichelberg
Andra Ingalls
John Marshall
Mary K. McGrattan
Thomas Malone
William D. Saums
Tony Sabilia

Administration

Frederick B. Allyn III, Mayor

Treasurer
Director of Finance
Assessor
Tax Collector
Town Clerk
Town Attorney

Nancy R. Gosselin
Marcia Hancock
Adrianna Hedwall
Joan L. Carroll
Patricia A. Riley
Meredith Diette

Board of Education

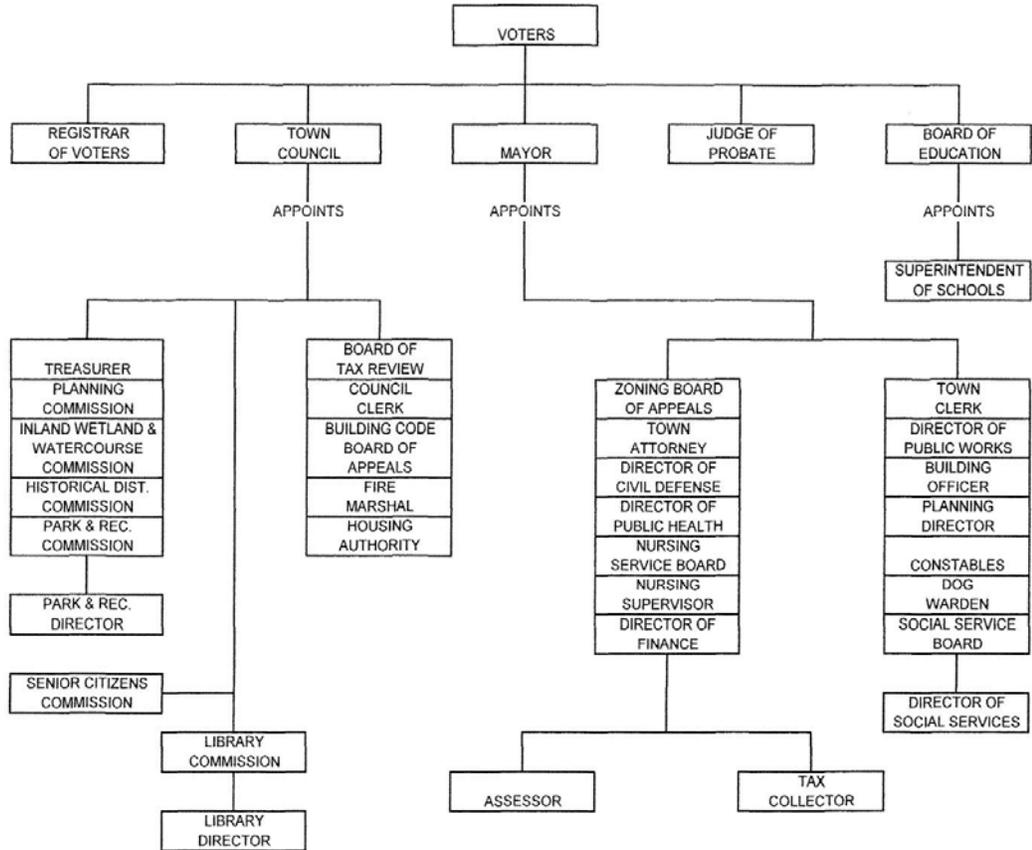
Anthony Favry, Chairman
Stephanie Calhoun
Bob Guerrero
Kate DiPalma-Herb
Jesse James
Gordon Strickland
Brittney Hedges
William Snyder
Michael Brawner

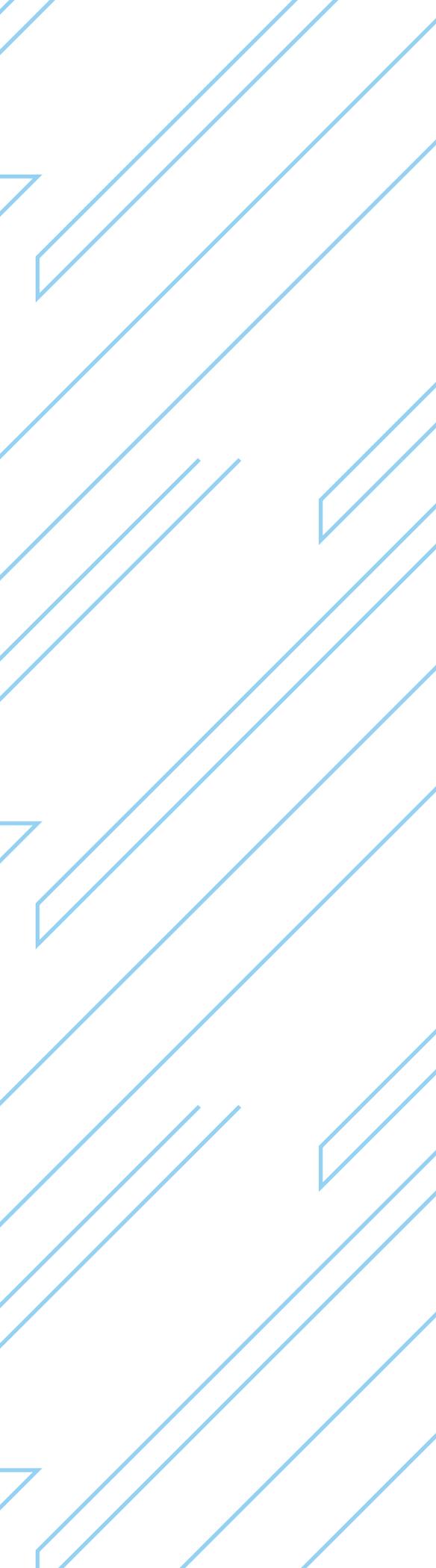
Superintendent of Schools
Business Manager

Jason S. Hartling
Michele Demicco

TOWN OF LEDYARD, CONNECTICUT

ORGANIZATIONAL CHART





Financial Section

Independent Auditors' Report

To the Town Council
Town of Ledyard, 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 Ledyard, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Ledyard, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Ledyard, Connecticut, as of June 30, 2018 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.

Change in Accounting Principle and Prior Period Adjustment

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Ledyard, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Ledyard, Connecticut, has been restated to recognize the total other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Ledyard, Connecticut, restated beginning net position of business-type activities and proprietary funds, in order to correct the effect of the prior year assets incorrectly stated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 of Ledyard, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of the Town of Ledyard, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Ledyard, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ledyard, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 12, 2018



Town of Ledyard Connecticut

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Ledyard, CT 06339
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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

As management of the Town of Ledyard, Connecticut (Town), we offer readers of the Town of Ledyard's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets 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 \$64,889,523 (net position). Of this amount, \$42,406,192 was attributable to governmental activities and \$22,483,331 to business-type activities.
- The Town's total net position increased by \$17,382,945. This was primarily due to increases in capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,881,212, a decrease of \$11,742,337 in comparison with the prior year. The decrease is due to the school construction expenditures in advance of permanent financing.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$4,028,215 or 7.4% of total general fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town'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 basic 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 and deferred outflows of resources less liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Ledyard 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 general government, public safety, health and welfare, public works, library, parks and recreation and education. The business-type activities of the Town are for water operations and sewer operations.

The government-wide financial statements can be found on Exhibits I and II.

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 of Ledyard 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 a government'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 16 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 two funds considered to be major funds. Data from the other 14 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 in Exhibits B-1 and B-2.

Major Governmental Funds

Nonmajor Governmental Funds

General
Capital Projects

Library Commission
Animal Control
Cafeteria
Education Grants
Sawmill Restoration
Debt Service Fund
Town Aid Road Fund

Miscellaneous State Grants
Housing Rehab Program
Coastal Management
Parks and Recreation
Endowment Fund
School Readiness Fund
Senior Center Fund

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on Exhibits III and IV.

Proprietary Funds

The Town of Ledyard maintains two different types of 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 an enterprise fund to account for its water operations and its sewer operations. 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 medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the sewer operations, which are considered to be major funds of the Town. The internal service fund financial statement provides information for the Town's medical plan benefits. The basic proprietary fund financial statements can be found on Exhibits V, VI and VII.

Fiduciary Funds

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-61.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Ledyard's progress in funding its obligation to provide pension and other post-employment benefits to its employees and the budgetary information for the General Fund.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Ledyard, assets, deferred outflows of resources exceeded liabilities, deferred liabilities by \$64,889,523 at the close of the fiscal year.

Town of Ledyard, Connecticut
Statement of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017	2018	2017
Current and other assets	\$ 33,653,856	\$ 22,516,720	\$ 3,831,239	\$ 4,345,274	\$ 37,485,095	\$ 26,861,994
Capital assets, net of accumulated depreciation	93,422,364	64,311,023	25,466,477	25,724,164	118,888,841	90,035,187
Total assets	<u>127,076,220</u>	<u>86,827,743</u>	<u>29,297,716</u>	<u>30,069,438</u>	<u>156,373,936</u>	<u>116,897,181</u>
Deferred outflows of resources	<u>1,336,680</u>	<u>1,818,476</u>	<u>80,750</u>	<u>88,826</u>	<u>1,417,430</u>	<u>1,907,302</u>
Current and other liabilities	31,526,892	6,338,625	1,145,579	1,257,361	32,672,471	7,595,986
Long-term liabilities outstanding	50,941,124	57,113,322	5,749,556	6,411,247	56,690,680	63,524,569
Total liabilities	<u>82,468,016</u>	<u>63,451,947</u>	<u>6,895,135</u>	<u>7,668,608</u>	<u>89,363,151</u>	<u>71,120,555</u>
Deferred inflows of resources	<u>3,538,692</u>	<u>177,350</u>			<u>3,538,692</u>	<u>177,350</u>
Net Position:						
Net investments in capital assets	59,139,003	36,887,375	19,307,017	19,026,596	78,446,020	55,913,971
Restricted	98,025	89,688			98,025	89,688
Unrestricted	<u>(16,830,836)</u>	<u>(11,960,141)</u>	<u>3,176,314</u>	<u>3,463,060</u>	<u>(13,654,522)</u>	<u>(8,497,081)</u>
Total Net Position	<u>\$ 42,406,192</u>	<u>\$ 25,016,922</u>	<u>\$ 22,483,331</u>	<u>\$ 22,489,656</u>	<u>\$ 64,889,523</u>	<u>\$ 47,506,578</u>

The largest portion of the Town's net position, \$59,139,003, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$98,025, represents resources that are subject to external restrictions on how they may be used. Any remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental Activities

Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A summary of changes in net position follows. For the fiscal year, net position increased by \$17,389,270. The increase was primarily due to an increase in state grant revenues for school construction.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

Town of Ledyard, Connecticut
Statement of Changes in Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,663,046	\$ 3,997,256	\$ 1,553,864	\$ 1,604,033	\$ 5,216,910	\$ 5,601,289
Operating grants and contributions	22,409,800	23,698,273			22,409,800	23,698,273
Capital grants and contributions	20,304,000	1,218,892			20,304,000	1,218,892
General revenues:						
Property taxes	36,483,155	34,710,047			36,483,155	34,710,047
Grants not restricted to specific programs	2,002,079	1,189,178			2,002,079	1,189,178
Unrestricted investment earnings	177,048	55,535	3,945	2,891	180,993	58,426
Miscellaneous revenue	36,640	57,471			36,640	57,471
Total revenues	<u>85,075,768</u>	<u>64,926,652</u>	<u>1,557,809</u>	<u>1,606,924</u>	<u>86,633,577</u>	<u>66,533,576</u>
Expenses:						
General government	4,624,570	4,412,783			4,624,570	4,412,783
Public safety	5,510,755	5,208,865			5,510,755	5,208,865
Public works	4,999,027	5,177,746			4,999,027	5,177,746
Health and welfare	1,687,769	1,709,761			1,687,769	1,709,761
Library	906,984	895,911			906,984	895,911
Parks and recreation	781,324	749,531			781,324	749,531
Education	47,423,080	47,006,364			47,423,080	47,006,364
Interest and fiscal charges	1,426,681	243,817			1,426,681	243,817
Water department			1,190,116	1,453,638	1,190,116	1,453,638
Sewer department			700,326	573,881	700,326	573,881
Total expenses	<u>67,360,190</u>	<u>65,404,778</u>	<u>1,890,442</u>	<u>2,027,519</u>	<u>69,250,632</u>	<u>67,432,297</u>
Change in net position before transfers	17,715,578	(478,126)	(332,633)	(420,595)	17,382,945	(898,721)
Transfers	(326,308)	(785,737)	326,308	785,737	-	-
Change in net position	<u>17,389,270</u>	<u>(1,263,863)</u>	<u>(6,325)</u>	<u>365,142</u>	<u>17,382,945</u>	<u>(898,721)</u>
Net Position at Beginning of Year	25,016,922	37,071,850	22,489,656	22,324,721	47,506,578	59,396,571
Restatement		(10,791,065)		(200,207)		(10,991,272)
Net Position at End of Year	<u>\$ 42,406,192</u>	<u>\$ 25,016,922</u>	<u>\$ 22,483,331</u>	<u>\$ 22,489,656</u>	<u>\$ 64,889,523</u>	<u>\$ 47,506,578</u>

Note: certain benefit expenses in 2017 have been reallocated across functions for comparison purposes.

Significant changes from the prior year for revenues are as follows:

- Property tax revenues increased \$1,773,108 due to an increase in the tax levy and a supplemental tax levy.
- Capital grants and contributions increased \$19,085,108 due to an increase in school capital grants.

Revenues

Governmental activities revenues totaled \$85,075,768 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 42.8 % of governmental revenues. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues include grants for the school lunch program, education, law enforcement and public works.

Operating grants and contributions revenues account for 26.3% of governmental revenues for the year. Capital grants and contributions, the third largest revenue, amount to 23.9% of governmental revenues and are made up of school building grants, public works grants and general improvement grants. Charges for services accounts for 4.3% of governmental revenues and include the school lunch program, adult education, nurses, vocational agriculture and other tuition and park and recreation programs. Grants and contributions not restricted to specific programs account for 2.4 % and include elderly tax relief and Mashantucket/Mohegan grant in lieu of tax contributions. Investment income represents roughly 0.2 % of governmental revenue. Miscellaneous revenues represent less than 0.1% of governmental revenues.

Expenses

Significant changes from the prior year are as follows:

- Education expenses increased by \$416,716 due to contractual increases.
- Public safety expenses increased by \$301,890 due to contractual increases.
- Interest expense increased \$1,182,864 due to interest payments on temporary financing and additional interest expense relative to bonds issued in the prior year.

Governmental activities expenses totaled \$67,360,190 for the fiscal year. Of the expenditures, 70.4% or \$47,423,080 was for education. Public safety expenses amounted to \$5,510,755, or 8.2%, while public works amounted to \$4,999,027 or 7.4%. Library expenses were \$906,984 or 1.3%. Park and recreation expenses were \$781,324 or 1.2%. Interest expense was \$1,426,681 or 2.1 %. General government expenses were \$4,624,570, or 6.9%, and health and welfare expenses were \$1,687,769 or 2.5%.

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services, assessments, and transfers from the general fund. Of the \$1,557,809 in revenue from the Water department and Sewer department, 99.8% comes from charges for services and assessments. Investment income makes up the final 0.2% of revenues for the Town's business activities.

Significant changes from the prior year were as follows:

- Charges for services decreased \$50,189 due to a decrease in police construction overtime.
- Investment income remained level.

Expenses

Business-type expenses totaled \$1,190,116 and \$700,326 for the Water and Sewer departments, respectively, for the fiscal year ended June 30, 2018.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

The combined fund balances of the governmental funds at June 30, 2018 was \$4,881,212, a decrease of \$11,742,337 in comparison with the prior year.

General Fund

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,028,215. Current tax collections were 99.0% of the adjusted tax levy.

The fund balance of the general fund increased by \$226,880 during the fiscal year primarily due to budget freezes for the general government and board of education and furlough days taken by employees.

Capital Projects Fund

The Capital Projects fund balance decreased by \$12,003,687 primarily due to school construction expenditures in advance of permanent financing.

Proprietary Funds

The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise fund posted an overall decrease in net position of \$6,325 for the fiscal year. This was primarily due to depreciation of capital assets.

Water Fund

Unrestricted net position of the Water Fund at the end of the year amounted to \$1,861,283.

Sewer Fund

Unrestricted net position of the Sewer Fund at the end of the year amounted to \$1,315,031.

Other factors concerning the finances of these funds have been previously addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2018 is presented on Exhibits A-1 and A-2. A summary of that schedule follows:

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues and other financing uses:				
Property taxes	\$ 35,948,432	\$ 35,948,432	\$ 36,825,006	\$ 876,574
All other revenues	18,505,692	18,505,692	17,160,786	(1,344,906)
Appropriation of fund balance	100,000	170,000	-	(170,000)
Transfers in	581,056	581,056	601,056	20,000
Total	<u>55,135,180</u>	<u>55,205,180</u>	<u>54,586,848</u>	<u>(618,332)</u>
Expenditures and other financing uses:				
Expenditures	53,169,529	53,239,529	52,394,317	845,212
Transfers in	1,965,651	1,965,651	1,965,651	-
Total expenditures	<u>55,135,180</u>	<u>55,205,180</u>	<u>54,359,968</u>	<u>845,212</u>
Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>226,880</u>	\$ <u>226,880</u>

- Overall, budgetary revenues and expenditures had positive variances.

Capital Assets and Debt Administration

At June 30, 2018, the Town of Ledyard's investment in capital assets in both governmental and business- type activities amounted to \$118,888,841 net of depreciation. This includes land, buildings, equipment, distribution and collection system and infrastructure. Capital assets for governmental activities increased by 45.3% (net), while business-type capital assets decreased 1.0% (net). These changes included the following:

Construction in progress decreased \$6,705,526 and buildings and improvements increased \$35,484,975 for governmental-type activities due to the construction of the school consolidation project. Construction in progress decreased \$1,158,058 and distribution and collection system increased \$921,251 for business-type activities primarily as the result of assets being placed in service for the sewer upgrade project.

**Town of Ledyard, Connecticut
Statement of Capital Assets, Net
June 30, 2018 and 2017**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 6,310,688	\$ 6,302,510	\$ 984,285	\$ 984,285	\$ 7,294,973	\$ 7,286,795
Construction in progress	348,754	7,054,280		1,158,058	348,754	8,212,338
Land improvements	1,197,059	1,227,646			1,197,059	1,227,646
Buildings and improvements	73,516,704	38,031,728	27,293	28,947	73,543,997	38,060,675
Distribution and collection system			24,254,220	23,332,969	24,254,220	23,332,969
Machinery and equipment	2,067,801	1,909,831	191,645	208,006	2,259,446	2,117,837
Vehicles	3,677,566	3,299,497	9,034	11,899	3,686,600	3,311,396
Infrastructure	6,303,792	6,485,531			6,303,792	6,485,531
Total	<u>\$ 93,422,364</u>	<u>\$ 64,311,023</u>	<u>\$ 25,466,477</u>	<u>\$ 25,724,164</u>	<u>\$ 118,888,841</u>	<u>\$ 90,035,187</u>

Additional information on the Town's capital assets can be found on pages 28 and 37.

Long-Term Debt

For the year ended June 30, 2018, the Town's long-term debt decreased by \$2,063,360. At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$37,959,371. Of this amount, \$33,274,999 comprises debt backed by the full faith and credit of the Town and \$4,684,372 is water and sewer operations debt for which the Town is liable in the event of default by the property owners subject to the water and sewer assessments.

Town of Ledyard, Connecticut General Obligation, Sewer Bonds, Clean Water and Water Notes June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General purpose bonds	\$ 10,477,561	\$ 12,124,020	\$	\$	\$ 10,477,561	\$ 12,124,020
School bonds	17,858,342	17,447,376			17,858,342	17,447,376
Sewer bonds	35,683	39,812	1,601,317	1,636,189	1,637,000	1,676,001
Water bonds	2,459,750	2,669,750	842,346	1,037,854	3,302,096	3,707,604
Clean water notes	1,044,436	1,120,690		84,924	1,044,436	1,205,614
Water notes			3,639,936	3,862,116	3,639,936	3,862,116
Total	<u>\$ 31,875,772</u>	<u>\$ 33,401,648</u>	<u>\$ 6,083,599</u>	<u>\$ 6,621,083</u>	<u>\$ 37,959,371</u>	<u>\$ 40,022,731</u>

The Town has an "AA/Stable" rating from Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.0% to 4.0% times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$242,831,722, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found on pages 40-42.

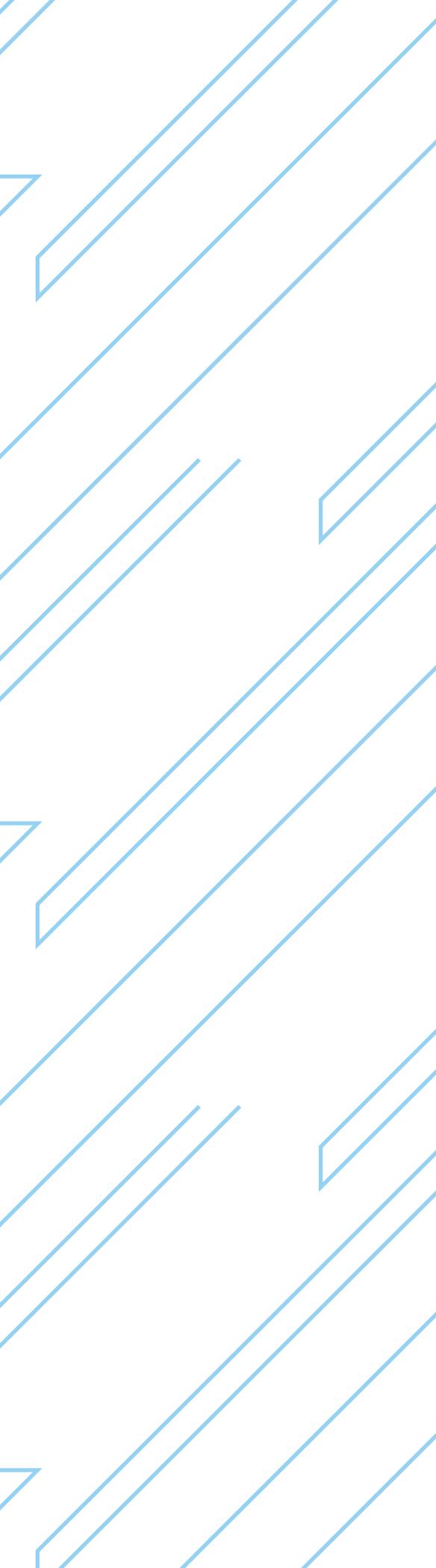
Next Year's Budget and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2018-2019 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2018-2019 budget, the Town recognized the need to continue its pattern of cost containment.

The 2018-2019 general fund budget will be \$57,251,719 an increase of 3.75% over the prior year budget. Downward pressures on the 2018-2019 estimated revenue, especially in the area of grants from the state, reduced non-tax revenues, state grants were flat and expenditures increased

Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Finance Director, 741 Colonel Highway, Ledyard, CT 06339-1541, Telephone (860) 464-3235.



Basic Financial Statements

TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 34,403,572	\$	\$ 34,403,572
Receivables:			
Property taxes, net	576,352		576,352
User charges, net		130,610	130,610
Loans	42,258		42,258
Intergovernmental	96,984		96,984
Other receivables	411,443	1,130	412,573
Internal balances	(1,876,753)	1,876,753	-
Total current assets	<u>33,653,856</u>	<u>2,008,493</u>	<u>35,662,349</u>
Noncurrent Assets:			
Assessment receivable, net		1,822,746	1,822,746
Capital assets, nondepreciable	6,659,442	984,285	7,643,727
Capital assets, net of accumulated depreciation	<u>86,762,922</u>	<u>24,482,192</u>	<u>111,245,114</u>
Total noncurrent assets	<u>93,422,364</u>	<u>27,289,223</u>	<u>120,711,587</u>
Total assets	<u>127,076,220</u>	<u>29,297,716</u>	<u>156,373,936</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	287,292	80,750	368,042
Deferred outflows related to pension	1,049,388		1,049,388
Total deferred outflows of resources	<u>1,336,680</u>	<u>80,750</u>	<u>1,417,430</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	6,873,595	86,556	6,960,151
Accrued payroll and related liabilities	1,184,222	23,352	1,207,574
Accrued interest payable	440,328	49,155	489,483
Unearned revenue	397,543	428,237	825,780
Bond anticipation notes payable	20,000,000		20,000,000
Current maturities of long-term obligations	2,631,204	558,279	3,189,483
Total current liabilities	<u>31,526,892</u>	<u>1,145,579</u>	<u>32,672,471</u>
Noncurrent liabilities:			
Due in more than one year	50,941,124	5,749,556	56,690,680
Total liabilities	<u>82,468,016</u>	<u>6,895,135</u>	<u>89,363,151</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension	539,058		539,058
Deferred inflows related to OPEB	2,999,634		2,999,634
Total deferred inflows of resources	<u>3,538,692</u>	<u>-</u>	<u>3,538,692</u>
Net Position:			
Net investment in capital assets	59,139,003	19,307,017	78,446,020
Restricted for:			
Endowments:			
Nonexpendable	41,914		41,914
Expendable	56,111		56,111
Unrestricted	<u>(16,830,836)</u>	<u>3,176,314</u>	<u>(13,654,522)</u>
Total Net Position	<u>\$ 42,406,192</u>	<u>\$ 22,483,331</u>	<u>\$ 64,889,523</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 4,624,570	\$ 691,744	\$ 77,593	\$	\$ (3,855,233)		\$ (3,855,233)
Public safety	5,510,755	134,132	40,580		(5,336,043)		(5,336,043)
Public works	4,999,027	73,928		20,304,000	15,378,901		15,378,901
Health and welfare	1,687,769	960,254	922,153		194,638		194,638
Library	906,984	33,960	34,557		(838,467)		(838,467)
Parks and recreation	781,324	163,572			(617,752)		(617,752)
Education	47,423,080	1,605,456	21,334,917		(24,482,707)		(24,482,707)
Interest and fiscal charges	1,426,681				(1,426,681)		(1,426,681)
Total governmental activities	<u>67,360,190</u>	<u>3,663,046</u>	<u>22,409,800</u>	<u>20,304,000</u>	<u>(20,983,344)</u>	<u>-</u>	<u>(20,983,344)</u>
Business-type activities:							
Water	1,190,116	1,105,823				(84,293)	(84,293)
Sewer	700,326	448,041				(252,285)	(252,285)
Total business-type activities	<u>1,890,442</u>	<u>1,553,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(336,578)</u>	<u>(336,578)</u>
Total Primary Government	<u>\$ 69,250,632</u>	<u>\$ 5,216,910</u>	<u>\$ 22,409,800</u>	<u>\$ 20,304,000</u>	<u>(20,983,344)</u>	<u>(336,578)</u>	<u>(21,319,922)</u>
General revenues:							
Property taxes					36,483,155		36,483,155
Grants and contributions not restricted to specific programs					2,002,079		2,002,079
Unrestricted investment earnings					177,048	3,945	180,993
Miscellaneous					36,640		36,640
Transfers					(326,308)	326,308	-
Total general revenues and transfers					<u>38,372,614</u>	<u>330,253</u>	<u>38,702,867</u>
Change in net position					17,389,270	(6,325)	17,382,945
Net Position at Beginning of Year, as Restated					<u>25,016,922</u>	<u>22,489,656</u>	<u>47,506,578</u>
Net Position at End of Year					<u>\$ 42,406,192</u>	<u>\$ 22,483,331</u>	<u>\$ 64,889,523</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF LEDYARD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 34,355,253	\$	\$ 48,319	\$ 34,403,572
Receivables, net:				
Property taxes receivable	576,352			576,352
Loans			42,258	42,258
Due from other governments			96,984	96,984
Other receivables	109,735	272,300		382,035
Due from other funds	<u>13,072</u>	<u>23,356,003</u>	<u>2,108,767</u>	<u>25,477,842</u>
Total Assets	<u>\$ 35,054,412</u>	<u>\$ 23,628,303</u>	<u>\$ 2,296,328</u>	<u>\$ 60,979,043</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,827,422	\$ 4,563,039	\$ 51,962	\$ 6,442,423
Accrued payroll and other liabilities	1,167,467	14,578	2,177	1,184,222
Due to other funds	27,574,748		13,072	27,587,820
Unearned revenue	12,995	18,109	366,439	397,543
Bond anticipation notes payable		20,000,000		20,000,000
Total liabilities	<u>30,582,632</u>	<u>24,595,726</u>	<u>433,650</u>	<u>55,612,008</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	443,565			443,565
Unavailable revenue - loans			42,258	42,258
Total deferred inflows of resources	<u>443,565</u>	<u>-</u>	<u>42,258</u>	<u>485,823</u>
Fund balances:				
Nonspendable			41,914	41,914
Restricted			398,237	398,237
Committed			2,960	2,960
Assigned			1,377,309	1,377,309
Unassigned	4,028,215	(967,423)		3,060,792
Total fund balances	<u>4,028,215</u>	<u>(967,423)</u>	<u>1,820,420</u>	<u>4,881,212</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,054,412</u>	<u>\$ 23,628,303</u>	<u>\$ 2,296,328</u>	<u>\$ 60,979,043</u>

(Continued on next page)

TOWN OF LEDYARD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net
position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	4,881,212
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	121,106,641	
Less accumulated depreciation		<u>(27,684,277)</u>	
Net capital assets			93,422,364

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

Property tax receivables greater than 30 days	443,565
Housing rehabilitation loan receivables - accrual basis change	42,258
Deferred outflows related to pensions	1,049,388

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

(168,539)

Long-term liabilities and deferred inflows of resources are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(31,875,772)
Deferred charge on refunding	287,292
Unamortized premium on bonds payable	(2,694,881)
Interest payable on bonds	(440,328)
Landfill post-closure costs	(130,000)
Total OPEB liability	(11,643,293)
Compensated absences	(1,234,191)
Net pension liability	(5,994,191)
Deferred inflows related to OPEB	(2,999,634)
Deferred inflows related to pensions	<u>(539,058)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u>42,406,192</u>
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The accompanying notes are an integral part of the financial statements

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 36,825,006	\$	\$	\$ 36,825,006
Intergovernmental revenues	21,926,067	19,726,447	2,438,538	44,091,052
Charges for services	2,943,962		719,084	3,663,046
Investment income	174,664	1,907	477	177,048
Contributions		577,553	47,274	624,827
Other		406,290		406,290
Total revenues	<u>61,869,699</u>	<u>20,712,197</u>	<u>3,205,373</u>	<u>85,787,269</u>
Expenditures:				
Current:				
General government	10,716,705		64,677	10,781,382
Public safety	3,811,908			3,811,908
Public works	2,590,010		5,225	2,595,235
Health and welfare	1,380,700		8,276	1,388,976
Library	538,850		89,179	628,029
Parks and recreation	405,563		193,750	599,313
Education	38,319,872		2,809,796	41,129,668
Debt service:				
Principal retirement	1,525,875			1,525,875
Interest and other charges	988,741	373,120		1,361,861
Capital outlay		33,434,801		33,434,801
Total expenditures	<u>60,278,224</u>	<u>33,807,921</u>	<u>3,170,903</u>	<u>97,257,048</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,591,475</u>	<u>(13,095,724)</u>	<u>34,470</u>	<u>(11,469,779)</u>
Other Financing Sources (Uses):				
Premium on bond anticipation notes		53,750		53,750
Transfers in from other funds	601,056	1,224,287		1,825,343
Transfers out to other funds	(1,965,651)	(186,000)		(2,151,651)
Total other financing sources (uses)	<u>(1,364,595)</u>	<u>1,092,037</u>	<u>-</u>	<u>(272,558)</u>
Net Change in Fund Balances	226,880	(12,003,687)	34,470	(11,742,337)
Fund Balances at Beginning of Year	<u>3,801,335</u>	<u>11,036,264</u>	<u>1,785,950</u>	<u>16,623,549</u>
Fund Balances at End of Year	<u>\$ 4,028,215</u>	<u>\$ (967,423)</u>	<u>\$ 1,820,420</u>	<u>\$ 4,881,212</u>

(Continued on next page)

**TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (11,742,337)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	31,404,641
Depreciation expense	(1,774,120)
Loss on disposition of capital assets	(519,180)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 30 days	(229,851)
Changes in deferred outflows related to pensions	(453,067)

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

Principal payments on bonds payable	1,525,876
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding	(28,729)
Amortization of premium	145,604
Accrued interest	(235,446)
Landfill post-closure costs	13,000
Change in compensated absences	(85,639)
Change in net pension liability	489,499
Change in deferred inflows related to pension	(361,708)
Change in total OPEB liability	2,896,529
Change in deferred inflows related to OPEB	(2,999,634)

The net expense of the internal service funds is reported with governmental activities.	<u>(544,168)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 17,501,270</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Enterprise Funds</u>			<u>Activities</u>
	<u>Major Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>	<u>Service Fund</u>
			<u>Funds</u>	
Assets:				
Current assets:				
Receivables:				
User charges, net	\$ 53,249	\$ 77,361	\$ 130,610	\$ -
Other		1,130	1,130	29,408
Due from other funds	680,715	1,269,369	1,950,084	233,225
Total current assets	<u>733,964</u>	<u>1,347,860</u>	<u>2,081,824</u>	<u>262,633</u>
Noncurrent assets:				
Receivables:				
Assessments	1,659,496	163,250	1,822,746	
Capital assets, nondepreciable	682,577	301,708	984,285	
Capital assets, net of accumulated depreciation	<u>19,625,813</u>	<u>4,856,379</u>	<u>24,482,192</u>	
Total noncurrent assets	<u>21,967,886</u>	<u>5,321,337</u>	<u>27,289,223</u>	<u>-</u>
Total assets	<u>22,701,850</u>	<u>6,669,197</u>	<u>29,371,047</u>	<u>262,633</u>
Deferred outflows of resources:				
Deferred charge in refunding	<u>66,936</u>	<u>13,814</u>	<u>80,750</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	62,490	24,066	86,556	
Accrued liabilities		23,352	23,352	
Accrued interest payable	16,847	32,308	49,155	
Due to other funds		73,331	73,331	
Unearned revenue	428,237		428,237	
Claims incurred but not reported			-	431,172
Bonds, notes and loans payable	<u>439,997</u>	<u>118,282</u>	<u>558,279</u>	
Total current liabilities	<u>947,571</u>	<u>271,339</u>	<u>1,218,910</u>	<u>431,172</u>
Noncurrent liabilities:				
Bonds, notes and loans payable and related liabilities	4,162,385	1,519,546	5,681,931	
Net pension liability	<u>24,603</u>	<u>43,022</u>	<u>67,625</u>	
Total noncurrent liabilities	<u>4,186,988</u>	<u>1,562,568</u>	<u>5,749,556</u>	<u>-</u>
Total liabilities	<u>5,134,559</u>	<u>1,833,907</u>	<u>6,968,466</u>	<u>431,172</u>
Net Position:				
Investment in capital assets	15,772,944	3,534,073	19,307,017	
Unrestricted	<u>1,861,283</u>	<u>1,315,031</u>	<u>3,176,314</u>	<u>(168,539)</u>
Total Net Position	<u>\$ 17,634,227</u>	<u>\$ 4,849,104</u>	<u>\$ 22,483,331</u>	<u>\$ (168,539)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Enterprise Funds</u>			<u>Activities</u>
	<u>Major Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>	<u>Service Fund</u>
			<u>Funds</u>	
Operating Revenues:				
Charges for services	\$ 1,030,377	\$ 435,537	\$ 1,465,914	\$ 6,018,150
Other	32,371	175	32,546	
Total operating revenues	<u>1,062,748</u>	<u>435,712</u>	<u>1,498,460</u>	<u>6,018,150</u>
Operating Expenses:				
Medical claims			-	5,903,440
Administration			-	658,878
Personnel services		271,194	271,194	
Repairs and maintenance		24,517	24,517	
Contracted and purchased services	764,188	36,722	800,910	
Materials and supplies		98,394	98,394	
Utilities	10,258	54,609	64,867	
Depreciation expense	357,713	145,967	503,680	
Total operating expenses	<u>1,132,159</u>	<u>631,403</u>	<u>1,763,562</u>	<u>6,562,318</u>
Operating Loss	<u>(69,411)</u>	<u>(195,691)</u>	<u>(265,102)</u>	<u>(544,168)</u>
Nonoperating Revenues:				
Assessments	43,075	12,329	55,404	
Income on investments	2,564	1,381	3,945	
Interest expense	<u>(57,957)</u>	<u>(68,923)</u>	<u>(126,880)</u>	
Total nonoperating expenses	<u>(12,318)</u>	<u>(55,213)</u>	<u>(67,531)</u>	<u>-</u>
Loss Before Transfers	(81,729)	(250,904)	(332,633)	(544,168)
Transfers In	545,625	195,739	741,364	
Transfers Out	<u>(315,056)</u>	<u>(100,000)</u>	<u>(415,056)</u>	
Change in Net Position	148,840	(155,165)	(6,325)	(544,168)
Net Position at Beginning of Year, as Restated	<u>17,485,387</u>	<u>5,004,269</u>	<u>22,489,656</u>	<u>375,629</u>
Net Position at End of Year	<u>\$ 17,634,227</u>	<u>\$ 4,849,104</u>	<u>\$ 22,483,331</u>	<u>\$ (168,539)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Funds		Total Enterprise Funds	Internal Service Fund
	Water	Water		
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 859,716	\$ 862,815	\$ 1,722,531	\$ 6,675,283
Receipts from interfund services provided			-	
Payments to suppliers	(774,651)	(321,841)	(1,096,492)	(658,878)
Payments to employees	(67,974)	(292,941)	(360,915)	
Claims paid			-	(6,016,405)
Net cash provided by (used in) operating activities	17,091	248,033	265,124	-
Cash Flows from Noncapital Financing Activities:				
Assessments	278,553	66,815	345,368	
Transfers from other funds	545,625	195,739	741,364	
Transfers to other funds	(315,056)	(100,000)	(415,056)	
Net cash provided by (used in) noncapital financing activities	509,122	162,554	671,676	-
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment		(245,993)	(245,993)	
Principal payments (bonds and notes)	(424,360)	(121,824)	(546,184)	
Interest payments	(104,417)	(44,151)	(148,568)	
Net cash provided by (used in) capital and related financing activities	(528,777)	(411,968)	(940,745)	-
Cash Flows from Investing Activities:				
Interest on investments	2,564	1,381	3,945	
Net cash provided by (used in) investing activities	2,564	1,381	3,945	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	-	-	-	-
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (69,411)	\$ (195,691)	\$ (265,102)	\$ (544,168)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	357,713	145,967	503,680	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	12,743	(10,472)	2,271	(29,408)
(Increase) decrease in due from other funds	(59,944)	364,244	304,300	686,541
Increase (decrease) in due to other funds	(155,831)	73,331	(82,500)	
Increase (decrease) in accounts payable	(205)	(107,599)	(107,804)	
Increase (decrease) in accrued liabilities		8,965	8,965	
Increase (decrease) in net pension liability	(67,974)	(30,712)	(98,686)	
Increase (decrease) in claims payable			-	(112,965)
Total adjustments	86,502	443,724	530,226	544,168
Net Cash Provided by (Used in) Operating Activities	\$ 17,091	\$ 248,033	\$ 265,124	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ _____	\$ 260,940	\$ 558,828
Investments, at fair value:			
Mutual funds	<u>23,663,685</u>	_____	_____
Receivables:			
Contributions	166,964		
Accrued interest and dividends	<u>527</u>		
Total receivables	<u>167,491</u>	<u>-</u>	<u>-</u>
Total assets	<u>23,831,176</u>	<u>260,940</u>	<u>\$ 558,828</u>
Liabilities:			
Fiduciary deposits	_____	_____	<u>\$ 558,828</u>
Net Position:			
Restricted for Pension Benefits	<u>\$ 23,831,176</u>	<u>\$ 260,940</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF LEDYARD, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 1,278,376	\$
Plan members	256,415	
Private contributions		8,248
Total contributions	<u>1,534,791</u>	<u>8,248</u>
Investment earnings:		
Net change in fair value of investments	858,607	
Interest	808,373	
Dividends		607
Total investment earnings	<u>1,666,980</u>	<u>607</u>
Less investment expenses:		
Investment management fees	<u>78,055</u>	
Net investment earnings	<u>1,588,925</u>	<u>607</u>
Total additions	<u>3,123,716</u>	<u>8,855</u>
Deductions:		
Benefits	1,088,259	
Administration	30,473	
Scholarships awarded		28,000
Total deductions	<u>1,118,732</u>	<u>28,000</u>
Change in Net Position	2,004,984	(19,145)
Net Position at Beginning of Year	<u>21,826,192</u>	<u>280,085</u>
Net Position at End of Year	<u>\$ 23,831,176</u>	<u>\$ 260,940</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Ledyard (the Town) was incorporated in 1836 and covers an area of 40.5 square miles. The Town operates under the provisions of its Charter and General Statutes of the State of Connecticut (the Statutes). The Mayor, who is the chief executive officer, is directly responsible for the administration of all departments, agencies, and offices. The Town provides the following services: general government, public safety, public works, parks and recreation, library, health and welfare services, water pollution control and education.

The legislative power of the Town is vested in the Town Council, which consists of nine members, unless otherwise provided by the Charter. The Department of Finance, under the supervision of the Director of Finance (appointed by the Mayor), is responsible for keeping accounts and financial records, the assessment and collection of taxes, the collection of special assessments and other revenues, the custody and disbursement of Town funds, the control over expenditures and such other powers and duties as may be required by ordinance or resolution of the Town Council. The Town Treasurer, appointed by the Town Council, has all power and duties conferred or imposed by law.

The Town has the power to incur indebtedness by issuing bonds and notes as provided by the General Statutes.

Accounting principles generally accepted in the United States of America (GAAP) as prescribed by Governmental Accounting Standards Board (GASB) require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no entities that are required to be reported as component units.

B. Accounting Standards Adopted in the Current Year

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The implementation of this statement added additional disclosures to Note 11 and total OPEB liability to the government-wide financial statements. In addition, beginning net position of the governmental activities was restatement as disclosed in Note 12.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The implementation of this statement had no impact on the Town's financial statements.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

GASB Statement No 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans

The implementation of this statement had no impact on the Town’s financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this statement had no impact on the Town’s financial statements.

C. Basis of Presentation

The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Under this method, 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. Agency fund financial statements are on the accrual basis with no measurement focus.

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 except for debt service expenditures, expenditures related to compensated absences, pension expense, landfill closure and post closure costs, other post-employment costs, and claims and judgments which are recorded only when payment is due.

Property taxes when levied for, charges for services, and interest associated with the current fiscal period and intergovernmental revenues when eligibility requirements are met are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the Town's water operations.

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Additionally, the Town reports the following fund types:

Internal Service Fund

Used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost-reimbursement basis. The Town's internal service fund is its Medical Self-Insurance Fund.

Fiduciary Fund Types

These funds account for assets held by the government in a trustee's capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs.

The *Pension Trust Fund* accounts for the activities of the Ledyard Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Private-Purpose Trust Funds* are used to account for resources restricted for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance bonds.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Accounting 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, when purchased, such as certificates of deposit and investment pools.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Investments

All investments are stated at fair value.

G. Receivables and Payables

Property Taxes

Property taxes are assessed as of October 1 and are levied the following July 1. Taxes are due and payable in equal installments on July 1, and January 1, following the date of the Grand List. Interest of 1 ½% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. An amount of \$112,000 has been established as an allowance for uncollectible taxes.

Allowance for Doubtful Accounts

Accounts receivable, including property taxes receivable, are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts that are deemed uncollectible based upon past collection history and management's assessment of creditor's ability to pay.

Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds".

H. Inventory

Purchased inventory for the school cafeteria fund, a special revenue fund, is valued at lower of cost or market (first-in, first-out method). USDA donated commodities are valued at market value plus the amount disbursed for processing and storage charges. Expenditures are recognized when consumed.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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, works of art and similar items are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**TOWN OF LEDYARD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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

<u>Assets</u>	<u>Years</u>
Buildings	50 years
Building improvements	20-50 years
Distribution and collection systems	75 years
Public domain infrastructure	75 years
Machinery and equipment	5-20 years

Capital outlay is reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

J. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts due, for example, as a result of employee resignations and retirements. The general fund is typically used to liquidate the liability.

K. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The Town reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense and OPEB expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

N. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued, including capital leases, 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. Principal payments, and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

Equity in the government-wide financial statements is defined as “net position.” Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The components of net position are detailed below:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets net of unexpended proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position

These amounts are restricted to specific purposes when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted Net Position

This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance

These amounts are restricted to specific purposes when constraints placed on the use of resources by external parties, such as debt covenants, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Ledyard Board of Finance is the highest level of decision making authority for the Town and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned Fund Balance

For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance, who has been delegated to assign amounts by the Town Charter.

Unassigned Fund Balance

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town’s practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

P. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

- The Mayor compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Board of Education files a detailed estimate of expenditures with the Mayor for transmittal to the Town Council. The Town Council, after its review process, prepares and presents a recommended budget for Town Meeting approval.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Town Council and, if necessary, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- Individual additional appropriations of less than 1% of the current tax levy can be made by the Town Council, the accumulative total of which cannot exceed 2% of the current tax levy. During the year the General Fund budget was increased by \$70,000 from additional appropriations from the Town Council.
- Additional appropriations of more than 1%, and any resolution authorizing the issuance of bonds or notes or other borrowings, require Town Meeting approval. Upon request by the Mayor, during the last three months of the fiscal year, the Town Council may transfer any unencumbered appropriation, or portion thereof, from one department, commission, board, or office to another. No transfer may be made from any appropriation for debt service and other statutory charges.
- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year.
- The Town has adopted a fund balance reserve policy and has set the minimum undesignated/ unreserved balance for the General Fund at an amount equal to 7% of current year General Fund expenditures. The Town will avoid the appropriation of fund balance for recurring operating expenditures.

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, encumbrance outstanding at year end are reported in budgetary reports (RSI-1) as expenditures in the current year. Encumbered appropriation in the general fund are not re-appropriated in the ensuing year's budget but are carried forward.

**TOWN OF LEDYARD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

B. Fund Deficits

At June 30, 2018, the Town reported deficit fund balance/net position in the following funds:

Capital Projects Fund	\$	967,423
Internal Service Fund		168,539

The Capital Projects fund deficit will be eliminated by grant funding and future bonding. The Internal Service Fund deficit will be eliminated by transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be returned to it. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$31,077,595 of the Town’s bank balance of \$32,354,808 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	27,842,114
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>3,235,481</u>
Total Amount Subject to Custodial Risk	\$	<u><u>31,077,595</u></u>

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

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2018, the Town's cash equivalents amounted to \$3,285,044. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Investments

At June 30, 2018, the Town's investments (all pension trust fund investments) consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Other investments:	
Mutual funds	\$ <u>23,663,685</u>
Total Investments	\$ <u><u>23,663,685</u></u>

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town policy is to pre-qualify all financial institutions that it will do business with. The Town has no amounts subject to custodial credit risk.

Interest Rate Risk

The Town's investment policy limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

Connecticut state statutes limit the investment options of cities and towns. The Town has adopted an investment policy that allows the same type of investments as state statutes.

Concentration of Credit Risk

The Town's investment policy requires diversification by limiting investments to avoid overconcentration in securities from a specific issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

**TOWN OF LEDYARD, CONNECTICUT
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Fair Value

The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1

Quoted prices in active markets for identical assets and liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

Level 3

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>June 30, 2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ <u>23,663,685</u>	\$ <u>23,663,685</u>	\$ <u>-</u>	\$ <u>-</u>

**TOWN OF LEDYARD, CONNECTICUT
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4. RECEIVABLES

Receivable balances have been disaggregated by type and presented separately in the fund financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2018, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes		
	Taxes	Interest and Lien Fees	Total
Accounts receivable	\$ 551,301	\$ 137,051	\$ 688,352
Less allowance for uncollectible accounts	<u>(76,000)</u>	<u>(36,000)</u>	<u>(112,000)</u>
Net Accounts Receivable	<u>\$ 475,301</u>	<u>\$ 101,051</u>	<u>\$ 576,352</u>
	Use Charge Receivable		
	Water Department	Sewer Department	Total
Accounts receivable	\$ 55,249	\$ 79,361	\$ 134,610
Less allowance for uncollectible accounts	<u>(2,000)</u>	<u>(2,000)</u>	<u>(4,000)</u>
Net Accounts Receivable	<u>\$ 53,249</u>	<u>\$ 77,361</u>	<u>\$ 130,610</u>

There is no allowance applied to water and sewer assessments receivable since the amounts due are liened and the lien remains with the property.

**TOWN OF LEDYARD, CONNECTICUT
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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,302,510	\$ 8,178	\$ -	\$ -	\$ 6,310,688
Construction in progress	<u>7,054,280</u>	<u>28,183,394</u>	<u>-</u>	<u>(34,888,920)</u>	<u>348,754</u>
Total capital assets not being depreciated	<u>13,356,790</u>	<u>28,191,572</u>	<u>-</u>	<u>(34,888,920)</u>	<u>6,659,442</u>
Capital assets being depreciated:					
Land improvements	1,961,246	25,355	-	-	1,986,601
Buildings and improvements	55,608,947	1,843,788	899,906	34,888,920	91,441,749
Machinery and equipment	4,261,470	374,022	-	-	4,635,492
Vehicles	8,174,206	969,904	1,353,133	-	7,790,977
Infrastructure	<u>8,592,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,592,380</u>
Total capital assets being depreciated	<u>78,598,249</u>	<u>3,213,069</u>	<u>2,253,039</u>	<u>34,888,920</u>	<u>114,447,199</u>
Less accumulated depreciation for:					
Land improvements	733,600	55,942	-	-	789,542
Buildings and improvements	17,577,219	933,054	585,228	-	17,925,045
Machinery and equipment	2,351,639	216,052	-	-	2,567,691
Vehicles	4,874,709	387,333	1,148,631	-	4,113,411
Infrastructure	<u>2,106,849</u>	<u>181,739</u>	<u>-</u>	<u>-</u>	<u>2,288,588</u>
Total accumulated depreciation	<u>27,644,016</u>	<u>1,774,120</u>	<u>1,733,859</u>	<u>-</u>	<u>27,684,277</u>
Total capital assets being depreciated, net	<u>50,954,233</u>	<u>1,438,949</u>	<u>519,180</u>	<u>34,888,920</u>	<u>86,762,922</u>
Governmental Activities Capital Assets, Net	<u>\$ 64,311,023</u>	<u>\$ 29,630,521</u>	<u>\$ 519,180</u>	<u>\$ -</u>	<u>\$ 93,422,364</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 984,285	\$ -	\$ -	\$ -	\$ 984,285
Construction in progress	<u>1,158,058</u>	<u>245,993</u>	<u>-</u>	<u>(1,404,051)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,142,343</u>	<u>245,993</u>	<u>-</u>	<u>(1,404,051)</u>	<u>984,285</u>
Capital assets being depreciated:					
Buildings and improvements	66,163	-	-	-	66,163
Distribution and collection system	30,614,904	-	-	1,404,051	32,018,955
Machinery and equipment	770,525	-	-	-	770,525
Vehicles	<u>124,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,337</u>
Total capital assets being depreciated	<u>31,575,929</u>	<u>-</u>	<u>-</u>	<u>1,404,051</u>	<u>32,979,980</u>
Less accumulated depreciation for:					
Buildings and improvements	37,216	1,654	-	-	38,870
Distribution and collection system	7,281,935	482,800	-	-	7,764,735
Machinery and equipment	562,519	16,361	-	-	578,880
Vehicles	<u>112,438</u>	<u>2,865</u>	<u>-</u>	<u>-</u>	<u>115,303</u>
Total accumulated depreciation	<u>7,994,108</u>	<u>503,680</u>	<u>-</u>	<u>-</u>	<u>8,497,788</u>
Total capital assets being depreciated, net	<u>23,581,821</u>	<u>(503,680)</u>	<u>-</u>	<u>1,404,051</u>	<u>24,482,192</u>
Business-Type Activities Capital Assets, Net	<u>\$ 25,724,164</u>	<u>\$ (257,687)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,466,477</u>

**TOWN OF LEDYARD, CONNECTICUT
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Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 103,042
Public safety	571,667
Public works	374,105
Health and welfare	17,135
Library	21,752
Parks and recreation	37,578
Education	<u>648,841</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>1,774,120</u></u>
 Business-type activities:	
Water Fund	\$ 357,713
Sewer Fund	<u>145,967</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>503,680</u></u>

Construction Commitments

The Town had construction commitments as follows at year end:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Gallup Hill School	\$ 14,563,722	\$ 9,102,297
Ledyard Middle School	<u>18,477,520</u>	<u>11,248,830</u>
	<u>\$ 33,041,242</u>	<u>\$ 20,351,127</u>

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. INTERFUND BALANCES AND TRANSFERS

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 13,072
Capital projects	General fund	23,356,003
Nonmajor governmental funds	General fund	2,108,767
Water fund	General fund	607,384
Water fund	Sewer fund	73,331
Sewer fund	General fund	1,269,369
Internal service fund	General fund	<u>233,225</u>
	Total	<u>\$ 27,661,151</u>

The General Fund holds primarily all the cash for the Town and the resulting due to/from other results from these cash allocations.

Interfund Transfers

A summary of interfund transfers as of June 30, 2018 is as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Transfers Out:					
General fund	\$	\$ 1,224,287	\$ 545,625	\$ 195,739	\$ 1,965,651
Capital projects fund	186,000				186,000
Water fund	315,056				315,056
Sewer fund	<u>100,000</u>				<u>100,000</u>
Transfers In	<u>\$ 601,056</u>	<u>\$ 1,224,287</u>	<u>\$ 545,625</u>	<u>\$ 195,739</u>	<u>\$ 2,566,707</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. Transfers out from the General fund are various capital improvements for capital non-recurring items and board of education capital items. The General fund also transfers amounts to the water and sewer fund for operating cost.

Short-Term Obligations

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

**TOWN OF LEDYARD, CONNECTICUT
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Short-term obligation activity for the year ended June 30, 2018 was as follows:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
11/9/17	2/8/18	2.00%	\$ -	\$ 25,000,000	\$ 25,000,000	\$ -
2/8/18	6/13/18	2.00%	-	25,000,000	25,000,000	-
6/13/18	6/12/19	2.75%	-	20,000,000	-	20,000,000

7. CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 33,401,648	\$ -	\$ 1,525,876	\$ 31,875,772	\$ 2,368,204
Premium	2,840,485	-	145,604	2,694,881	-
Total bonds, notes and premiums	36,242,133	-	1,671,480	34,570,653	2,368,204
Landfill post-closure costs	143,000	-	13,000	130,000	13,000
Compensated absences	1,148,552	85,639	-	1,234,191	250,000
Total OPEB liability	14,539,822	-	2,896,529	11,643,293	-
Net pension liability	6,483,690	-	489,499	5,994,191	-
Total Governmental Activities Long-Term Liabilities	\$ 58,557,197	\$ 85,639	\$ 5,070,508	\$ 53,572,328	\$ 2,631,204
Business-Type Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 6,621,083	\$ -	\$ 537,484	\$ 6,083,599	\$ 558,279
Premium	165,311	-	8,700	156,611	-
Total bonds, notes and premiums	6,786,394	-	546,184	6,240,210	558,279
Net pension liability	166,311	-	98,686	67,625	-
Total Business-Type Activities Long-Term Liabilities	\$ 6,952,705	\$ -	\$ 644,870	\$ 6,307,835	\$ 558,279

All long-term liabilities for the governmental activities are generally liquidated by the General Fund.

The Town had previously issued refunding debt that is considered defeased until called. The balance in escrow was \$4,119,177 at June 30, 2018. The outstanding balance of the defeased bonds as of June 30, 2018 is \$3,975,000

**TOWN OF LEDYARD, CONNECTICUT
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General Obligation Bonds and Notes

General obligation bonds and notes outstanding as of June 30, 2018 consisted of the following:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2018</u>
Governmental Activities:					
General purpose:					
Refunding improvement bonds	\$ 1,755,000	05/25/16	06/30/29	1.00-4.00%	\$ 1,182,654
Refunding bonds	3,845,000	10/01/13	10/01/33	2.00-4.00%	3,073,907
Improvement bonds	<u>6,561,000</u>	05/25/16	06/30/36	2.75-5.00%	<u>6,221,000</u>
Total general purpose	<u>12,161,000</u>				<u>10,477,561</u>
School:					
Refunding improvement bonds	2,975,000	05/25/16	06/30/29	1.00-4.00%	2,143,000
Improvement bonds	860,000	10/01/13	10/01/33	2.00-4.00%	686,092
Improvement bonds	15,000,000	05/17/17	07/15/36	3.00-5.00%	15,000,000
Improvement bonds	<u>34,250</u>	05/25/16	06/30/24	4.00-5.00%	<u>29,250</u>
Total school	<u>18,869,250</u>				<u>17,858,342</u>
Sewer:					
Refunding improvement bonds	45,000	05/25/16	06/30/29	1.00-4.00%	<u>35,683</u>
Water:					
Refunding improvement bonds	2,910,000	05/25/16	06/30/29	1.00-4.00%	2,455,000
Clean Water notes	1,629,000	12/27/10	06/01/19	2.00%	1,044,436
Improvement bonds	<u>9,750</u>	05/25/16	06/30/24	4.00%	<u>4,750</u>
Total water	<u>4,548,750</u>				<u>3,504,186</u>
Total Bonds and Notes					<u>\$ 31,875,772</u>
					Balance
	<u>Original</u>	<u>Date of</u>	<u>Date of</u>	<u>Interest</u>	<u>Outstanding</u>
	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>June 30, 2018</u>
Business-Type Activities:					
Water Fund:					
Refunding bonds	\$ 1,250,000	05/25/16	06/30/29	1.00-4.00%	\$ 842,346
Drinking water	926,007	09/30/06	09/30/26	2.05%	428,334
Drinking water	<u>3,781,622</u>	02/27/15	03/31/35	2.00%	<u>3,211,602</u>
Total general purpose	<u>5,957,629</u>				<u>4,482,282</u>
Sewer Fund:					
Improvement bonds	1,300,000	05/17/17	09/30/26	3.00-5.00%	1,300,000
Refunding bonds	<u>380,000</u>	05/25/16	06/30/29	1.00-4.00%	<u>301,317</u>
Total general purpose	<u>1,680,000</u>				<u>1,601,317</u>
Total Bonds and Notes					<u>\$ 6,083,599</u>

**TOWN OF LEDYARD, CONNECTICUT
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The sewer improvement bonds are supported by means of an assessment program. The Clean Water loans will be supported by sewer use charges. All obligations are backed by the full faith and credit of the Town.

The annual debt service requirements of general obligation bonds and notes are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,368,204	\$ 1,142,592	\$ 558,279	\$ 115,489
2020	2,323,052	1,058,990	532,601	104,776
2021	2,217,407	970,735	439,541	95,545
2022	2,024,041	880,894	444,330	86,190
2023	2,021,603	807,053	448,321	76,756
2024-2028	9,185,951	2,815,349	1,784,167	262,830
2029-2033	7,305,514	1,275,377	1,496,389	103,971
2034-2037	4,430,000	262,325	379,971	8,479
	<u>\$ 31,875,772</u>	<u>\$ 9,213,315</u>	<u>\$ 6,083,599</u>	<u>\$ 854,036</u>

Statutory Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 78,053,054	\$ 10,477,561	\$ 67,575,493
Schools	156,106,107	68,693,342	87,412,765
Sewers	130,088,423	1,637,000	128,451,423
Urban renewal	112,743,300	-	112,743,300
Pension deficit	104,070,738	-	104,070,738

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$242,831,722.

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

Authorized/Unissued Bonds

At June 30, 2018, the Town had authorized unissued bonds as follows:

School	\$ <u>30,835,000</u>
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**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Landfill Closure and Post-Closure Care Costs

The Town closed its landfill in 1999. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 10 years at \$13,000 per year are \$130,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

8. FUND BALANCE

As of June 30, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Permanent fund principal	\$ _____	\$ _____	\$ 41,914	\$ 41,914
Restricted for:				
Housing Rehab			47,461	47,461
Endowments			56,111	56,111
Animal control			16,669	16,669
Miscellaneous grants			997	997
Library management			30,129	30,129
Education grants			221,057	221,057
Capital improvements			25,813	25,813
Total restricted	<u> -</u>	<u> -</u>	<u>398,237</u>	<u>398,237</u>
Committed for:				
Sawmill restoration			2,960	2,960
Assigned to:				
Debt service			1,259,436	1,259,436
Parks and recreation programs			117,873	117,873
Total assigned	<u> -</u>	<u> -</u>	<u>1,377,309</u>	<u>1,377,309</u>
Unassigned	<u>4,028,215</u>	<u>(967,423)</u>		<u>3,060,792</u>
Total Fund Balances	<u>\$ 4,028,215</u>	<u>\$ (967,423)</u>	<u>\$ 1,820,420</u>	<u>\$ 4,881,212</u>

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risk for the Town and Board of Education employees' medical claims. The retained medical coverage transactions and balances are reported in an internal service fund. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded insurance in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

A third party administers the medical insurance plans for which the Town pays a fee. The Town has purchased a stop loss policy for individual claims exceeding \$175,000.

The medical insurance funds are substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Medical Insurance			
	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2016-17	\$ 492,574	\$ 6,144,196	\$ (6,092,633)	\$ 544,137
2017-18	544,137	5,903,440	(6,016,405)	431,172

Commitments and Litigation

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

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

10. EMPLOYEE RETIREMENT PLANS

A. Pension Plan

Plan Description

Summary

The Town is the administrator of a single-employer defined benefit Public Employee Retirement System (PERS) established by Town Ordinance and administered by the Town to provide pension benefits for its employees. Plan provisions are determined by the various union contracts. The PERS is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial reports as a pension trust fund. The PERS does not issue a standalone report.

Valuation of Investments

Investments are valued at fair value. There are no investments of 5.0% or greater in any one organization.

Classes of Employees Covered

As of June 30, 2018, the plan’s membership consists of:

Retired members or beneficiaries currently receiving benefits	79
Vested terminated members entitled to but not yet receiving benefits	39
Active members	<u>91</u>
 Total Participants	 <u><u>209</u></u>

Benefit Provisions

Town and Public Works employees are eligible for a normal pension after attaining age 65 and shall be entitled to a retirement benefit equal to 1.5% of final average earnings multiplied by years of credited service. The maximum normal retirement benefits a member may receive is 50% of final average earnings. Non-certified Board of Education employees are eligible for a normal pension after attaining age 65 and shall be entitled to a retirement benefit equal to 1 % of final average earnings multiplied by years of credited service, not exceeding 30 years. Police employees are eligible for a normal pension after attaining age 55 and 10 years of credited service or any age with 25 years of credited service, but not later than age 65. Fire employees are eligible for a normal pension after attaining age 55 and 10 years of credited service, but not later than age 65. Police and Fire employees shall be entitled to a retirement benefit equal to 2% of final average earnings multiplied by years of credited service. The maximum benefit to be received annually is 75% of final average earnings. Vesting of benefits occurs on or after 5 years of credited service for Town, Public Works, Police and Fire employees and on or after 10 years of credited service for non-certified Board of Education employees.

Contributions

The Town’s contributions are actuarially determined on an annual basis using the entry age normal cost method. The Town’s contributions were 19% of covered payroll. Administration costs are financed from investment earnings. Employees are required to contribute 5% of earnings to the plan.

**TOWN OF LEDYARD, CONNECTICUT
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Assumed Rate of Return

The long-term expected rate of return was determined by using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 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	30.00	%	6.40	%
International developed markets equity	15.00		7.40	
Core fixed income	32.00		1.75	
Inflation hedge	20.00		4.90	
Cash	<u>3.00</u>		1.10	
Total	<u><u>100.00</u></u>	%		
Long-term expected rate of return				6.25%

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2018 were as follows:

Total pension liability	\$ 29,892,992
Plan fiduciary net position	<u>23,831,176</u>
Net Pension Liability	<u>\$ 6,061,816</u>
Plan fiduciary net position as a percentage of the total pension liability	79.72%
Covered payroll	\$ 5,681,648
Net pension liability as a percentage of the covered payroll	106.69%

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 28,476,193	\$ 21,826,192	\$ 6,650,001
Changes for the year:			
Service cost	714,639		714,639
Interest on total pension liability	1,790,419		1,790,419
Employer contributions		1,278,376	(1,278,376)
Member contributions		256,415	(256,415)
Net investment income		1,588,925	(1,588,925)
Benefit payments, including refund of employee contributions	(1,088,259)	(1,088,259)	-
Administrative expenses		(30,473)	30,473
Net changes	<u>1,416,799</u>	<u>2,004,984</u>	<u>(588,185)</u>
Balances as of June 30, 2018	<u>\$ 29,892,992</u>	<u>\$ 23,831,176</u>	<u>\$ 6,061,816</u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.96%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method Used	Entry Age Actuarial Cost Method
Mortality basis	RP-2014 (adjusted back to 2016) Healthy Annuitants tables projected to generationally with Scale MP-2017
Inflation	2.50%
Salary increases including inflation	4.00%
Investment rate of return	6.25%

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 was 6.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension Plan, calculated using the discount rate of 6.25% as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$ 9,562,656	\$ 6,061,816	\$ 3,101,809

For the fiscal year ended June 30, 2018, the recognized pension expense is \$1,504,996. As of June 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,056	\$ 36,595
Changes of assumptions	232,202	
Net difference between projected and actual earning on pension plan investments	<u>710,130</u>	<u>502,463</u>
Total	<u>\$ 1,049,388</u>	<u>\$ 539,058</u>

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

Year Ending June 30

2019	\$ 604,400
2020	101,657
2021	(153,369)
2022	(42,358)

B. Connecticut State Teachers' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

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

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF LEDYARD, CONNECTICUT
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>61,786,364</u>
Total	<u>\$ 61,786,364</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$7,146,877 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% 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%.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term 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%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

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 State contributions will be made at the actuarially determined contribution rates in the 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 Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

C. Employees Defined Contribution Plan

Plan Description

The Town has established a defined contribution plan for Non-Union Professionals hired after July 1, 2009; Town Hall Union employees hired after 7/1/2012; Supervisors Union employees hired after 7/1/2012; Nurses Union employees hired after 7/1/2013; Teamsters Union employees hired after 7/1/2012; Police Union employees hired after 7/1/2012; and Firefighters Union employees hired after 7/1/2013. It is a voluntary matching plan. As of June 30, 2018, the plan was administered by ING/Voya. The authority for establishing and amending plan provisions rests with the Town Council.

The Town matches up to 3% of employee contributions except for Police Union up to 5%, and Firefighters Union up to 6% and department heads up to 6%. Actual contributions to the plan for the year ended June 30, 2018 totaled \$373,381, which consisted of \$235,239 contributed by employees and \$138,142 contributed by the Town. The current year covered payroll for the plan is \$3,292,365.

The participants' employer contributions to their account are vested as follows:

Year 1	20%
Year 2	40%
Year 3	60%
Year 4	80%
Year 5	100%

The Town's matching contributions for Non-Union Professionals are determined by a "Resolution Establishing Administrator/Department Head Benefits," as adopted by Town Council. The Town's matching contributions for union employees are determined by collective bargaining agreements.

11. OTHER POST-EMPLOYMENT BENEFITS PLANS

A. Town OPEB Plan

Plan Description

The Town administers one single-employer, post-retirement healthcare plan for the Board of Education, the Town OPEB plan. The plan provides medical benefits to eligible retirees and their spouses. The Town OPEB plan is administered by the Town. Plan provisions are determined by union contract and may be amended by union negotiations.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2018, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

**TOWN OF LEDYARD, CONNECTICUT
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Benefit Provided

The Town plan provides for medical benefits for all eligible Board of Education retirees.

Eligibility

BOE Certified & Secretaries: An employee retiring shall be eligible to receive health benefits for self and spouse.

Normal Retirement

BOE Certified: Earlier of age 60 with 20 years of service or 35 years of service with no age requirement.

Secretaries: Age 65 with no service requirement.

Early Retirement

BOE Certified: Earliest of age 60 with 10 years of service, 25 years of service with no age requirement or age 55 with 20 years of service.

Secretaries: Age 55 with 10 years of service.

Cost Sharing: Retirees must pay 100% of the blended pre-65 medical premium rate for self and spouse, less the \$1,320 annual

CT Teachers' Retirement Board subsidy for BOE Certified.

Non-Medicare Retiree Plans: Board of Education Non-Medicare retirees receive Century Preferred or Lumenos HSA plans through Anthem.

These plans have both medical and prescription drug components.

Medicare Retiree Plans: Board of Education Medicare retirees receive fully insured Anthem Group Medicare plans. The medical component is covered by a Medicare Supplemental Plan F and the prescription drug component is covered by a BlueScript plan. The employer liability for these Medicare retirees is \$0. The retiree pays the full premium. Employees Covered by Benefit Terms.

Membership in the plan consisted of the following at July 1, 2017, the date of the last actuarial valuation.

Inactive employees currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	<u>176</u>
Total	<u><u>225</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$11,643,293 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%
Discount rate	3.58%
Healthcare cost trend rates	7.0 %, reduced 0.5% per year to an ultimate rate of 4.5%

The discount rate was based on the 20-bond GO Index.

Mortality rates were based on RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
	<u> </u>
Balances as of June 30, 2017	\$ <u>14,539,822</u>
Changes for the year:	
Service cost	448,146
Interest on total OPEB liability	421,537
Changes of benefit terms	
Difference between expected and actual experience	(1,828,205)
Changes in assumptions or other inputs	(1,543,592)
Benefit payments	<u>(394,415)</u>
Net changes	<u>(2,896,529)</u>
Balances as of June 30, 2018	\$ <u><u>11,643,293</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of July 1, 2016 to 3.58% as of July 1, 2017.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 (2.58%) or 1 percentage point higher (4.58%) than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 13,441,872	\$ 11,643,293	\$ 10,177,321

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 (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 10,029,487	\$ 11,643,293	\$ 13,679,846

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$497,520. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,626,416
Changes of assumptions or other inputs	_____	1,373,218
Total	\$ _____	\$ <u>2,999,634</u>

**TOWN OF LEDYARD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2019	\$ (372,163)
2020	(372,163)
2021	(372,163)
2022	(372,163)
2023	(372,163)
Thereafter	(1,138,819)

B. Connecticut State Teacher’s Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers’ Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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, and any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute and has not increased since July 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 who 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.

**TOWN OF LEDYARD, CONNECTICUT
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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). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

- Medicare Supplement with Prescriptions \$ 92
- Medicare Supplement with Prescriptions and Dental 136
- Medicare Supplement with Prescriptions, Dental, Vision & Hearing 141

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

Survivor Health Care Coverage

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

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

**TOWN OF LEDYARD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
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Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>15,903,105</u>
Total	<u>\$ 15,903,105</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$737,030 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial Assumptions

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

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating 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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

**TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

12. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 35,807,987
Adjustments:	
Eliminate Net OPEB Obligation reported per GASB No. 45	3,748,757
Record Total OPEB Liability per GASB No. 75	<u>(14,539,822)</u>
Balance July 1, 2017, as Restated	<u>\$ 25,016,922</u>

The following restatements were recorded to the beginning net position of the business-type activities/proprietary funds as a result of changes to water assessments receivable in prior periods:

Business-Type Activities	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 22,689,863
Correction	<u>(200,207)</u>
Balance July 1, 2017, as Restated	<u>\$ 22,489,656</u>
Proprietary Funds - Water Fund	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 17,685,594
Correction	<u>(200,207)</u>
Balance July 1, 2017, as Restated	<u>\$ 17,485,387</u>

13. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

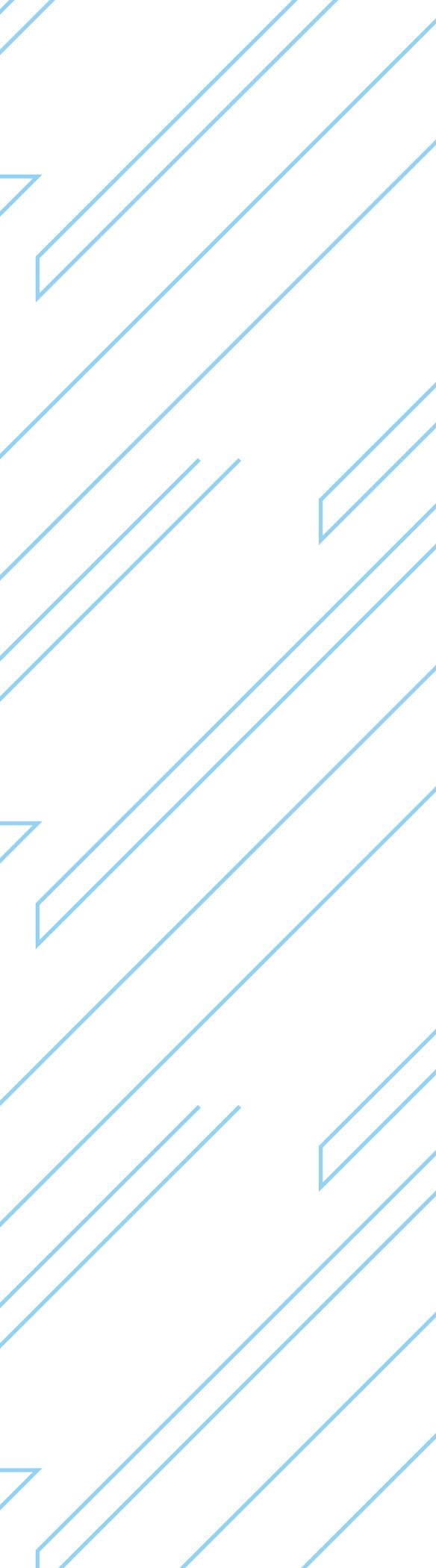
This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB 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 reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB 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 reporting periods beginning after December 15, 2019. Earlier application is encouraged.



Required Supplementary Information

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 35,948,432	\$ 35,948,432	\$ 36,825,006	\$ 876,574
Intergovernmental revenues	15,516,297	15,516,297	14,042,160	(1,474,137)
Charges for services	2,954,395	2,954,395	2,943,962	(10,433)
Investment income	35,000	35,000	174,664	139,664
Total revenues	<u>54,454,124</u>	<u>54,454,124</u>	<u>53,985,792</u>	<u>(468,332)</u>
Expenditures:				
Current:				
General government	1,375,097	1,314,906	1,314,864	42
Department of finance	947,186	939,244	939,241	3
Commissions	49,020	36,442	36,442	-
Boards and committees	4,000	3,146	3,146	-
Fixed charges	8,663,760	8,445,290	8,445,290	-
Public safety	3,579,027	3,811,957	3,811,908	49
Health and welfare	1,440,791	1,358,510	1,358,422	88
Public works	2,568,664	2,590,076	2,590,010	66
Library	605,785	538,850	538,850	-
Parks and recreation	476,708	405,563	405,563	-
Education	31,280,929	31,280,929	30,435,965	844,964
Debt service	2,178,562	2,514,616	2,514,616	-
Total expenditures	<u>53,169,529</u>	<u>53,239,529</u>	<u>52,394,317</u>	<u>845,212</u>
Excess of Revenues over Expenditures	<u>1,284,595</u>	<u>1,214,595</u>	<u>1,591,475</u>	<u>376,880</u>
Other Financing Uses:				
Appropriation of fund balance	100,000	170,000		(170,000)
Transfers in	581,056	581,056	601,056	20,000
Transfers out	(1,965,651)	(1,965,651)	(1,965,651)	-
Total other financing uses	<u>(1,284,595)</u>	<u>(1,214,595)</u>	<u>(1,364,595)</u>	<u>(150,000)</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,880</u>	<u>\$ 226,880</u>
Budget to GAAP Reconciliation:				
	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>		
Balance, budgetary basis	\$ 54,586,848	\$ 54,359,968		
State Teachers' Retirement on behalf payment for:				
OPEB	737,030	737,030		
Pension	<u>7,146,877</u>	<u>7,146,877</u>		
Balance, GAAP Basis	<u>\$ 62,470,755</u>	<u>\$ 62,243,875</u>		

TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 714,639	\$ 741,107	\$ 741,107	\$ 917,720	\$ 882,423
Interest on total pension liability	1,790,419	1,656,779	1,532,686	1,442,724	1,401,316
Changes of benefit terms					
Differences between expected and actual experience		296,538	(458,860)		
Changes of assumptions		543,177	452,665		
Benefit payments, including refunds of member contributions	<u>(1,088,259)</u>	<u>(1,057,539)</u>	<u>(986,331)</u>	<u>(845,509)</u>	<u>(644,882)</u>
Net change in total pension liability	1,416,799	2,180,062	1,281,267	1,514,935	1,638,857
Total pension liability - beginning	<u>28,476,193</u>	<u>26,296,131</u>	<u>25,014,864</u>	<u>23,499,929</u>	<u>21,861,072</u>
Total pension liability - ending	<u>29,892,992</u>	<u>28,476,193</u>	<u>26,296,131</u>	<u>25,014,864</u>	<u>23,499,929</u>
Plan fiduciary net position:					
Contributions - employer	1,278,376	1,057,393	1,109,374	1,075,000	969,442
Contributions - members	256,415	275,250	273,142	306,172	339,724
Net investment income (loss)	1,588,925	1,798,778	116,850	(147,618)	2,438,923
Benefit payments, including refunds of member contributions	<u>(1,088,259)</u>	<u>(1,057,539)</u>	<u>(986,331)</u>	<u>(845,509)</u>	<u>(644,882)</u>
Administrative expense	<u>(30,473)</u>	<u>(19,389)</u>	<u>(49,939)</u>	<u>(71,657)</u>	<u>(43,760)</u>
Net change in plan fiduciary net position	2,004,984	2,054,493	463,096	316,388	3,059,447
Plan fiduciary net position - beginning	<u>21,826,192</u>	<u>19,771,699</u>	<u>19,308,603</u>	<u>18,992,215</u>	<u>15,932,768</u>
Plan fiduciary net position - ending	<u>23,831,176</u>	<u>21,826,192</u>	<u>19,771,699</u>	<u>19,308,603</u>	<u>18,992,215</u>
Net Pension Liability - Ending	<u>\$ 6,061,816</u>	<u>\$ 6,650,001</u>	<u>\$ 6,524,432</u>	<u>\$ 5,706,261</u>	<u>\$ 4,507,714</u>
Plan fiduciary net position as a percentage of the total pension liability	79.72%	76.65%	75.19%	77.19%	80.82%
Covered payroll	\$ 5,681,648	\$ 5,809,341	\$ 5,884,824	\$ 7,935,812	\$ 7,630,588
Net pension liability as a percentage of covered payroll	106.69%	114.47%	110.87%	71.91%	59.07%
Discount rate at end of year	6.25%	6.25%	6.25%	6.25%	6.25%

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

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution*	\$ 1,241,142	\$ 1,057,393	\$ 1,026,595	\$ 1,168,151	\$ 1,123,041	\$ 904,786	\$ 946,741	\$ 908,471	\$ 960,792	\$ 1,133,968
Contributions in relation to the actuarially determined contribution	<u>1,278,376</u>	<u>1,057,393</u>	<u>1,109,374</u>	<u>1,075,000</u>	<u>969,442</u>	<u>900,000</u>	<u>941,813</u>	<u>960,792</u>	<u>1,000,000</u>	<u>1,231,247</u>
Contribution Deficiency (Excess)	<u>\$ (37,234)</u>	<u>\$ -</u>	<u>\$ (82,779)</u>	<u>\$ 93,151</u>	<u>\$ 153,599</u>	<u>\$ 4,786</u>	<u>\$ 4,928</u>	<u>\$ (52,321)</u>	<u>\$ (39,208)</u>	<u>\$ (97,279)</u>
Covered payroll	\$ 5,681,468	\$ 5,809,341	\$ 5,884,824	\$ 7,935,812	\$ 7,630,588	\$ 7,630,588	\$ 7,310,268	\$ 7,310,268	\$ 7,308,132	\$ 7,308,132
Contributions as a percentage of covered payroll	22.5%	18.2%	18.9%	13.5%	12.7%	11.8%	12.9%	13.1%	13.7%	16.8%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Amortization of unfunded liability with 3.00% per year increase, closed
Remaining amortization period	10 years remaining as of July 1, 2017
Asset valuation method	Market value
Projected pay increases	4.00%
Investment rate of return	6.25%, net of pension plan investment expense
Mortality (healthy participants)	RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2017.
Mortality (disabled participants)	RP-2006 Disability Mortality Table, projected with Scale MP-2017 for males and females

* Contribution amounts for fiscal year ending June 30, 2014 and prior are Annual Required Contribution (ARC) under GASB 27.

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION PLAN
LAST FIVE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:	6.96%	9.50%	0.81%	1.89%	14.93%

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

TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>61,786,364</u>	<u>65,185,087</u>	<u>48,803,952</u>	<u>34,017,535</u>
Total	<u>\$ 61,786,364</u>	<u>\$ 65,185,087</u>	<u>\$ 48,803,952</u>	<u>\$ 34,017,535</u>
Town's covered payroll	\$ 17,831,387	\$ 18,876,225	\$ 18,141,000	\$ 17,483,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

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

Notes to Schedule

Changes in benefit terms
Changes of assumptions

None

During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Investment rate of return

Entry age
Level percent of salary, closed
20.4 years
4-year smoothed market
8.50%, net of investment related expense

TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST FISCAL YEAR*

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 448,146
Interest	421,537
Changes of benefit terms	
Differences between expected and actual experience	(1,828,205)
Changes of assumptions and other inputs	(1,543,592)
Benefit payments	<u>(394,415)</u>
Net change in total OPEB liability	<u>(2,896,529)</u>
Total OPEB liability - beginning	<u>14,539,822</u>
 Total OPEB Liability - Ending	 <u>\$ 11,643,293</u>
 Covered-employee payroll	 N/A
 Total OPEB liability as a percentage of covered-employee payroll	 N/A

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

Notes to Schedule

Changes of assumptions

The per capita health costs were updated to reflect current experience. The trend rates were updated to better reflect anticipated future experience. The discount rate was increased from 2.85% to 3.58%.

The mortality rates for Secretaries were updated to the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with scale MP-2016.

The mortality, retirement, turnover and disability rates for BOE Certified were updated to reflect the Connecticut State Teachers' Retirement System Experience Study for the Five-Year Period Ended June 30, 2015.

TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>15,903,105</u>
Total	<u>\$ 15,903,105</u>
Town's covered payroll	\$ 17,831,387
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.
	Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.
	As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation



General Fund

General Fund

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

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
Property taxes:				
Property Taxes, Current	\$ 35,429,203	\$ 35,429,203	\$ 36,184,885	\$ 755,682
Arrears	308,024	308,024	376,966	68,942
Interest	171,965	171,965	237,008	65,043
Suspense Tax Collections	35,495	35,495	11,327	(24,168)
Liens	3,745	3,745	14,820	11,075
Total property taxes	<u>35,948,432</u>	<u>35,948,432</u>	<u>36,825,006</u>	<u>876,574</u>
Intergovernmental:				
Telephone Line Grants	40,000	40,000	25,320	(14,680)
Pilot: State Property	454,958	454,958	347,196	(107,762)
Property Tax Relief-Elderly	76,312	76,312		(76,312)
Disabled Reimbursement	1,212	1,212	969	(243)
Civil Preparedness Reimb	29,570	29,570		(29,570)
Additional Veterans Grant	4,402	4,402	4,360	(42)
Miscellaneous State Grants			20,699	20,699
Pequot Fund	930,801	930,801	878,678	(52,123)
Stabilization Grant			328,085	328,085
Munic Rev Sharing-Sales Tax	442,811	442,811	421,085	(21,726)
Munic Rev Sharing-Select Pilot	3,012	3,012		(3,012)
Police Grants	2,000	2,000	650	(1,350)
Dui Grant Reimbursement	40,000	40,000	14,930	(25,070)
Dispatch--Preston	25,000	25,000	25,000	-
LYS Grant Dep Of Education	17,894	17,894	21,498	3,604
Pilot: Sr Housing Authority	8,200	8,200	8,366	166
LYS Grant Enrichment	5,000	5,000		(5,000)
Federal Public Law 874	500,000	500,000	920,350	420,350
Vo-Ag Stabilization Funding	709,151	709,151	638,309	(70,842)
Education Cost Sharing	8,115,138	8,115,138	10,386,665	2,271,527
Special education grant	4,110,836	4,110,836		(4,110,836)
Total Intergovernmental	<u>15,516,297</u>	<u>15,516,297</u>	<u>14,042,160</u>	<u>(1,474,137)</u>
Charges for services:				
Aco Fees	1,500	1,500	1,105	(395)
Miscellaneous	40,000	40,000	218,889	178,889
Gales Ferry Landing Leasing	36,000	36,000	31,459	(4,541)
Red Wolf antennae lease	55,000	55,000	68,141	13,141
Town Clerk Fees	89,500	89,500	103,417	13,917
Zoning/Wetlands/Zba Fees	14,000	14,000	14,302	302
Assessor's fees	1,200	1,200	1,083	(117)
Planning	7,500	7,500	9,264	1,764
Other License/Permit Fee	4,000	4,000	1,315	(2,685)
Town Clerk Dog License Fees	10,200	10,200	8,207	(1,993)
Building permit fees	87,500	87,500	117,092	29,592
WPCA - contribution to finance office	40,000	40,000	40,000	-
Lester House Rent			7,333	7,333
Dispatch Regionalization	56,000	56,000	55,637	(363)

(Continued on next page)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services (continued):				
Fire Police Charges	\$ 2,000	\$ 2,000	\$	\$ (2,000)
Police Ot	50,000	50,000	78,495	28,495
Permit Fee	10,000	10,000	5,075	(4,925)
Records Fee	2,400	2,400	2,462	62
Senior Center Fees	11,000	11,000	8,988	(2,012)
Public Health Nursing Fees	965,000	965,000	946,094	(18,906)
Tipping Fees	68,000	68,000	63,230	(4,770)
Recycling Fees	6,000	6,000	10,698	4,698
Library Fees	4,800	4,800	3,132	(1,668)
Program Registration Fees	47,000	47,000	3,752	(43,248)
Miscellaneous			3,666	3,666
Vo Ag Tuition	1,125,795	1,125,795	961,393	(164,402)
Special Education Tuition	150,000	150,000	78,944	(71,056)
Non Resident Tuition	70,000	70,000	100,789	30,789
Total charges for services	<u>2,954,395</u>	<u>2,954,395</u>	<u>2,943,962</u>	<u>(10,433)</u>
Investment income:				
Interest on deposits	<u>35,000</u>	<u>35,000</u>	<u>174,664</u>	<u>139,664</u>
Total revenues	<u>54,454,124</u>	<u>54,454,124</u>	<u>53,985,792</u>	<u>(468,332)</u>
Other financing sources:				
Appropriation of fund balance	100,000	170,000		(170,000)
Transfers in:				
LVES - contributions for services	166,000	166,000	186,000	20,000
Water and Sewer Funds	<u>415,056</u>	<u>415,056</u>	<u>415,056</u>	<u>-</u>
Total other financing sources	<u>681,056</u>	<u>751,056</u>	<u>601,056</u>	<u>(150,000)</u>
Total Revenues and Other Financing Sources	<u>\$ 55,135,180</u>	<u>\$ 55,205,180</u>	<u>\$ 54,586,848</u>	<u>\$ (618,332)</u>

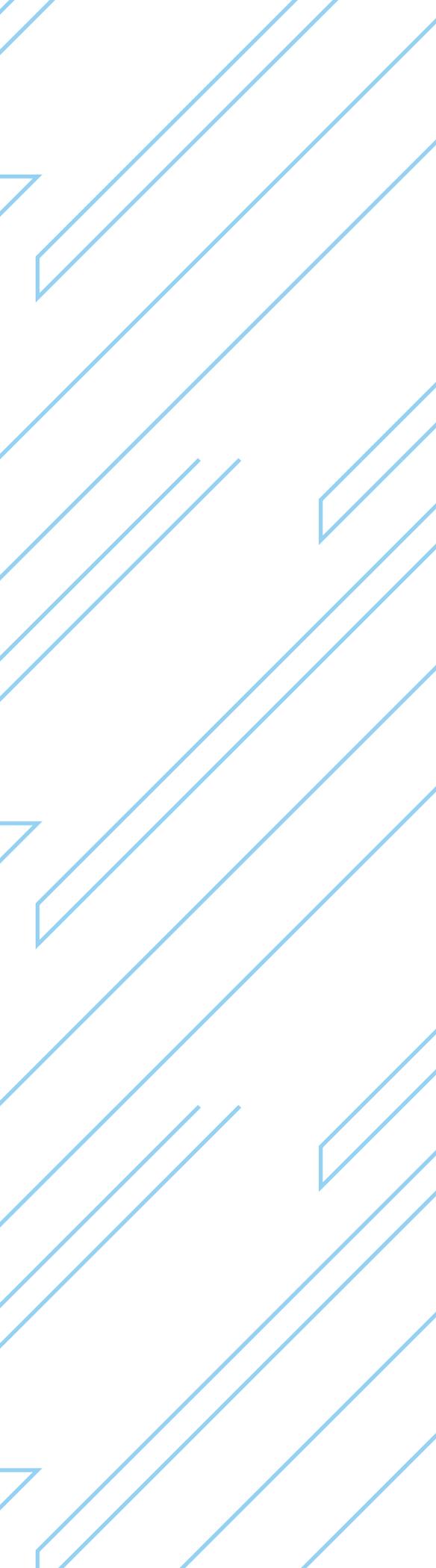
**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures:				
General government:				
Town Council	\$ 201,210	\$ 227,836	\$ 227,837	\$ (1)
Mayor's office	221,494	202,015	202,015	-
Administrative support	111,872	93,924	93,924	-
Gales Ferry Landing	46,243	22,983	22,968	15
Legal services	50,000	66,342	66,342	-
Probate	7,772	7,870	7,870	-
Registrar of voters	38,100	38,529	38,529	-
Election expense	23,400	16,170	16,164	6
Human resources staff	111,007	110,322	110,304	18
Building department	103,025	100,409	100,409	-
Planning director	75,411	61,696	61,692	4
Town clerk	135,820	132,601	132,601	-
Zoning department	88,642	101,197	101,197	-
Senior citizens	161,101	133,012	133,012	-
Total general government	1,375,097	1,314,906	1,314,864	42
Department of finance:				
Director of finance	420,246	421,354	421,354	-
Assessor's office	119,325	116,294	116,294	-
Tax collector	121,350	114,364	114,362	2
Manager information systems	286,265	287,232	287,231	1
Total department of finance	947,186	939,244	939,241	3
Commissions:				
Conservation	3,050	878	878	-
Historic district	18,370	27,248	27,248	-
Inland wetland and water course	1,000	65	65	-
Charter revision	12,000			-
Planning	8,000	2,340	2,340	-
Economic development	6,600	5,911	5,911	-
Total commissions	49,020	36,442	36,442	-
Boards and committees:				
Zoning board of appeals	2,000	1,146	1,146	-
Cemetery committee	2,000	2,000	2,000	-
Total boards and commissions	4,000	3,146	3,146	-
Fixed charges:				
Healthcare - general government	1,136,995	1,130,368	1,118,491	11,877
Healthcare - board of education	4,179,284	3,989,501	3,989,499	2
Healthcare - firefighters	106,213	106,213	78,815	27,398
Healthcare - teamster	369,158	369,158	337,334	31,824
Worker's compensation - general government	110,354	110,354	87,387	22,967
Worker's compensation - education	294,818	294,818	285,908	8,910
Unemployment compensation	5,000	5,000	2,459	2,541
Retirement	1,110,263	1,110,263	1,268,663	(158,400)
Defined contribution plan	142,770	142,770	133,150	9,620
Retirement cash out	12,000	12,000	13,313	(1,313)
Contractual allowances	32,990	32,990	34,856	(1,866)
Social security	570,304	570,304	580,310	(10,006)
Salary and benefit adjustment	95,000	95,000	34,180	60,820
Property insurance	470,697	448,637	448,637	-
Miscellaneous employee expenses	16,000	16,000	19,543	(3,543)
Life / A D & D / disability insurance	11,914	11,914	12,745	(831)
Total fixed charges	8,663,760	8,445,290	8,445,290	-

(Continued on next page)

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public safety:				
Police	\$ 2,131,069	\$ 2,402,736	\$ 2,402,734	\$ 2
Gales Ferry Fire	330,950	276,492	276,492	-
Ledyard Fire Company	264,910	265,135	265,135	-
Ambulance	202,503	207,301	207,300	1
Dispatch	434,596	458,721	458,722	(1)
Fire marshal	86,332	77,470	77,470	-
Administrator of emergency services	24,599	47,360	47,361	(1)
Emergency management	27,949	3,350	3,302	48
Animal control	76,119	73,392	73,392	-
Total public safety	<u>3,579,027</u>	<u>3,811,957</u>	<u>3,811,908</u>	<u>49</u>
Department of health:				
Health district	110,734	110,734	110,734	-
Public health nursing	854,702	790,782	790,755	27
School nursing	364,007	381,858	381,858	-
Total department of health	<u>1,329,443</u>	<u>1,283,374</u>	<u>1,283,347</u>	<u>27</u>
Department of social services	111,348	75,136	75,075	61
Total health and welfare	<u>1,440,791</u>	<u>1,358,510</u>	<u>1,358,422</u>	<u>88</u>
Public works:				
Administration	137,053	179,036	179,034	2
Highway	998,225	962,158	962,157	1
Vehicle maintenance	198,986	246,007	246,008	(1)
Road upkeep	143,800	151,031	151,031	-
Drainage improvement	6,000	5,881	5,881	-
Property maintenance	89,200	73,681	73,664	17
Sanitation	995,400	972,282	972,235	47
Total public works	<u>2,568,664</u>	<u>2,590,076</u>	<u>2,590,010</u>	<u>66</u>
Library	605,785	538,850	538,850	-
Parks and Recreation	476,708	405,563	405,563	-
Education	31,280,929	31,280,929	30,435,965	844,964
Debt service	2,178,562	2,514,616	2,514,616	-
Total expenditures	<u>53,169,529</u>	<u>53,239,529</u>	<u>52,394,317</u>	<u>845,212</u>
Other Financing Uses:				
Transfers out - capital nonrecurring	1,224,287	1,224,287	1,224,287	-
Transfers out - water and sewer for debt service	741,364	741,364	741,364	-
Total other financing uses	<u>1,965,651</u>	<u>1,965,651</u>	<u>1,965,651</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 55,135,180</u>	<u>\$ 55,205,180</u>	<u>\$ 54,359,968</u>	<u>\$ 845,212</u>



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Library Commission - This fund is used to account for the library support services.

Animal Control - This fund is used to account for animal control related activity.

Cafeteria - This fund is used to account for the activities associated with the operations of the School Lunch Programs.

Education Grants - This fund is used to account for the activities of various State and Federal educational related grants.

School Readiness Fund - This fund is used to account for the School Readiness Program.

Sawmill Restoration - This fund is used to account for the sawmill restoration.

Miscellaneous Grants and Donations - This fund is used to account for miscellaneous state grant activities.

Senior Center - This fund is used to account for the Senior Center activities.

Parks and Recreation - This fund is used to account for the activity of various recreation programs sponsored by the Town.

Housing Rehab Program - This fund is used to account for housing rehab grants and related loans.

Capital Project Funds

Town Aid Road Fund - This fund is used to account for the improvements of Town roads.

Debt Service Fund

This fund is used to account for bond premiums to be used to pay future debt service.

Permanent Funds

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

**TOWN OF LEDYARD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds						
	Library Commission	Animal Control	Cafeteria	Education Grants	School Readiness Fund	Sawmill Restoration	Miscellaneous Grants and Donations
ASSETS							
Cash and cash equivalents	\$	\$	\$ 11,095	\$	\$ 37,224	\$	\$
Receivables, net							
Loans							
Due from other governments			75,480	21,504			
Due from other funds	35,237	16,669	75,480	263,275	2,960		34,204
Total Assets	<u>\$ 35,237</u>	<u>\$ 16,669</u>	<u>\$ 86,575</u>	<u>\$ 284,779</u>	<u>\$ 37,224</u>	<u>\$ 2,960</u>	<u>\$ 34,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,108	\$	\$ 116	\$ 9,697	\$	\$	\$ 33,207
Accrued payroll and other liabilities							
Due to other funds					13,072		
Unearned revenue				164,636			
Total liabilities	5,108	-	116	174,333	13,072	-	33,207
Deferred Inflows of Resources:							
Unavailable revenue							
Fund Balances:							
Nonspendable							
Restricted	30,129	16,669	86,459	110,446	24,152		997
Committed						2,960	
Assigned							
Total fund balances	30,129	16,669	86,459	110,446	24,152	2,960	997
Total Liabilities and Fund Balances	<u>\$ 35,237</u>	<u>\$ 16,669</u>	<u>\$ 86,575</u>	<u>\$ 284,779</u>	<u>\$ 37,224</u>	<u>\$ 2,960</u>	<u>\$ 34,204</u>

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**TOWN OF LEDYARD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds			Capital Projects	Debt Service	Permanent Funds	Total
	Senior Center	Parks and Recreation	Housing Rehab Program	Town Aid Road	Debt Service	Endowment Fund	
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 48,319
Receivables, net							
Loans			42,258				42,258
Due from other governments							96,984
Due from other funds	13,906	109,753	47,461	25,813	1,461,239	98,250	2,108,767
Total Assets	\$ 13,906	\$ 109,753	\$ 89,719	\$ 25,813	\$ 1,461,239	\$ 98,250	\$ 2,296,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,493	\$ 2,116	\$	\$	\$	\$ 225	\$ 51,962
Accrued payroll and other liabilities		2,177					2,177
Due to other funds							13,072
Unearned revenue					201,803		366,439
Total liabilities	1,493	4,293	-	-	201,803	225	433,650
Deferred Inflows of Resources:							
Unavailable revenue			42,258				42,258
Fund Balances:							
Nonspendable						41,914	41,914
Restricted			47,461	25,813		56,111	398,237
Committed							2,960
Assigned	12,413	105,460			1,259,436		1,377,309
Total fund balances	12,413	105,460	47,461	25,813	1,259,436	98,025	1,820,420
Total Liabilities and Fund Balances	\$ 13,906	\$ 109,753	\$ 89,719	\$ 25,813	\$ 1,461,239	\$ 98,250	\$ 2,296,328

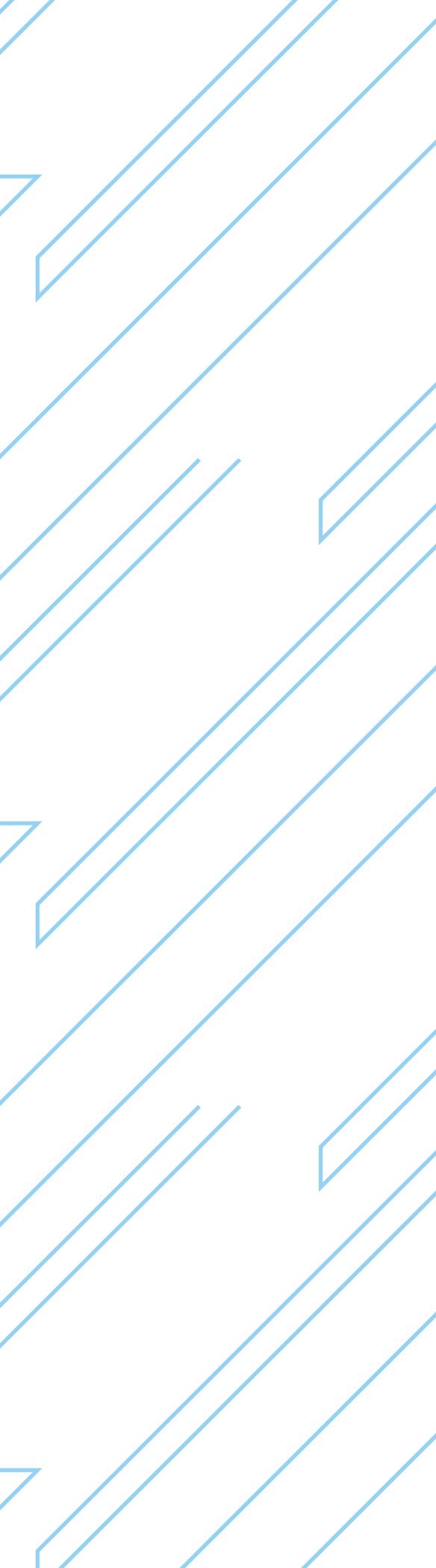
**TOWN OF LEDYARD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds						
	<u>Library Commission</u>	<u>Animal Control</u>	<u>Cafeteria</u>	<u>Education Grants</u>	<u>School Readiness Fund</u>	<u>Sawmill Restoration</u>	<u>Miscellaneous Grants and Donations</u>
Revenues:							
Intergovernmental revenues	\$ 920	\$	\$ 328,729	\$ 2,075,809	\$	\$	\$
Charges for services	30,828		387,193		77,137		
Investment income	170						
Contributions	33,637						297
Total revenues	<u>65,555</u>	<u>-</u>	<u>715,922</u>	<u>2,075,809</u>	<u>77,137</u>	<u>-</u>	<u>297</u>
Expenditures:							
General government						739	
Public works							
Health and welfare							
Library	89,179						
Parks and recreation							
Education			692,215	2,010,268	107,313		
Total expenditures	<u>89,179</u>	<u>-</u>	<u>692,215</u>	<u>2,010,268</u>	<u>107,313</u>	<u>739</u>	<u>-</u>
Net Change in Fund Balances	(23,624)	-	23,707	65,541	(30,176)	(739)	297
Fund Balances at Beginning of Year	<u>53,753</u>	<u>16,669</u>	<u>62,752</u>	<u>44,905</u>	<u>54,328</u>	<u>3,699</u>	<u>700</u>
Fund Balances at End of Year	<u>\$ 30,129</u>	<u>\$ 16,669</u>	<u>\$ 86,459</u>	<u>\$ 110,446</u>	<u>\$ 24,152</u>	<u>\$ 2,960</u>	<u>\$ 997</u>

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TOWN OF LEDYARD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			Capital Projects	Debt Service	Permanent Funds	Total
	Senior Center	Parks and Recreation	Housing Rehab Program	Town Aid Road	Debt Service	Endowment Fund	
Revenues:							
Intergovernmental revenues	\$ 1,803	\$	\$ 31,277	\$	\$	\$	\$ 2,438,538
Charges for services	5,172	163,572	55,182				719,084
Investment income			85			222	477
Contributions						13,340	47,274
Total revenues	<u>6,975</u>	<u>163,572</u>	<u>86,544</u>	<u>-</u>	<u>-</u>	<u>13,562</u>	<u>3,205,373</u>
Expenditures:							
General government			63,938				64,677
Public works						5,225	5,225
Health and welfare	8,276						8,276
Library							89,179
Parks and recreation		193,750					193,750
Education							2,809,796
Total expenditures	<u>8,276</u>	<u>193,750</u>	<u>63,938</u>	<u>-</u>	<u>-</u>	<u>5,225</u>	<u>3,170,903</u>
Net Change in Fund Balances	(1,301)	(30,178)	22,606	-	-	8,337	34,470
Fund Balances at Beginning of Year	<u>13,714</u>	<u>135,638</u>	<u>24,855</u>	<u>25,813</u>	<u>1,259,436</u>	<u>89,688</u>	<u>1,785,950</u>
Fund Balances at End of Year	<u>\$ 12,413</u>	<u>\$ 105,460</u>	<u>\$ 47,461</u>	<u>\$ 25,813</u>	<u>\$ 1,259,436</u>	<u>\$ 98,025</u>	<u>\$ 1,820,420</u>



Fiduciary Funds

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

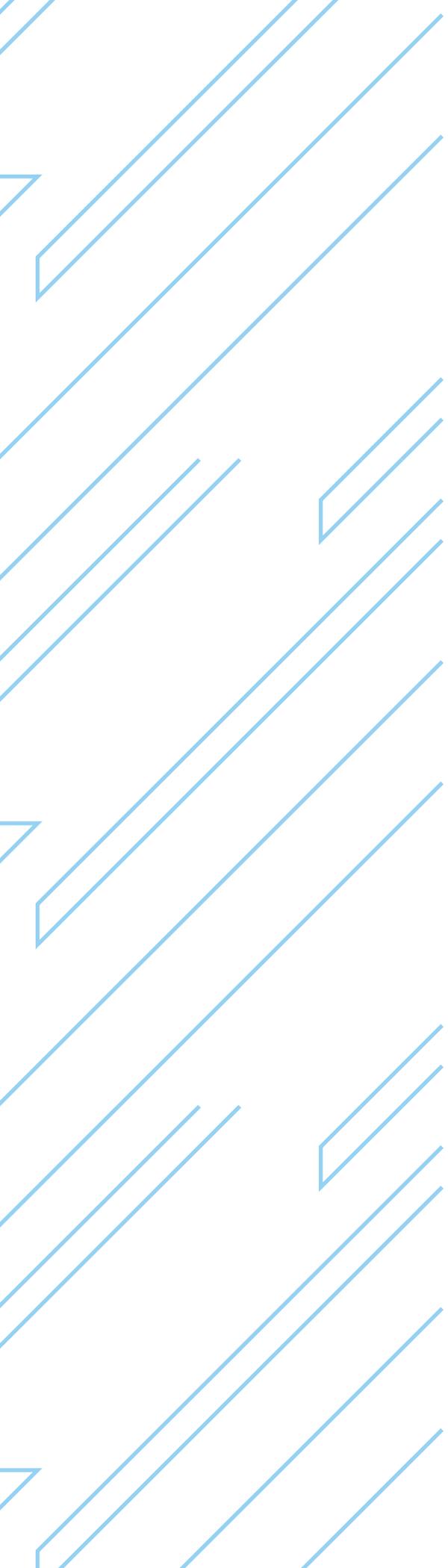
Agency Funds

Student Activity - This fund is established to account for receipt of funds from school related activities (school pictures) and donations. The funds are in turn expended to benefit the students (field trips, books, supplies). Each school has an activity fund.

Performance and Driveway - This fund is utilized to account for the bonds required for various Town projects and building construction activity.

**TOWN OF LEDYARD, CONNECTICUT
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

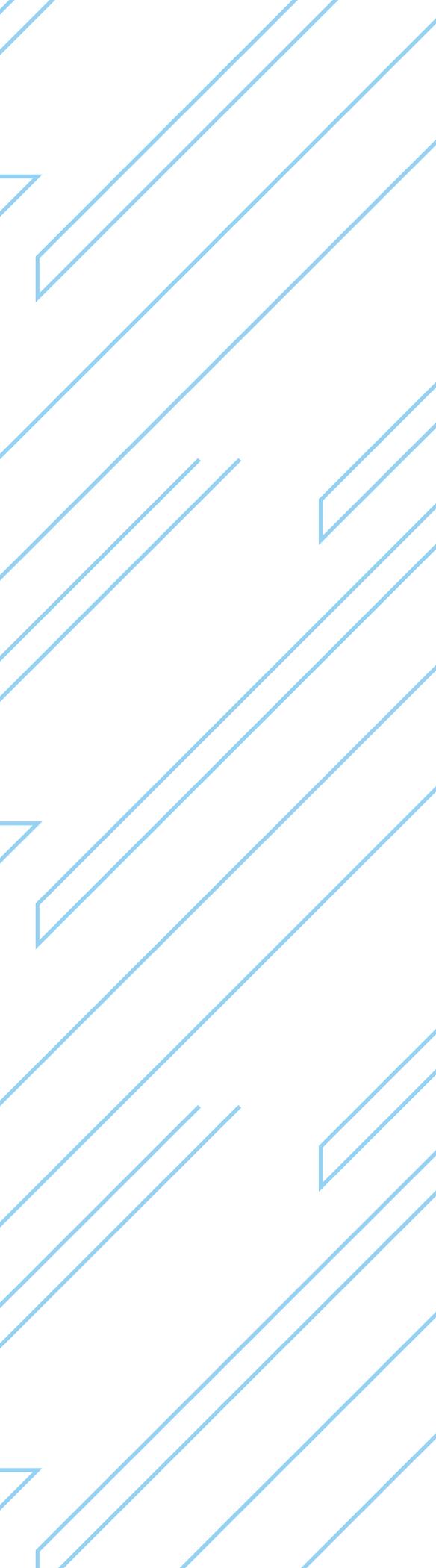
	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ 411,058	\$ 690,048	\$ 690,144	\$ 410,962
Liabilities:				
Fiduciary deposits	\$ 411,058	\$ 690,048	\$ 690,144	\$ 410,962
Performance and Driveway				
Assets:				
Cash and cash equivalents	\$ 141,650	\$ 7,216	\$ 1,000	\$ 147,866
Liabilities:				
Fiduciary deposits	\$ 141,650	\$ 7,216	\$ 1,000	\$ 147,866
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 552,708	\$ 697,264	\$ 691,144	\$ 558,828
Liabilities:				
Fiduciary deposits	\$ 552,708	\$ 697,264	\$ 691,144	\$ 558,828



Other Schedules

**TOWN OF LEDYARD, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List of October 1,	Uncollected Taxes July 1, 2017	Current Levy	Lawful Corrections			Adjusted Tax Levy	Collections			Uncollected Taxes June 30, 2018
			Additions	Deletions	Transfers to Suspense		Taxes	Interest Liens and Other Fees	Total	
2002	\$ 1,118	\$	\$	\$ 941	\$	\$ 177	\$	\$	\$ -	\$ 177
2003	1,171			984		187			-	187
2004	1,201			1,010		191			-	191
2005	1,476			1,283		193			-	193
2006	1,850			1,278		572			-	572
2007	1,907			1,318		589			-	589
2008	4,406			1,318		3,088	271	374	645	2,817
2009	5,236			1,318		3,918	821	1,201	2,022	3,097
2010	5,387		404	1,763		4,028		507	507	4,028
2011	46,865		401	43,238		4,028		37	37	4,028
2012	48,359			43,649		4,710	230	377	607	4,480
2013	87,206			48,243	28,763	10,200	5,071	3,475	8,546	5,129
2014	122,972		1,286	14,945	109	109,204	60,134	20,511	80,645	49,070
2015	424,688		4,282	40,856	2,021	386,093	286,907	57,905	344,812	99,186
Suspense	-		11,324			11,324	11,324	11,850	23,174	-
Total Prior Years	753,842	-	17,697	202,144	30,893	538,502	364,758	96,237	460,995	173,744
2016		36,744,688	46,147	240,366	6,378	36,544,091	36,166,533	134,187	36,300,720	377,558
Total All Years	\$ 753,842	\$ 36,744,688	\$ 63,844	\$ 442,510	\$ 37,271	\$ 37,082,593	\$ 36,531,291	\$ 230,424	\$ 36,761,715	\$ 551,302



Statistical Section

TOWN OF LEDYARD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets	\$ 59,139,003	\$ 36,887,375	\$ 32,446,476	\$ 30,699,193	\$ 30,121,941	\$ 43,235,275	\$ 44,232,219	\$ 43,422,064	\$ 42,237,973	\$ 47,075,712
Restricted	98,025	89,688	86,024	82,880	81,737	273,482	276,177	253,013	74,012	74,328
Unrestricted	<u>(16,830,836)</u>	<u>(4,053,889)</u>	<u>1,841,913</u>	<u>4,930,683</u>	<u>6,129,655</u>	<u>3,780,534</u>	<u>3,599,104</u>	<u>5,697,588</u>	<u>7,324,016</u>	<u>6,789,216</u>
Total Governmental Activities Net Position	\$ <u>42,406,192</u>	\$ <u>32,923,174</u>	\$ <u>34,374,413</u>	\$ <u>35,712,756</u>	\$ <u>36,333,333</u>	\$ <u>47,289,291</u>	\$ <u>48,107,500</u>	\$ <u>49,372,665</u>	\$ <u>49,636,001</u>	\$ <u>53,939,256</u>
Business-Type Activities:										
Net investment in capital assets	\$ 19,307,017	\$ 19,026,596	\$ 17,756,275	\$ 17,456,043	\$ 20,710,643	\$ 17,645,971	\$ 17,328,873	\$ 16,999,468	\$ 16,676,711	\$ 10,946,359
Unrestricted	<u>3,176,314</u>	<u>3,663,267</u>	<u>4,571,446</u>	<u>5,094,584</u>	<u>4,207,920</u>	<u>3,119,905</u>	<u>3,320,555</u>	<u>2,785,916</u>	<u>3,119,298</u>	<u>3,290,471</u>
Total Business-Type Activities Net Position	\$ <u>22,483,331</u>	\$ <u>22,689,863</u>	\$ <u>22,327,721</u>	\$ <u>22,550,627</u>	\$ <u>24,918,563</u>	\$ <u>20,765,876</u>	\$ <u>20,649,428</u>	\$ <u>19,785,384</u>	\$ <u>19,796,009</u>	\$ <u>14,236,830</u>
Primary Government:										
Net investment in capital assets	\$ 78,446,020	\$ 55,913,971	\$ 50,202,751	\$ 48,155,236	\$ 50,832,584	\$ 60,881,246	\$ 61,561,092	\$ 60,421,532	\$ 58,914,684	\$ 58,022,071
Restricted	98,025	89,688	86,024	82,880	81,737	273,482	276,177	253,013	74,012	74,328
Unrestricted	<u>(13,654,522)</u>	<u>(390,622)</u>	<u>6,413,359</u>	<u>10,025,267</u>	<u>10,337,575</u>	<u>6,900,439</u>	<u>6,919,659</u>	<u>8,483,504</u>	<u>10,443,314</u>	<u>10,079,687</u>
Total Primary Government Net Position	\$ <u>64,889,523</u>	\$ <u>55,613,037</u>	\$ <u>56,702,134</u>	\$ <u>58,263,383</u>	\$ <u>61,251,896</u>	\$ <u>68,055,167</u>	\$ <u>68,756,928</u>	\$ <u>69,158,049</u>	\$ <u>69,432,010</u>	\$ <u>68,176,086</u>

Note: Schedule prepared on the accrual basis of accounting

TOWN OF LEDYARD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 4,624,570	\$ 3,122,791	\$ 3,081,618	\$ 2,936,177	\$ 3,170,329	\$ 2,923,002	\$ 2,846,379	\$ 2,711,647	\$ 2,713,273	\$ 2,807,926
Public safety	5,510,755	4,949,467	4,522,182	4,334,829	4,625,707	4,594,102	4,355,143	4,260,067	4,089,990	4,270,687
Public works	4,999,027	4,861,303	3,807,900	3,677,081	5,471,587	4,380,592	4,421,800	3,968,609	3,382,496	3,907,096
Health and welfare	1,687,769	1,687,350	1,695,703	1,683,992	1,670,310	1,851,934	1,850,902	1,726,645	1,673,636	1,673,737
Library	906,984	757,668	729,312	698,213	726,647	796,715	831,065	718,931	826,801	851,935
Parks and recreation	781,324	760,986	744,048	675,248	761,364	716,999	672,338	598,077	653,449	782,280
Education	47,423,080	49,021,396	45,260,236	45,683,588	44,840,710	40,823,987	40,543,114	38,075,264	38,224,432	38,147,853
Interest and fiscal charges	1,426,681	243,817	660,664	890,802	272,448	541,918	520,333	555,538	500,066	588,594
Total governmental activities expenses	<u>67,360,190</u>	<u>65,404,778</u>	<u>60,501,663</u>	<u>60,579,930</u>	<u>61,539,102</u>	<u>56,629,249</u>	<u>56,041,074</u>	<u>52,614,778</u>	<u>52,064,143</u>	<u>53,030,108</u>
Business-type activities:										
Water department	1,190,116	1,453,638	1,407,032	1,080,214	1,794,011	1,263,218	1,359,053	1,451,170	1,228,249	1,226,931
Sewer department	700,326	573,881	916,605	598,865	781,015	635,010	634,244	618,788	649,285	699,872
Total business-type activities expenses	<u>1,890,442</u>	<u>2,027,519</u>	<u>2,323,637</u>	<u>1,679,079</u>	<u>2,575,026</u>	<u>1,898,228</u>	<u>1,993,297</u>	<u>2,069,958</u>	<u>1,877,534</u>	<u>1,926,803</u>
Total Primary Government Expenses	\$ <u>69,250,632</u>	\$ <u>67,432,297</u>	\$ <u>62,825,300</u>	\$ <u>62,259,009</u>	\$ <u>64,114,128</u>	\$ <u>58,527,477</u>	\$ <u>58,034,371</u>	\$ <u>54,684,736</u>	\$ <u>53,941,677</u>	\$ <u>54,956,911</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 691,744	\$ 576,366	\$ 550,280	\$ 533,628	\$ 472,663	\$ 371,719	\$ 262,918	\$ 382,089	\$ 220,990	\$ 192,153
Public safety	134,132	263,104	107,698	125,591	150,880	595,741	371,311	350,176	341,326	345,674
Public works	73,928	1,039,560	1,090,729	1,032,470	900,189	753,692	677,758	562,900	580,730	453,844
Health and welfare	960,254	92,146	603,191	475,416	551,365	196,529	259,800	176,509	197,605	181,553
Library	33,960	39,029	15,178	14,300	16,404	16,088	14,472	14,805	12,934	16,226
Parks and recreation	163,572	217,812	213,244	173,969	178,380	215,320	208,021	192,851	140,733	97,119
Education	1,605,456	1,769,239	1,721,473	1,721,606	1,805,418	2,144,392	1,738,309	1,987,100	2,413,651	2,052,764
Operating grants and contributions	22,409,800	23,698,273	21,479,401	21,730,457	21,194,474	18,976,481	18,946,454	17,524,124	17,470,291	17,544,151
Capital grants and contributions	20,304,000	1,218,892	1,441,748	948,414	1,772,678	738,645	716,858	336,600	952,931	489,183
Total governmental activities program revenues	<u>46,376,846</u>	<u>28,914,421</u>	<u>27,222,942</u>	<u>26,755,851</u>	<u>27,042,451</u>	<u>24,008,607</u>	<u>23,195,901</u>	<u>21,527,154</u>	<u>22,331,191</u>	<u>21,372,667</u>
Business-type activities:										
Water department	1,105,823	1,143,249	1,003,787	1,030,139	920,860	882,606	1,722,133	888,767	838,512	769,665
Sewer department	448,041	460,784	463,464	529,882	1,845,186	504,363	471,993	503,083	467,041	475,838
Total business-type activities program revenues	<u>1,553,864</u>	<u>1,604,033</u>	<u>1,467,251</u>	<u>1,560,021</u>	<u>2,766,046</u>	<u>1,386,969</u>	<u>2,194,126</u>	<u>1,391,850</u>	<u>1,305,553</u>	<u>1,245,503</u>
Total Governmental Activities Program Revenues	\$ <u>47,930,710</u>	\$ <u>30,518,454</u>	\$ <u>28,690,193</u>	\$ <u>28,315,872</u>	\$ <u>29,808,497</u>	\$ <u>25,395,576</u>	\$ <u>25,390,027</u>	\$ <u>22,919,004</u>	\$ <u>23,636,744</u>	\$ <u>22,618,170</u>
Net revenues (expenses):										
Governmental activities	\$ (20,983,344)	\$ (36,490,357)	\$ (33,278,721)	\$ (33,824,079)	\$ (34,496,651)	\$ (32,620,642)	\$ (32,845,173)	\$ (31,087,624)	\$ (29,732,952)	\$ (31,657,441)
Business-type activities	<u>(336,578)</u>	<u>(423,486)</u>	<u>(856,386)</u>	<u>(119,058)</u>	<u>191,020</u>	<u>(511,259)</u>	<u>200,829</u>	<u>(678,108)</u>	<u>(571,981)</u>	<u>(681,300)</u>
Total Governmental Net Expense	\$ <u>(21,319,922)</u>	\$ <u>(36,913,843)</u>	\$ <u>(34,135,107)</u>	\$ <u>(33,943,137)</u>	\$ <u>(34,305,631)</u>	\$ <u>(33,131,901)</u>	\$ <u>(32,644,344)</u>	\$ <u>(31,765,732)</u>	\$ <u>(30,304,933)</u>	\$ <u>(32,338,741)</u>

(Continued on next page)

TOWN OF LEDYARD, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 36,483,155	\$ 34,710,047	\$ 34,148,082	\$ 33,445,806	\$ 31,429,139	\$ 30,538,621	\$ 30,234,872	\$ 29,912,340	\$ 29,950,896	\$ 30,139,403
Grants and contributions not restricted to specific programs	2,002,079	1,189,178	936,306	949,184	1,122,693	1,766,584	1,350,462	1,517,519	1,396,651	1,601,168
Gain (loss) on sale of assets					(5,328,717)		608,756			
Unrestricted investment earnings	177,048	55,535	39,923	36,723	34,772	21,849	25,928	22,508	158,839	152,376
Miscellaneous	36,640	57,471	143,447	166,004	241,553	100,628	20,975	31,250	46,753	45,740
Transfers	(326,308)	(785,737)	(627,593)	2,160,575	(3,958,747)	(625,249)	(660,985)	(659,329)	(6,123,442)	(739,886)
Total governmental activities	<u>38,372,614</u>	<u>35,226,494</u>	<u>34,640,165</u>	<u>36,758,292</u>	<u>23,540,693</u>	<u>31,802,433</u>	<u>31,580,008</u>	<u>30,824,288</u>	<u>25,429,697</u>	<u>31,198,801</u>
Business-type activities:										
Unrestricted investment earnings	3,945	2,891	2,887	2,888	2,920	2,458	2,230	8,154	7,718	14,402
Transfers	326,308	785,737	627,593	(2,160,575)	3,958,747	625,249	660,985	659,329	6,123,442	739,886
Total business-type activities	<u>330,253</u>	<u>788,628</u>	<u>630,480</u>	<u>(2,157,687)</u>	<u>3,961,667</u>	<u>627,707</u>	<u>663,215</u>	<u>667,483</u>	<u>6,131,160</u>	<u>754,288</u>
Total Governmental Activities	<u>\$ 38,702,867</u>	<u>\$ 36,015,122</u>	<u>\$ 35,270,645</u>	<u>\$ 34,600,605</u>	<u>\$ 27,502,360</u>	<u>\$ 32,430,140</u>	<u>\$ 32,243,223</u>	<u>\$ 31,491,771</u>	<u>\$ 31,560,857</u>	<u>\$ 31,953,089</u>
Change in Net Position:										
Governmental activities	\$ 17,389,270	\$ (1,263,863)	\$ 1,361,444	\$ 2,934,213	\$ (10,955,958)	\$ (818,209)	\$ (1,265,165)	\$ (263,336)	\$ (4,303,255)	\$ (458,640)
Business-type activities	(6,325)	365,142	(225,906)	(2,276,745)	4,152,687	116,448	864,044	(10,625)	5,559,179	72,988
Total Change in Net Position	<u>\$ 17,382,945</u>	<u>\$ (898,721)</u>	<u>\$ 1,135,538</u>	<u>\$ 657,468</u>	<u>\$ (6,803,271)</u>	<u>\$ (701,761)</u>	<u>\$ (401,121)</u>	<u>\$ (273,961)</u>	<u>\$ 1,255,924</u>	<u>\$ (385,652)</u>

Note: Schedule prepared on the accrual basis of accounting

**TOWN OF LEDYARD, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes, interest and lien fees	\$ 36,825,006	\$ 34,668,601	\$ 34,123,182	\$ 33,216,692	\$ 31,529,198	\$ 30,453,940	\$ 30,349,274	\$ 29,840,426	\$ 29,915,160	\$ 30,149,097
Intergovernmental revenues	44,091,052	25,650,281	23,962,577	23,638,791	23,887,204	21,193,642	20,962,162	19,358,619	19,801,683	19,529,285
Charges for services	3,663,046	3,975,973	4,301,793	4,076,981	4,177,538	4,223,724	3,532,589	3,666,430	3,907,969	3,339,333
Investment income	177,048	55,555	39,923	36,723	34,772	18,594	21,678	18,500	153,340	131,637
Contributions	624,827	463,312	33,931	11,154	11,708	54,788	109,523	80,080	83,313	172,947
Other	406,290	64,354	109,516	154,850	200,180	100,628	20,975	31,250	46,753	45,740
Total revenues	<u>85,787,269</u>	<u>64,878,076</u>	<u>62,570,922</u>	<u>61,135,191</u>	<u>59,840,600</u>	<u>56,045,316</u>	<u>54,996,201</u>	<u>52,995,305</u>	<u>53,908,218</u>	<u>53,368,039</u>
Expenditures:										
Current:										
General government	10,781,382	11,065,212	11,421,735	11,395,341	9,317,858	8,541,872	8,154,316	8,224,640	9,373,819	8,585,069
Public safety	3,811,908	3,767,615	3,365,429	3,324,497	3,247,858	3,266,158	3,147,307	3,108,619	2,993,364	3,006,908
Public works	2,595,235	2,588,262	2,825,680	2,831,386	3,545,751	2,517,318	2,483,059	2,699,370	2,476,509	2,604,818
Health and welfare	1,388,976	1,394,104	1,362,039	1,355,217	1,368,248	1,228,034	1,256,508	1,218,070	1,126,116	1,115,078
Library	628,029	621,017	576,683	558,933	570,839	551,501	584,523	564,731	605,725	589,298
Parks and recreation	599,313	612,973	597,542	541,185	563,662	521,497	518,714	530,688	512,417	471,389
Education	41,129,668	40,765,307	37,382,151	37,491,688	36,868,837	34,667,630	34,419,414	32,623,273	33,118,912	32,996,585
Capital outlay	33,434,801	9,013,561	7,893,925	3,301,764	2,872,806	8,020,332	3,601,283	2,260,617	2,952,979	2,619,618
Debit service	2,887,736	1,845,342	1,690,143	1,771,719	1,700,532	1,628,076	1,642,953	1,366,778	1,192,322	1,333,081
Total expenditures	<u>97,257,048</u>	<u>71,673,393</u>	<u>67,115,327</u>	<u>62,571,730</u>	<u>60,056,391</u>	<u>60,942,418</u>	<u>55,808,077</u>	<u>52,596,786</u>	<u>54,352,163</u>	<u>53,321,844</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,469,779)</u>	<u>(6,795,317)</u>	<u>(4,544,405)</u>	<u>(1,436,539)</u>	<u>(215,791)</u>	<u>(4,897,102)</u>	<u>(811,876)</u>	<u>398,519</u>	<u>(443,945)</u>	<u>46,195</u>
Other Financing Sources (Uses):										
Issuance of bonds and loans		15,000,000				4,705,000		2,071,200	6,327,800	
Issuance of capital lease							37,107	57,094		
Premium on issuance of debt	53,750	1,480,334								
Sale of assets							624,500			
Transfers in from other funds	1,825,343	1,790,559	1,742,665	4,887,592	1,370,883	1,339,551	1,568,973	1,411,872	1,286,243	1,134,288
Transfers out to other funds	(2,151,651)	(2,264,513)	(2,370,258)	(1,705,906)	(1,821,874)	(1,964,800)	(2,279,958)	(2,071,201)	(2,001,417)	(1,874,174)
Total other financing sources (uses)	<u>(272,558)</u>	<u>16,006,380</u>	<u>(627,593)</u>	<u>3,181,686</u>	<u>(450,991)</u>	<u>4,079,751</u>	<u>(49,378)</u>	<u>1,468,965</u>	<u>5,612,626</u>	<u>(739,886)</u>
Net Change in Fund Balances	<u>\$ (11,742,337)</u>	<u>\$ 9,211,063</u>	<u>\$ (5,171,998)</u>	<u>\$ 1,745,147</u>	<u>\$ (666,782)</u>	<u>\$ (817,351)</u>	<u>\$ (861,254)</u>	<u>\$ 1,867,484</u>	<u>\$ 5,168,681</u>	<u>\$ (693,691)</u>
Debit Service as a Percentage to Noncapital Expenditures	4.52%	2.95%	2.85%	2.99%	2.97%	3.08%	3.15%	2.72%	2.32%	2.63%

Note: Schedule prepared on the modified accrual basis of accounting

TOWN OF LEDYARD, CONNECTICUT
PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	General Fund Mill Rate Property	Adjusted Tax Levy (1)	Current Net Tax Collections at June 30,	Percentage of Levy Collected	Net Delinquent Tax Collections (1)	Total Net Taxes Collected- All Years	Percentage of Total Taxes Collected to Levy All Years	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Levy
2009	25.65	\$ 29,923,981	\$ 29,577,641	98.84%	\$ 309,150	\$ 29,886,791	99.88%	\$ 503,469	1.68%
2010	25.65	29,787,129	29,402,474	98.71%	279,186	29,681,660	99.65%	537,816	1.81%
2011	25.65	29,777,543	29,380,101	98.67%	265,311	29,645,412	99.56%	573,748	1.93%
2012	27.93	30,231,449	29,860,738	98.77%	260,941	30,121,679	99.64%	496,443	1.64%
2013	27.93	30,378,451	29,935,084	98.54%	231,801	30,166,885	99.30%	628,615	2.07%
2014	28.20	30,941,463	30,563,639	98.78%	639,389	31,203,028	100.85%	564,648	1.82%
2015	29.90	33,333,859	32,784,407	98.35%	263,359	33,047,766	99.14%	564,648	1.69%
2016	30.40	34,998,574	33,617,700	96.05%	309,416	33,927,116	96.94%	701,758	2.01%
2017	31.90	34,614,907	34,190,219	98.77%	283,453	34,473,672	99.59%	746,620	2.16%
2018	32.54	36,544,091	36,166,533	98.97%	364,758	36,531,291	99.96%	551,302	1.51%

(1) Include over collection of taxes and suspense collections

Source: Town audit reports

**TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2018**

Total Tax Collections, (Including Interest and Lien Fees)

For the year ended June 30, 2017

Town of Ledyard	\$ 34,673,497
Gales Ferry District	<u>16,749</u>

Base for establishing debt limit	<u>\$ 34,690,246</u>
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	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total</u>
Debt Limitation:						
2.25 times base	\$ 78,053,054	\$	\$	\$	\$	\$ 78,053,054
4.50 times base		156,106,107				156,106,107
3.75 times base			130,088,423			130,088,423
3.25 times base				112,743,300		112,743,300
3 times base					104,070,738	104,070,738
	<u>78,053,054</u>	<u>156,106,107</u>	<u>130,088,423</u>	<u>112,743,300</u>	<u>104,070,738</u>	<u>581,061,621</u>
Total debt limitation						
Indebtedness:						
Bonds and notes	10,477,561	17,858,342	1,637,000			29,972,903
Bond anticipation notes		20,000,000				20,000,000
Authorized but unissued debt		<u>30,835,000</u>				<u>30,835,000</u>
Total indebtedness	<u>10,477,561</u>	<u>68,693,342</u>	<u>1,637,000</u>	<u>-</u>	<u>-</u>	<u>80,807,903</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 67,575,493</u>	<u>\$ 87,412,765</u>	<u>\$ 128,451,423</u>	<u>\$ 112,743,300</u>	<u>\$ 104,070,738</u>	<u>\$ 500,253,718</u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$242,831,722
2. There is no overlapping debt for the Town of Ledyard

**TOWN OF LEDYARD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 242,831,722	\$ 242,831,722	\$ 239,114,337	\$ 232,901,389	\$ 221,191,985	\$ 212,581,523	\$ 212,189,908	\$ 208,968,249	\$ 209,258,544	\$ 210,748,874
Total net debt applicable to limit	80,807,903	82,167,321	21,855,250	17,992,400	14,442,500	11,793,224	11,194,148	8,603,578	16,221,108	15,831,540
Legal Debt Margin	\$ 388,341,702	\$ 400,145,671	\$ 420,677,537	\$ 447,753,435	\$ 468,739,746	\$ 385,247,266	\$ 395,204,037	\$ 454,223,386	\$ 458,188,691	\$ 481,246,851
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	33.28%	33.84%	9.14%	7.73%	6.53%	5.55%	5.28%	4.12%	7.75%	7.51%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2018 debt limit can be found on Table 5 of this report.