

Annual Financial Report of the Town of Old Lyme, Connecticut

YEAR ENDED JUNE 30, 2019

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Town of Old Lyme, Connecticut

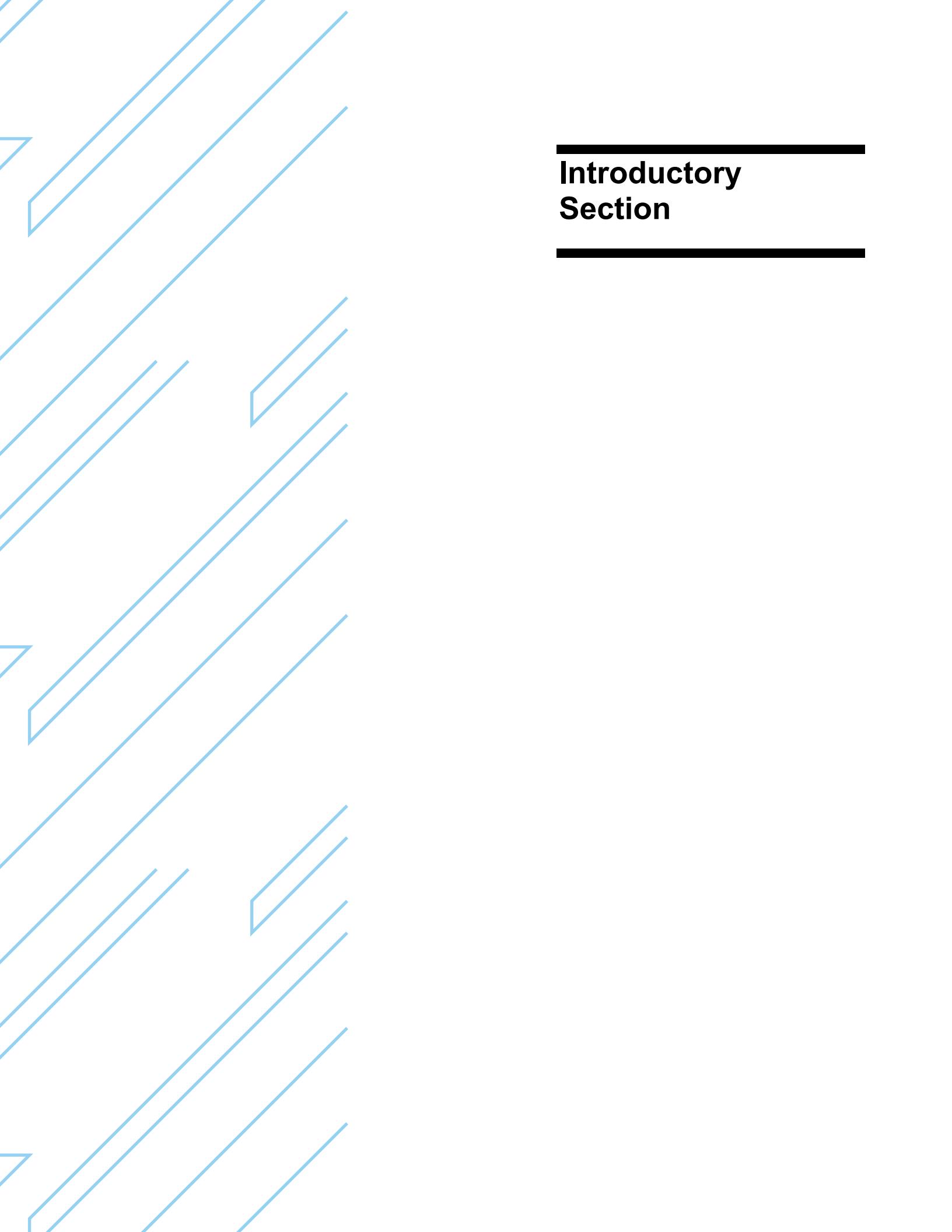
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Town of Old Lyme, Connecticut

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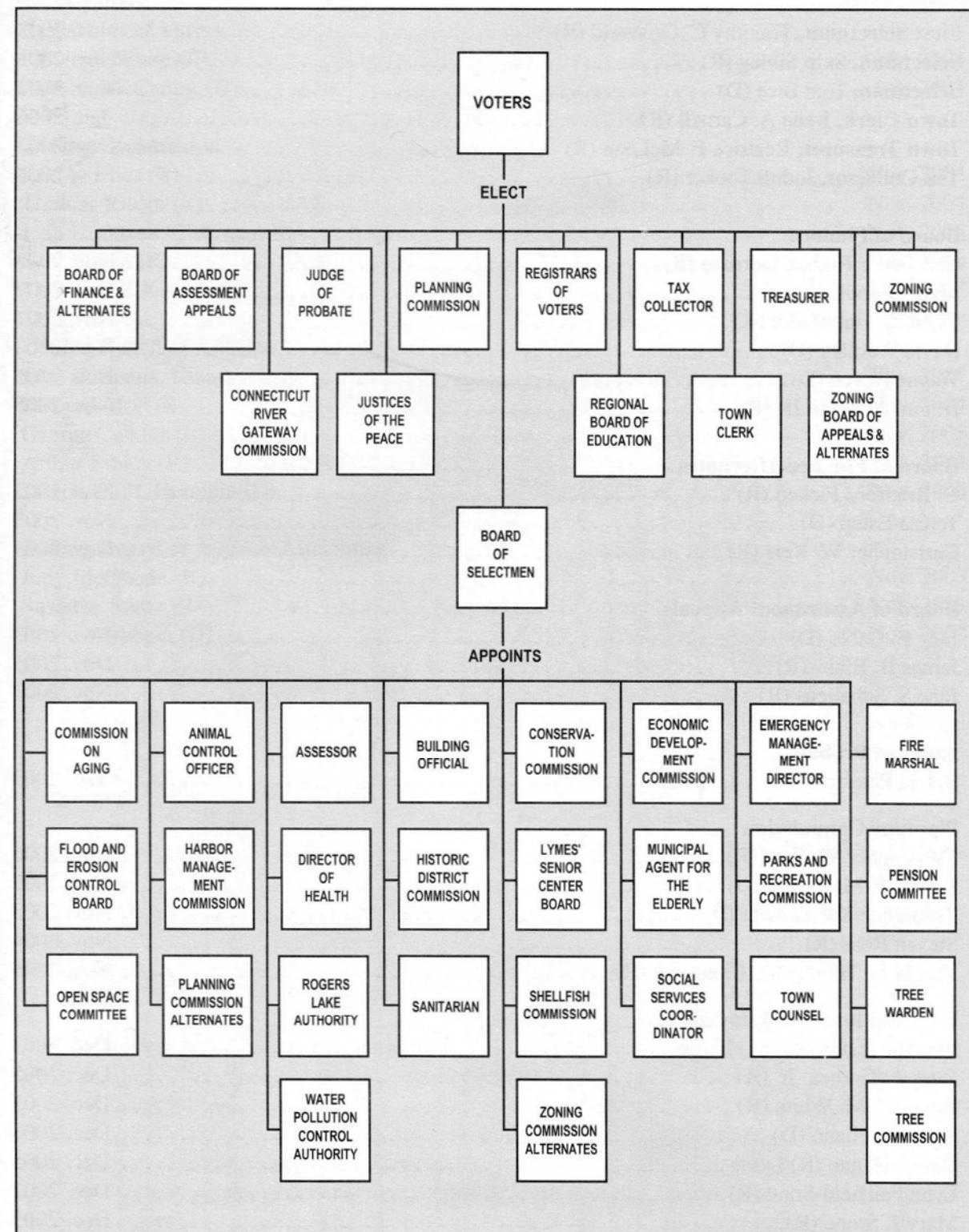
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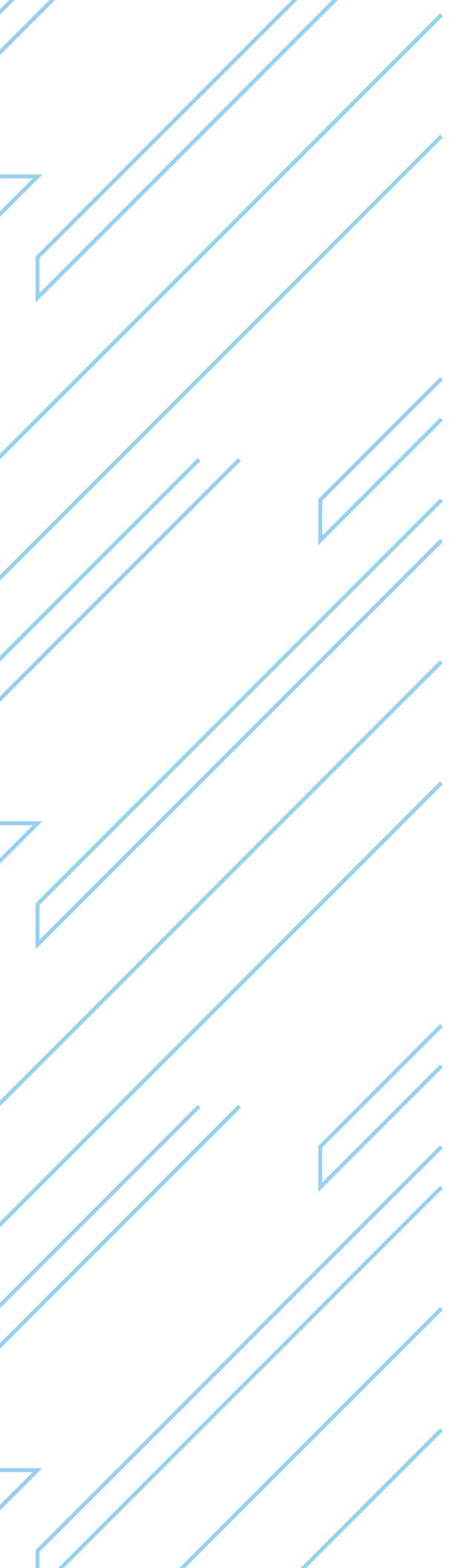
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Introductory Section

Town of Old Lyme, Connecticut

ORGANIZATION CHART





Financial Section

Independent Auditors' Report
To the Board of Finance
Town of Old Lyme, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Old Lyme, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Old Lyme, 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, each major fund and the aggregate remaining fund information of the Town of Old Lyme, Connecticut, as of June 30, 2019 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 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 Old Lyme, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and trend information 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 section and trend information 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 November 25, 2019 on our consideration of the Town of Old Lyme, 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 Old Lyme, 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 Old Lyme, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 25, 2019

Management's Discussion and Analysis For the Year Ended June 30, 2019

Management of the Town of Old Lyme offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the 2019 fiscal year by \$34,274,918. Of this amount, \$14,420,731 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,930,066. The most significant reasons for the increase were the positive general fund operations and capital purchases in excess of depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,278,537, an increase of \$1,646,153 in comparison with the prior year. The most significant reasons for the increase were the positive general fund operations.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$9,008,689, or 25.0% of total budgetary general fund expenditures and transfers out.
- The Town's total long-term debt decreased by \$320,000 (15.0%) due to annual scheduled debt service payments.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two 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).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, health and social services, public safety, public works, roads and streets, sanitation, education and parks and recreation programs.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 reports governmental funds separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided on Schedules 4 and 5.

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.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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.

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.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$34,274,918 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (57.9%) reflects its investment in capital assets (e.g., land, works of art, construction in progress, buildings and improvements, land improvements, machinery, vehicles and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<u>Summary Statement of Net Position</u>		
	2019	2018
Current and other assets	\$ 15,886,812	\$ 14,497,953
Capital assets (net)	<u>21,669,187</u>	<u>21,742,377</u>
 Total assets	<u>37,555,999</u>	<u>36,240,330</u>
 Deferred outflows of resources	<u>25,163</u>	<u>29,357</u>
 Current liabilities	1,177,239	996,370
Long-term liabilities	<u>1,939,300</u>	<u>2,264,749</u>
 Total liabilities	<u>3,116,539</u>	<u>3,261,119</u>
 Deferred inflows of resources	<u>189,705</u>	<u>663,716</u>
 Net investment in capital assets	19,854,187	19,607,377
Unrestricted	<u>14,420,731</u>	<u>12,737,475</u>
 Total net position	<u>\$ 34,274,918</u>	<u>\$ 32,344,852</u>

Governmental activities. The Town's net position increased by \$1,930,066.

Statement of Changes in Net Position			
	2019	2018	
Revenues:			
Program revenues:			
Charges for services	\$ 1,100,244	\$ 1,014,712	
Operating grants and contributions	399,565	331,070	
Capital grants and contributions	307,814	254,080	
General revenues:			
Property taxes	34,942,146	34,572,309	
Grants and contributions not restricted to specific programs	54,141	167,645	
Investment income (loss)	296,320	186,628	
Loss on sale of capital assets	379	-	
Miscellaneous	39,757	19,428	
Total revenues	37,140,366	36,545,872	
Expenses:			
General government	3,191,913	2,770,249	
Public works	1,317,452	1,696,348	
Parks and recreation	504,181	427,120	
Other public safety	440,272	373,015	
Social services	107,983	103,930	
Fire services	641,510	561,976	
Police services	1,238,522	1,140,264	
Health services	106,951	162,631	
Senior citizens	233,385	223,561	
Sanitation	1,053,639	1,038,310	
Education	26,343,259	26,535,202	
Interest expense	31,233	35,906	
Total expenses	35,210,300	35,068,512	
Change in net position	1,930,066	1,477,360	
Net position - July 1	32,344,852	30,867,492	
Net position - June 30	\$ 34,274,918	\$ 32,344,852	

The key elements of this increase are as follows:

- Property taxes (including interest and liens) increased by \$369,837 (1.1%) during the year. This increase is due mostly to the increase in the total budget appropriation.
- Investment income increased \$109,692 due to investment opportunities offered through the Town's banking representative.
- General government expenses increased \$421,664 (15.2%) due to health insurance premiums, general employee wage/pension costs and Town Hall mechanical repair and maintenance.
- Public works expenses decreased \$378,896 (22.3%) due to an increase in current year expenditures that were not capitalized.
- Education decreased by \$191,943 (0.7%) due to the cost allocation from Regional School District #18.

For the most part, other increases in expenses closely paralleled inflation and growth in the demand for services.

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. The Town continues to accumulate funds for known future capital expenditures.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,278,537, an increase of \$1,646,153 in comparison with the prior year. 63.1% of this total amount (\$9,007,855) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable (\$1,048,112), Committed (\$2,623,261), and Assigned (\$1,599,309).

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 \$9,008,689, while total fund balance reached \$11,309,944. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 25.0% of total budgetary general fund expenditures and transfers out, while total fund balance represents 31.4% of that same amount.

The fund balance of the Town's general fund increased by \$739,162 during the current fiscal year.

The increase was due to the following:

- Property taxes/interest & liens collected exceeded the budgeted amount by \$327,121
- Intergovernmental revenues exceeded budget amount by \$216,418 mostly due to grants received but not budgeted such as ECS of \$241,512 and PILOT funds of \$44,247
- Investment income exceeded budgetary estimates by \$187,490.
- Town department budget estimates exceeded actual amount expended as follows:
 - General Government \$134,316 due to savings resulting from LAP & workers comp insurance (\$32,301), migration to IT consultant (\$11,046), employee turnover impacting health insurance (\$7,769), social security (\$14,664), pension contributions (\$12,693) and general government salaries (\$10,202) as well as less cost to operate Town Hall (\$12,805).
 - Board and Commission \$67,680 due to need required in treating Rogers Lake weeds (\$21,150) as well as Land Use reduced operation needs (\$20,592).
 - Police Services \$32,146 due to less time required from State Troopers for DUI/OT.

These positive variances were offset by the appropriation of fund balance totaling \$984,375.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$684,375. The significant increases in appropriations were as follows:

- OLFD-Lyme Street spray insulation project \$12,300
- Senior Center-additional hours for Administrative Assistant \$3,000
- Capital-IT upgrade \$46,000
- Library Renovation \$500,000
- Health Insurance-premium increase \$73,000
- Capital-Grassy Hill Road emergency repairs \$16,000
- Sanitation-trash disposal (MIRA rate increase) \$26,000
- Economic Development Commission-consulting services CREC \$8,075

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$21,669,187 (net of accumulated depreciation). This investment in capital assets includes land, works of art, construction in progress, buildings and improvements, land improvements, machinery, vehicles and equipment and infrastructure. The net decrease in the Town's investment in capital assets for the current fiscal year was \$73,190 or 0.3% as depreciation expense for the year exceeded additions. Major capital asset events during the current fiscal year included the following:

- Two police SUV's \$77,388
- Road reconstruction \$364,675
- OLFD boat motor \$3,559
- Construction in Process - Grassy Hill Road Bridge (\$27,349) and Mile Creek Road Bridge (\$47,212)

**Town of Old Lyme Capital Assets
(Net of Depreciation)**

	<u>2019</u>	<u>2018</u>
Land	\$ 3,647,356	\$ 3,647,356
Works of art	291,000	291,000
Construction in progress	156,048	81,487
Buildings and improvements	5,719,128	5,805,692
Land improvements	1,331,472	1,361,266
Machinery, vehicles and equipment	4,015,999	4,301,290
Infrastructure	<u>6,508,184</u>	<u>6,254,286</u>
 Total	 <u>\$ 21,669,187</u>	 <u>\$ 21,742,377</u>

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

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,815,000. All debt is backed by the full faith and credit of the Town.

**Town of Old Lyme Outstanding Debt
General Obligation Bonds/Notes**

	<u>2019</u>	<u>2018</u>
General obligation bonds	<u>\$ 1,815,000</u>	<u>\$ 2,135,000</u>

The Town's total debt decreased by \$320,000 during the current fiscal year due to pay down of general obligation bond.

In addition, the Town is responsible for 80.7% of debt service for Regional School District No. 18 which totals \$19,795,710 at year end.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$241,196,690, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the Town of Old Lyme as of June 2019 was 3.6%. This compares favorably with the Norwich/New London labor market area's unemployment rate of 3.8% and the State of Connecticut's rate of 3.8% for the same period. The unemployment rates for the State and Norwich/New London area decreased by 13.6% and 11.6%, respectively while the Town unemployment rate decreased 12.2%, for the period from June 2018 to June 2019 due to current national economic conditions.

It is anticipated that the Town of Old Lyme's portion of the Regional School District No. 18 operating budget will increase by 3.6% due to general increases in salaries and health insurance as well as changes in head count of Old Lyme students. The District's reduction in the refund of fund balance will ultimately increase the total billing increase to the Town to 4.61%.

Major capital projects nearing completion for the Town include the following:

Sound View Improvement Project-sidewalks
Hains Park Improvement Project-restrooms

New projects include the following:

Grassy Hill Road and Mile Creek Road bridge replacements
Senior Center and Cross Lane OLFD Station roof replacements
Senior Center boiler replacement
Public Works truck wash down
OLFD Boughton Road AC and furnace replacement
OLFD Cross Lane AC install
Emergency Management's Communication upgrades
IT upgrades
Ongoing road and drainage projects that are funded through the Town budget.

Purchases of capital assets and larger nonrecurring expenses are scheduled through the Town's five-year Capital Plan include the following:

Public Works black top hot box
Police vehicle
Animal Control van

The occupancy rate of the Town's commercial areas is high and it appears this will continue into the future.

In July 2018, the Town approved spending \$1,750,000 for the Library Renovation Project

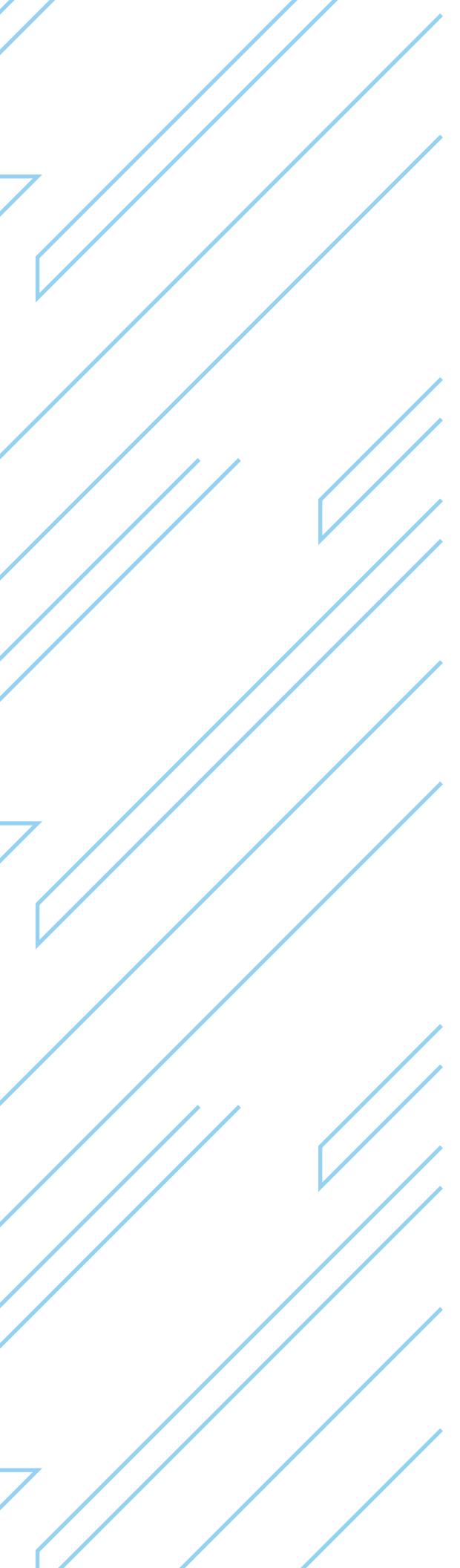
\$500,000 designated from surplus in FY18/19
\$1,250,000 bond payable (10 year) issued August 26, 2019 with 2.05% interest

In August 2019, the Town approved \$9,500,000 for the construction of the Sound View Beach Sewer Project and authorized the Town to enter into a Project Funding Agreement with the State of Connecticut as well as authorized the Town to issue debt for said Project.

All of these factors were considered during the preparation of the Town's budget for the 2019/2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Treasurer or Finance Director, Town of Old Lyme, 52 Lyme Street, Old Lyme, CT 06371.



Basic Financial Statements

Town of Old Lyme, Connecticut

**Statement of Net Position
Governmental Activities
June 30, 2019**

Assets

Current assets:

Cash	\$ 2,559,299
Investments	11,419,162
Receivables:	
Property taxes	387,002
Intergovernmental	34,046
Other	124,509
Prepaid amounts	<u>1,048,112</u>
Total current assets	<u>15,572,130</u>

Noncurrent assets:

Receivables (net):	
Property taxes	<u>314,682</u>

Capital assets (net of accumulated depreciation):

Land	3,647,356
Works of art	291,000
Construction in progress	156,048
Buildings and improvements	5,719,128
Land improvements	1,331,472
Machinery, vehicles and equipment	4,015,999
Infrastructure	<u>6,508,184</u>

Total capital assets (net of depreciation)	<u>21,669,187</u>
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Total noncurrent assets	<u>21,983,869</u>
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Total assets	<u>37,555,999</u>
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Deferred Outflows of Resources

Deferred charge on refunding	<u>25,163</u>
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(Continued)

See Notes to Financial Statements.

Town of Old Lyme, Connecticut

**Statement of Net Position
Governmental Activities
June 30, 2019**

Liabilities

Current liabilities:

Accounts payable	\$ 552,709
Accrued liabilities	25,004
Unearned revenue	139,173
Accrued interest payable	7,579
Bonds and related liabilities	315,000
Landfill postclosure costs	16,000
Compensated absences	<u>121,774</u>
Total current liabilities	<u>1,177,239</u>

Noncurrent liabilities:

Bonds and related liabilities	1,500,000
Landfill postclosure costs	368,000
Compensated absences	<u>71,300</u>
Total noncurrent liabilities	<u>1,939,300</u>
Total liabilities	<u>3,116,539</u>

Deferred Inflows of Resources

Advanced property tax collections	<u>189,705</u>
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Net Position

Net investment in capital assets	19,854,187
Unrestricted	<u>14,420,731</u>
Total net position	<u>\$ 34,274,918</u>

(Concluded)

See Notes to Financial Statements.

Town of Old Lyme, Connecticut

Statement of Activities
Governmental Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Total Governmental Activities	Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
General government	\$ 3,191,913	\$ 532,332	\$ 107,899	\$ -	\$ (2,551,682)	
Public works	1,317,452	3,753	-	307,814	(1,005,885)	
Parks and recreation	504,181	217,808	-	-	(286,373)	
Other public safety	440,272	11,971	32,791	-	(395,510)	
Social services	107,983	-	-	-	(107,983)	
Fire services	641,510	480	-	-	(641,030)	
Police services	1,238,522	54,663	8,705	-	(1,175,154)	
Health services	106,951	-	8,658	-	(98,293)	
Senior citizens	233,385	82,037	-	-	(151,348)	
Sanitation	1,053,639	186,736	-	-	(866,903)	
Education	26,343,259	10,464	241,512	-	(26,091,283)	
Interest expense	31,233	-	-	-	(31,233)	
Total	<u>\$ 35,210,300</u>	<u>\$ 1,100,244</u>	<u>\$ 399,565</u>	<u>\$ 307,814</u>	<u>(33,402,677)</u>	
General revenues:						
Property taxes					34,942,146	
Grants and contributions not restricted to specific programs					54,141	
Investment income					296,320	
Loss on sale of capital assets					379	
Miscellaneous					<u>39,757</u>	
Total general revenues					<u>35,332,743</u>	
Change in net position					1,930,066	
Net position - July 1, 2018					<u>32,344,852</u>	
Net position - June 30, 2019					<u>\$ 34,274,918</u>	

See Notes to Financial Statements.

Town of Old Lyme, Connecticut

Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 424,680	\$ 2,134,619	\$ 2,559,299
Investments	11,419,162		11,419,162
Receivables:			
Property taxes	683,150	-	683,150
Intergovernmental	34,046	-	34,046
Other	48,513	56,425	104,938
Due from other funds	30,785	916,457	947,242
Prepaid amounts	1,048,112	-	1,048,112
Total assets	\$ 13,688,448	\$ 3,107,501	\$ 16,795,949
<u>Liabilities</u>			
Accounts payable	\$ 535,058	\$ 17,651	\$ 552,709
Accrued liabilities	25,004	-	25,004
Due to other funds	916,457	11,214	927,671
Unearned revenue	29,130	110,043	139,173
Total liabilities	1,505,649	138,908	1,644,557
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	683,150	-	683,150
Advanced property tax collections	189,705	-	189,705
Total deferred inflows of resources	872,855	-	872,855
<u>Fund Balances</u>			
Nonspendable	1,048,112	-	1,048,112
Committed	-	2,623,261	2,623,261
Assigned	1,253,143	346,166	1,599,309
Unassigned	9,008,689	(834)	9,007,855
Total fund balances	11,309,944	2,968,593	14,278,537
Total liabilities, deferred inflows of resources and fund balances	\$ 13,688,448	\$ 3,107,501	\$ 16,795,949

(Continued)

See Notes to Financial Statements.

Town of Old Lyme, Connecticut

**Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2019**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Exhibit C, Page 1) \$ 14,278,537

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

Beginning net capital assets	21,742,377
Current year capital asset additions	520,183
Depreciation expense	(593,373)

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

Interest receivable on property taxes	141,534
Allowance for doubtful accounts	(123,000)

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

Property tax receivable - accrual basis change	683,150
Deferred charge on refunding	25,163

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

Bonds payable	(1,815,000)
Landfill postclosure costs	(384,000)
Accrued interest payable	(7,579)
Compensated absences	<u>(193,074)</u>

Net position of governmental activities \$ 34,274,918

(Concluded)

Town of Old Lyme, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 34,913,298	\$ -	\$ 34,913,298
Charges for services	929,124	171,120	1,100,244
Intergovernmental	566,406	109,696	676,102
Investment income	280,490	15,830	296,320
Contributions	-	85,418	85,418
Other revenue	-	39,757	39,757
Total revenues	36,689,318	421,821	37,111,139
Expenditures:			
Current:			
General government	2,544,356	69,333	2,613,689
Boards and commissions	413,475	-	413,475
Public works	816,841	379,522	1,196,363
Parks and recreation	392,884	17,217	410,101
Other public safety	362,214	42,258	404,472
Social services	107,983	-	107,983
Fire services	395,384	-	395,384
Police services	820,522	44,205	864,727
Health services	80,262	26,689	106,951
Senior citizens	156,198	28,206	184,404
Other associations	366,750	-	366,750
Sanitation	1,067,239	-	1,067,239
Chartered associations	71,700	-	71,700
Education	26,343,259	-	26,343,259
Capital outlay	570,492	-	570,492
Debt service	348,376	-	348,376
Total expenditures	34,857,935	607,430	35,465,365
Excess (deficiency) of revenues over expenditures	1,831,383	(185,609)	1,645,774
Other financing sources (uses):			
Transfers in	38,400	1,152,600	1,191,000
Transfers out	(1,131,000)	(60,000)	(1,191,000)
Proceeds from sale of capital assets	379	-	379
Net other financing sources (uses)	(1,092,221)	1,092,600	379
Net change in fund balances	739,162	906,991	1,646,153
Fund balances - July 1, 2018	10,570,782	2,061,602	12,632,384
Fund balances - June 30, 2019	\$ 11,309,944	\$ 2,968,593	\$ 14,278,537

See Notes to Financial Statements.

(Continued)

Town of Old Lyme, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,646,153
--	--------------

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	520,183
Depreciation expense	<u>(593,373)</u>
Total	<u>(73,190)</u>

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

Change in property tax receivable - accrual basis change	32,201
Change in property tax interest and lien revenue	647
Change in allowance for doubtful accounts	<u>(4,000)</u>
Total	<u>28,848</u>

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Deferred charge on refunding bonds	(4,194)
Principal repayments:	
General obligation bonds	<u>320,000</u>
Total	<u>315,806</u>

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:

Compensated absences	(4,888)
Landfill closure and postclosure	16,000
Accrued interest payable	<u>1,337</u>
Total	<u>12,449</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,930,066</u>
	(Concluded)

See Notes to Financial Statements.

Town of Old Lyme, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 34,586,177	\$ 34,586,177	\$ 34,913,298	\$ 327,121
Charges for services	902,610	902,610	929,124	26,514
Intergovernmental	349,988	349,988	566,406	216,418
Investment income	93,000	93,000	280,490	187,490
Total revenues	35,931,775	35,931,775	36,689,318	757,543
Expenditures:				
Current:				
General government	2,598,254	2,661,614	2,527,298	134,316
Boards and commissions	532,681	540,766	473,086	67,680
Public works	917,698	917,698	838,961	78,737
Parks and recreation	424,674	425,235	398,384	26,851
Other public safety	392,775	392,775	362,214	30,561
Social services	109,090	109,090	107,983	1,107
Fire services	368,189	375,883	367,417	8,466
Police services	860,102	860,102	820,522	39,580
Health services	80,262	80,262	80,262	-
Senior citizens' activities	157,380	160,380	156,198	4,182
Other associations	373,000	373,000	373,000	-
Sanitation	1,058,823	1,086,198	1,067,239	18,959
Chartered associations	71,700	71,700	71,700	-
Regional School District No. 18	26,343,259	26,343,259	26,343,259	-
Debt service:				
Redemption of debt	320,000	320,000	320,000	-
Interest on debt	28,450	28,450	28,376	74
Capital outlay	1,033,838	1,108,138	1,047,156	60,982
Total expenditures	35,670,175	35,854,550	35,383,055	471,495
Excess (deficiency) of revenues over expenditures	261,600	77,225	1,306,263	1,229,038
Other financing sources (uses):				
Appropriation of fund balance	300,000	984,375	-	(984,375)
Proceeds from sale of capital assets	1,000	1,000	379	(621)
Cancellation of prior year encumbrances	30,000	30,000	139,562	109,562
Transfers in	38,400	38,400	38,400	-
Transfers out	(631,000)	(1,131,000)	(1,131,000)	-
Net other financing sources (uses)	(261,600)	(77,225)	(952,659)	(875,434)
Net change in fund balance	\$ -	\$ -	353,604	\$ 353,604
Fund balance - July 1, 2018			9,703,197	
Fund balance - June 30, 2019			\$ 10,056,801	

See Notes to Financial Statements.

Town of Old Lyme, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	<u>\$ 329,850</u>
<u>Liabilities</u>	
Liabilities:	
Accounts payable	310,279
Due to other funds	<u>19,571</u>
Total liabilities	<u>\$ 329,850</u>

See Notes to Financial Statements.

Town of Old Lyme, Connecticut**Notes to Financial Statements**
June 30, 2019**History, organization and reporting entity**

The Town of Old Lyme, Connecticut (the Town) was founded in 1655. The Town covers 27.1 square miles located in southeastern Connecticut.

The Town operates under a Selectmen/Town Meeting form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, planning, zoning and general administrative services to its residents. The Town is a member of Regional School District No. 18 (the District) with the Town of Lyme. The District provides education for grades K-12. The accompanying basic financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies used by the Town:

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds have no measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of Old Lyme, Connecticut**Notes to Financial Statements**
June 30, 2019

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

Property taxes, expenditure reimbursement-type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

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.

Additionally, the Town reports the following fund type:

Agency Funds are used to account for performance bonds.

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

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.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity****1. Deposits and investments**

Deposits - The Town considers cash as cash on hand, demand deposits and money market accounts.

Investments - Eligible investments are governed by the Connecticut General Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivisions rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value

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

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

b. Property taxes and other receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance is 15% of outstanding receivable balances and is calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, have been recorded as unavailable revenue, since they are not considered to be available to finance expenditures of the current year.

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

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**4. Capital assets**

Capital assets, which include buildings, building improvements, land improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30-75
Building improvements	50
Land improvements	15-75
Vehicles	10-25
Machinery and equipment	10-25
Roads	75
Bridges	100

5. Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The liability for the remainder of the vested sick and vacation leave, and the nonvested portion expected to be paid in future periods, is accounted for in the government-wide financial statements as a noncurrent liability.

6. Long-term obligations

In the government-wide financial statements, 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

Town of Old Lyme, Connecticut**Notes to Financial Statements**
June 30, 2019

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

7. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding which results from the difference in the carry value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow for advanced property tax collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from one source: property taxes (including advanced collections, if any). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Fund equity and net position

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

Net investment in capital assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes, and unspent bond proceeds, are excluded.

Restricted net position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted net position

This category presents the net position of the Town which is not restricted.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019

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

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Finance.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the governing body (Board of Finance) or by an official (Finance Director).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

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

The Town will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019

9. 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.

10. Reclassifications

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

II. Stewardship, compliance and accountability

A. Budgets and budgetary accounting

Budget policies - The procedures for establishing the budgetary data reported in the financial statements are as follows:

- The Town legally adopts an annual budget for the General Fund. Formal budgetary integration is employed by the Board of Finance as a management control device during the year for the General Fund.

The Capital Project Funds employ a project length budget, which is approved by the annual Town Meeting.

- Prior to March 1, each department head, office, agency, board or commission of the Town, supported wholly or in part from Town funds, shall submit budget requests in the form requested by the First Selectman so as to indicate the programs, activities and work accomplished in the current fiscal year and to be accomplished during the ensuing year. These shall be accompanied by detailed estimates of expenditures to be made and of revenues other than taxes to be collected during the ensuing fiscal year, along with such other information as may be requested by the Board of Finance or the First Selectman.
- Prior to April 1, the First Selectman shall present to the Board of Finance a budget.
- The Board of Finance shall hold at least one public hearing on the budget during the month of April and shall adopt a proposed budget, including a recommended appropriation act, by May 1, which shall be published in a newspaper in general circulation in the Town at least five days prior to the annual Town Meeting for budget consideration.
- An annual Town Meeting for budget consideration shall be held on the second Tuesday in May. This meeting shall consider the budget presented to it by the Board of Finance and may approve or lower any item, but may not raise the amount of such item. If the annual Town Meeting fails to adopt a budget, the budget will be returned to the Board of Finance for its consideration. The Board of Finance shall return the same or a revised budget to a Town Meeting called by the Board of Finance for a date no later than ten days after the annual meeting, at which the Town Meeting may approve or lower any item. Should the Town Meeting then fail or refuse to adopt a budget, the budget appropriation last proposed by the Board of Finance shall be in full effect.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019

- The level at which expenditures may not legally exceed appropriations without Board of Finance and/or Town Meeting approval is at the department level. Transfers between departments or new appropriations may be approved by consecutive actions of the Board of Finance and a Town Meeting, which shall be called by the Board of Finance following its action on the new spending proposal.

An appropriation of over \$20,000 for an additional expenditure at the department level not provided for in the annual budget or as a second request may be approved by consecutive favorable actions of the Board of Finance and a referendum of the electors of the Town at a special or regular election of the Town, as one or the other may be determined by the Board of Finance. Additional appropriations to the general fund budget during the year were \$684,375 from fund balance.

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit E) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP reconciliation

A reconciliation of expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit E), is as follows:

	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, budgetary basis, Exhibit E - June 30, 2019	\$ 35,383,055	\$10,056,801
Encumbrances outstanding at June 30, 2018 liquidated during the fiscal year	302,403	-
Encumbrances outstanding at June 30, 2018 and 2019	-	425,620
Encumbrances outstanding at June 30, 2019 charged to budgetary expenditures during the fiscal year	(827,523)	827,523
Balance, GAAP basis, Exhibit D - June 30, 2019	<u>\$ 34,857,935</u>	<u>\$11,309,944</u>

C. Deficit fund balance

The Bus Barn Fund had a deficit fund balance at year-end of \$834. The deficit will be eliminated by future charges for services.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**III. Detailed notes****A. Cash and investments**

1. 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. The Town does not have a deposit policy for custodial credit risk. At year end, \$14,241,184 of the Town's bank balance of \$15,321,387 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,742,066
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,499,118</u>
Total amount subject to custodial credit risk	<u>\$ 14,241,184</u>

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

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

<u>Type of Investment</u>	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less than 1 Year</u>
Bank money markets accounts	\$ 8,477,933	\$ 8,477,933
Certificates of deposit	<u>2,941,229</u>	<u>2,941,229</u>
Total	<u>\$ 11,419,162</u>	<u>\$ 11,419,162</u>

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019

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

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Custodial credit risk - The Town has no formal policy with respect to 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 had no investments subject to custodial credit risk.

B. Receivables

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

Property Taxes			
	Taxes	Interest & Lien Fees	Total
Current portion	\$ 290,575	\$ 96,427	\$ 387,002
Long-term portion	\$ 392,575	\$ 45,107	\$ 437,682
Less allowance for uncollectible		(102,000)	(21,000)
Net long-term portion	\$ 290,575	\$ 24,107	\$ 314,682

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**C. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,647,356		\$	\$ 3,647,356
Works of art	291,000			291,000
Construction in progress	81,487	74,561		156,048
Total capital assets not being depreciated	<u>4,019,843</u>	<u>74,561</u>	<u>-</u>	<u>4,094,404</u>
Capital assets being depreciated:				
Buildings and improvements	6,824,314			6,824,314
Land improvements	1,800,170			1,800,170
Machinery, vehicles and equipment	7,288,250	80,947		7,369,197
Infrastructure	6,961,757	364,675		7,326,432
Total capital assets being depreciated	<u>22,874,491</u>	<u>445,622</u>	<u>-</u>	<u>23,320,113</u>
Less accumulated depreciation for:				
Buildings and improvements	1,018,622	86,564		1,105,186
Land improvements	438,904	29,794		468,698
Machinery, vehicles and equipment	2,986,960	366,238		3,353,198
Infrastructure	707,471	110,777		818,248
Total accumulated depreciation	<u>5,151,957</u>	<u>593,373</u>	<u>-</u>	<u>5,745,330</u>
Total capital assets being depreciated, net	<u>17,722,534</u>	<u>(147,751)</u>	<u>-</u>	<u>17,574,783</u>
Governmental Activities Capital Assets, Net	\$ <u>21,742,377</u>	\$ <u>(73,190)</u>	\$ <u>-</u>	\$ <u>21,669,187</u>

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

Governmental activities:	
General government	\$ 204,266
Public works	123,669
Parks and recreation	64,991
Other public safety	1,066
Fire services	152,120
Police services	37,321
Senior citizens	<u>9,940</u>
Total	\$ <u>593,373</u>

The Town has a collection of artworks presented in public buildings. The true value of the art is expected to either be maintained at cost or appreciate over time and, thus, the art is not depreciated. If individual pieces are lost or destroyed, the loss is recorded.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**D. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due from	Due to
Major fund:			
General fund:			
Social Workers Fund	N/A	\$ 92	
Misc Revenue	N/A		70,991
Dog Fund	N/A		5,231
Police Private Duty	N/A		29,299
Harbor Mgt	N/A	511	
Public Building Improve	N/A		345
Sanitation & Recycling	N/A		2,000
Senior Center Board	N/A	2,154	
Bus Barn	N/A	1,449	
CNR-Revaluation	N/A	2,140	
Hains Park Boathouse	N/A		31,675
Sound View Improv	N/A		73,875
Land Acquisition	N/A	4,868	
Library Improvement	N/A		500,000
Road Improvement	N/A		203,041
Performance Bonds	N/A	19,571	
 Total general fund		<u>30,785</u>	<u>916,457</u>
 Nonmajor funds:			
Special revenue funds:			
Social Workers Fund	General fund		92
Misc Revenue	General fund	70,991	
Dog Fund	General fund	5,231	
Police Private Duty	General fund	29,299	
Harbor Mgt	General fund		511
Public Building Improve	General fund	345	
Sanitation & Recycling	General fund	2,000	
Senior Ctr Board	General fund		2,154
Bus Barn	General fund		1,449
 Capital project funds:			
CNR-Revaluation	General fund		2,140
Land Acquisition	General fund		4,868
Hains Park Boathouse	General fund	31,675	
Sound View Improv	General fund	73,875	
Library Improvements	General fund	500,000	
Road Improvement	General fund	203,041	
 Total nonmajor funds		<u>916,457</u>	<u>11,214</u>
 Fiduciary funds:			
Performance bonds	General fund		19,571
 Grand total		<u>\$ 947,242</u>	<u>\$ 947,242</u>

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding Fund	Transfers In	Transfer Out
Major fund:			
General fund:			
Bus Barn	N/A	\$ 38,400	\$
Land Acquisition	N/A		75,000
Revaluation	N/A		20,000
Town Building Improvement	N/A		5,000
Road Improvement	N/A		400,000
Firefighters equipment	N/A		130,000
Library Improvement	N/A		500,000
Sanitation & Recycling	N/A		1,000
		<u>38,400</u>	<u>1,131,000</u>
Total general fund		<u>38,400</u>	<u>1,131,000</u>
Nonmajor funds:			
Special revenue funds:			
Bus Barn	General Fund		38,400
Bus Barn	Revaluation Fund		21,600
Capital project funds:			
Revaluation	Bus Barn	21,600	
Revaluation	General fund	20,000	
Town Building Improvement	General fund	5,000	
Land Acquisition	General Fund	75,000	
Firefighters Equipment	General Fund	130,000	
Road Improvement	General Fund	400,000	
Library Improvement	General Fund	500,000	
Sanitation & Recycling	General Fund	1,000	
		<u>1,152,600</u>	<u>60,000</u>
Total nonmajor funds		<u>1,152,600</u>	<u>60,000</u>
Grand total		<u>\$ 1,191,000</u>	<u>\$ 1,191,000</u>

Transfers are used to account the financing by the general fund of various program and activities in other funds.

Town of Old Lyme, Connecticut

Exhibit G

Notes to Financial Statements
June 30, 2019

E. Changes in long-term obligations

1. Summary of changes

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion
Bonds - refunding	\$ 2,765,000	6/30/16	9/15/2024	1.44%	\$ 2,135,000	\$ -	\$ 320,000	\$ 1,815,000	\$ 315,000
Landfill postclosure costs					400,000	-	16,000	384,000	16,000
Compensated absences					<u>188,186</u>	<u>213,258</u>	<u>208,370</u>	<u>193,074</u>	<u>121,774</u>
Total long-term obligations					<u>\$ 2,723,186</u>	<u>\$ 213,258</u>	<u>\$ 544,370</u>	<u>\$ 2,392,074</u>	<u>\$ 452,774</u>

Old Lyme is a member of the District, which provides education facilities for grades pre-k through twelve for the Towns of Lyme and Old Lyme. At year end, the outstanding bonded indebtedness of the District was \$24,530,000. The Town of Old Lyme's share will be approximately 80.7%, which totaled \$19,795,710. These are general obligations of the District and its member towns.

All long-term liabilities are generally liquidated by the general fund.

The annual requirements to amortize bonds payable are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	\$ 315,000	\$ 23,868	\$ 338,868
2021	310,000	19,368	329,368
2022	305,000	14,940	319,940
2023	300,000	10,584	310,584
2024	295,000	6,300	301,300
2025	<u>290,000</u>	<u>2,088</u>	<u>292,088</u>
Total	<u>\$1,815,000</u>	<u>\$ 77,148</u>	<u>\$1,892,148</u>

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019**2. Landfill closure and postclosure care costs**

State and Federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town closed and covered its landfill. Monitoring costs and estimated repairs and maintenance for the next 24 years at \$16,000 per year are \$384,000. The postclosure care amounts are estimates, which are subject to changes due to inflation, technology or applicable landfill laws and regulations.

3. Authorized/unissued bonds

There are no authorized/unissued bonds.

4. 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	\$ 77,527,508	\$ 1,815,000	\$ 75,712,508
Schools	155,055,015	19,795,710	135,259,305
Sewers	129,212,513	-	129,212,513
Urban renewal	111,984,178	-	111,984,178
Pension deficit	103,370,010	-	103,370,010

The overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$241,196,690.

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.

Town of Old Lyme, Connecticut

Exhibit G

Notes to Financial Statements
June 30, 2019

F. Fund balance classifications

Fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total
Fund balances:			
Nonspendable for:			
Prepays expenditures	\$ 1,048,112	\$	1,048,112
Committed for:			
Town capital projects		2,623,261	2,623,261
Assigned for:			
General government	10,400	23,755	34,155
Boards and commissions	149,820	28,362	178,182
Public works	31,120		31,120
Parks and recreation	5,500	13,703	19,203
Other public safety		44,527	44,527
Other associations	6,250		6,250
Police services		47,341	47,341
Health services		62,651	62,651
Senior citizens		123,827	123,827
Sanitation and recycling		2,000	2,000
Capital outlay	1,050,053		1,050,053
Unassigned	<u>9,008,689</u>	<u>(834)</u>	<u>9,007,855</u>
Total Fund Balances	<u>\$ 11,309,944</u>	<u>\$ 2,968,593</u>	<u>\$ 14,278,537</u>

Fund balance amounts classified as assigned under the general fund represent encumbrances outstanding at June 30, 2019.

Town of Old Lyme, Connecticut**Notes to Financial Statements**
June 30, 2019**IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes for workers' compensation and employer liability coverage. The Town pays an annual premium for its coverage. CIRMA should be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reduction in insurance coverage from amount held in prior years.

B. Commitments and litigation

The Town has been named as defendant in several claims and legal actions. The Town's attorney estimates that the potential claims against the Town not covered by insurance resulting from such claims and legal actions would not materially affect the financial condition of the Town.

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

C. Pension plans**1. Defined contribution Town of Old Lyme pension plan**

The Town has established and administers a multiple employer defined contribution plan to provide pension benefits for all of its full-time employees and the District nonprofessional administrative employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at twenty-one (21) years of age and after one year of service. Participants are not required to contribute to the plan; however, they are allowed to contribute on an after-tax basis up to 10%, which is fully vested. The Town's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service. The Town's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the Town are established and may be amended by the Board of Selectmen. The Town is required to contribute 8% of its employee covered payroll. The plan does not issue stand-alone reports.

Town of Old Lyme, Connecticut

Notes to Financial Statements
June 30, 2019

C. Pension plans (Continued)

The Town and the District's payroll of eligible individuals covered by the plan was \$6,002,600. Employee contributions totaled \$109,999, or 1.8%, of covered payroll, and the Town and District recognized pension expense of \$480,208, or 8% of covered payroll.

The Town has no liability to the plan at year end.

2. Defined contribution volunteer firefighters' retirement plan

The volunteer firefighters participate in a defined contribution plan; however, the assets are not held in the Town's name. Although not required, it has been the Town's policy in the past years to fund all pension costs accrued in the current year. The Town's contribution during the fiscal year was \$69,450.

D. Subsequent events

On August 13, 2019, the voters authorized the appropriation of \$9,500,000 for construction of the Sound View Beach and Miscellaneous Town Area B Sewer Project and authorized the issuance of bonds, notes and other obligations to finance the project.

On August 26, 2019, the Town received bond proceeds of \$1,250,000 to finance improvements to the Old Lyme Phoebe Griffin Noyes Library approved at \$1,750,000 in total at a Town Meeting in July 2018.

On September 3, 2019, the Town closed on the \$600,000 purchase of 300 acres of open space using funds committed for such use in its Land Acquisition fund.



Supplemental Schedules

General Fund

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

Town of Old Lyme, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Property taxes	\$ 34,370,177	\$ 34,370,177	\$ 34,675,657	\$ 305,480
Interest and lien fees	190,000	190,000	212,521	22,521
Telephone access line grant	26,000	26,000	25,120	(880)
Total property taxes	34,586,177	34,586,177	34,913,298	327,121
Charges for services:				
Ambulance fuel reimbursement	6,000	6,000	7,512	1,512
Assessor	1,000	1,000	1,053	53
Beach stickers and permits	30,000	30,000	39,790	9,790
Building department	160,000	160,000	129,261	(30,739)
Cell phone tower lease	27,600	27,600	34,530	6,930
Fire marshal	400	400	480	80
Historic District commission	200	200		(200)
Inland/wetlands	2,500	2,500	1,380	(1,120)
Insurance reimbursement	1,200	1,200	3,244	2,044
Land use reimbursements	9,500	9,500	1,152	(8,348)
Legal fees reimbursement			20	20
Miscellaneous	10,010	10,010	42,560	32,550
Other reimbursements			553	553
Parking fines	16,000	16,000	7,555	(8,445)
Parking	100,000	100,000	86,792	(13,208)
Parks and recreation department	45,000	45,000	46,135	1,135
Planning commission	1,000	1,000	915	(85)
Recycling	1,500	1,500	1,018	(482)
Registrar reimbursement	2,000	2,000	2,130	130
Rogers Lake Authority reimbursement	52,000	52,000	29,888	(22,112)
School crossing guard	8,000	8,000	8,334	334
Selectmen's office	10,000	10,000	10,534	534
Senior center reimbursement	48,700	48,700	33,753	(14,947)
Town clerk's office	230,000	230,000	255,199	25,199
Town Woods Park reimbursement	32,500	32,500	45,091	12,591
Transfer Station	100,000	100,000	125,718	25,718
Zoning board of appeals	2,500	2,500	4,104	1,604
Zoning commission	5,000	5,000	10,423	5,423
Total charges for services	902,610	902,610	929,124	26,514
Intergovernmental:				
Education equalization grant	-	-	241,512	241,512
Emergency management	40,000	40,000	32,791	(7,209)
Grants for Municipal Projects	1,888	1,888	1,888	-
LOCIP	57,000	57,000		(57,000)
Miscellaneous state grants	7,000	7,000	4,081	(2,919)
PILOT - colleges	-	-	33,136	33,136
PILOT - federal property	-	-	1,145	1,145
PILOT - state property	-	-	9,966	9,966
State police DWI	14,600	14,600	8,705	(5,895)
Tax relief elderly/disabled	-	-	194	194
Town aid road	229,500	229,500	229,307	(193)
Veterans' tax exempt	-	-	3,681	3,681
Total intergovernmental	349,988	349,988	566,406	216,418
Investment income:				
Interest on investments	93,000	93,000	280,490	187,490
Total revenues	35,931,775	35,931,775	36,689,318	757,543
Other financing sources:				
Appropriation of fund balance	300,000	984,375	-	(984,375)
Proceeds from sale of capital assets	1,000	1,000	379	(621)
Cancellation of prior year encumbrances	30,000	30,000	139,562	109,562
Transfers in:				
Bus barn fund	38,400	38,400	38,400	-
Total other financing sources	369,400	1,053,775	178,341	(875,434)
Total revenues and other financing sources	\$ 36,301,175	\$ 36,985,550	\$ 36,867,659	\$ (117,891)

Town of Old Lyme, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government:				
Selectmen's office	\$ 275,620	\$ 280,441	\$ 280,440	\$ 1
Town clerk	121,411	123,713	123,713	-
Tax collector	112,822	112,822	104,265	8,557
Treasurer	175,670	175,670	167,582	8,088
Registrar	53,886	53,886	51,778	2,108
Information technology	91,970	75,207	64,161	11,046
Probate court	6,000	6,000	5,772	228
Assessor	131,488	131,488	131,200	288
Building department	121,502	121,502	114,452	7,050
Health department	154,885	154,885	153,239	1,646
Town hall	171,000	171,000	158,195	12,805
Insurance	767,000	840,000	790,989	49,011
Special deductions	415,000	415,000	381,512	33,488
Total general government	<u>2,598,254</u>	<u>2,661,614</u>	<u>2,527,298</u>	<u>134,316</u>
Boards and commissions:				
Harbor management commission	1,250	1,250	1,005	245
Economic development commission	20	8,095	8,076	19
Ethics commission	25	25	-	25
Water management authority	84,412	84,412	79,470	4,942
Board of finance	10,104	10,104	9,422	682
Flood and erosion control board	540	540	327	213
Historic district commission	4,700	4,710	4,709	1
Tree commission	13,950	13,950	11,464	2,486
Parks and Recreation commission	1,522	1,522	1,202	320
Board of assessment appeals	552	552	525	27
Rogers Lake authority	79,900	79,900	49,833	30,067
Land use	303,342	303,342	282,750	20,592
Sound View	14,375	14,375	9,967	4,408
Conservation commission	3,273	3,273	459	2,814
Open space	14,716	14,716	13,877	839
Total boards and commissions	<u>532,681</u>	<u>540,766</u>	<u>473,086</u>	<u>67,680</u>
Public works:				
Public works expenditures	<u>917,698</u>	<u>917,698</u>	<u>838,961</u>	<u>78,737</u>
Parks and recreation:				
Parks and recreation	247,274	247,274	242,854	4,420
Town Woods Park	154,900	154,900	132,470	22,430
Fireworks/Memorial day	22,500	23,061	23,060	1
Total parks and recreation	<u>424,674</u>	<u>425,235</u>	<u>398,384</u>	<u>26,851</u>
Other public safety:				
Animal control	64,788	64,788	58,704	6,084
Emergency management	19,800	19,800	17,203	2,597
Valley shore communications	148,000	148,000	147,751	249
Ambulance	160,187	160,187	138,556	21,631
Total other public safety	<u>392,775</u>	<u>392,775</u>	<u>362,214</u>	<u>30,561</u>

(Continued)

Town of Old Lyme, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Social services:				
Social service	\$ 19,090	\$ 19,090	\$ 17,983	\$ 1,107
Lyme's youth services	90,000	90,000	90,000	-
Total social services	109,090	109,090	107,983	1,107
Fire services:				
Old Lyme fire department	179,954	187,102	187,101	1
Fire protection	31,800	32,346	32,346	-
Fire marshal	70,435	70,435	69,295	1,140
Firemen's incentive plan	86,000	86,000	78,675	7,325
Total fire services	368,189	375,883	367,417	8,466
Police services:				
Resident state police	185,000	185,000	152,854	32,146
Municipal police	675,102	675,102	667,668	7,434
Total police services	860,102	860,102	820,522	39,580
Health services:				
Social services agencies	6,042	6,042	6,042	-
VNA	74,220	74,220	74,220	-
Total health services	80,262	80,262	80,262	-
Senior citizens' activities:				
Estuary transit district	15,500	15,500	15,500	-
Estuary services	39,500	39,500	39,500	-
Senior center	102,380	105,380	101,198	4,182
Total senior citizens' activities	157,380	160,380	156,198	4,182
Other nonprofits	373,000	373,000	373,000	-
Sanitation:				
Municipal refuse collection	376,800	376,872	376,872	-
Single stream recycling	185,597	185,597	185,597	-
CT Resources Recovery Authority	210,000	236,000	219,751	16,249
Recycling	36,800	38,103	38,102	1
Household hazardous waste	20,000	20,000	17,574	2,426
Transfer station	229,626	229,626	229,343	283
Total sanitation	1,058,823	1,086,198	1,067,239	18,959

(Continued)

Town of Old Lyme, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Chartered associations	\$ 71,700	\$ 71,700	\$ 71,700	\$ -
Total chartered associations				
Regional School District No. 18	26,343,259	26,343,259	26,343,259	-
Debt service:				
Redemption of debt	320,000	320,000	320,000	-
Interest on debt	28,450	28,450	28,376	74
Total debt service	348,450	348,450	348,376	74
Capital outlay:				
General government	192,938	238,938	200,760	38,178
Public works	45,000	45,000	44,551	449
Public safety	260,900	273,200	252,897	20,303
Public works roads and projects	535,000	551,000	548,948	2,052
Total capital outlay	1,033,838	1,108,138	1,047,156	60,982
Total expenditures	35,670,175	35,854,550	35,383,055	471,495
Other financing uses:				
Transfers out:				
Firefighters' equipment	130,000	130,000	130,000	-
Library Improvement	-	500,000	500,000	-
Capital nonrecurring - revaluation	20,000	20,000	20,000	-
Town building improvement	5,000	5,000	5,000	-
Road improvement fund	400,000	400,000	400,000	-
Sanitation & Recycling	1,000	1,000	1,000	-
Land acquisition	75,000	75,000	75,000	-
Total other financing uses	631,000	1,131,000	1,131,000	-
Total expenditures and other financing uses	<u>\$ 36,301,175</u>	<u>\$ 36,985,550</u>	<u>\$ 36,514,055</u>	<u>\$ 471,495</u>

(Concluded)

Town of Old Lyme, Connecticut

Report of Property Tax Collector
Year Ended June 30, 2019

Grand List Year	Uncollected Taxes July 1, 2018	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2019
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
Suspense	\$ -	\$ -	\$ 3,931	\$ -	\$ -	\$ 3,931	\$ 3,931	\$ 3,591	\$ 20	\$ 7,542	\$ -
2002	131	-	-	131	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	186	-	-	186	-	-	-	-	186
2011	-	-	169	-	-	169	-	-	-	-	169
2012	1,754	-	-	-	-	1,754	1,671	88	24	1,783	83
2013	10,259	-	-	-	-	10,259	6,664	4,172	72	10,908	3,595
2014	93,395	-	-	-	14,755	78,640	53,907	30,922	432	85,261	24,733
2015	163,386	-	554	1,319	464	162,157	84,091	42,590	760	127,441	78,066
2016	382,024	-	1,010	5,795	476	376,763	197,479	45,041	1,072	243,592	179,284
Total Prior Years	650,949	-	5,850	7,245	15,695	633,859	347,743	126,404	2,380	476,527	286,116
2017	<u>34,821,493</u>	<u>22,990</u>	<u>92,131</u>	<u>480</u>	<u>34,751,872</u>	<u>34,354,838</u>	<u>83,363</u>	<u>48</u>	<u>34,438,249</u>	<u>397,034</u>	
Total	<u>\$ 650,949</u>	<u>\$ 34,821,493</u>	<u>\$ 28,840</u>	<u>\$ 99,376</u>	<u>\$ 16,175</u>	<u>\$ 35,385,731</u>	<u>\$ 34,702,581</u>	<u>\$ 209,767</u>	<u>\$ 2,428</u>	<u>\$ 34,914,776</u>	<u>\$ 683,150</u>

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.

Capital Projects Funds

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

Town of Old Lyme, Connecticut

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds										Total
	Social Workers' Fund	Miscellaneous Fund	Dog Fund	Private Duty Fund	Harbor Management Fund	Town Woods Park Fund	Public Building Improvement Fund	Senior Center Board Fund	Bus Barn Fund	Sanitation & Recycling Fund	
Assets											
Cash Receivables:											
Other	\$ 63,412	\$ -	\$ 43,827	\$ -	\$ 28,873	\$ 13,703	\$ 23,410	\$ 125,981	\$ 615	\$ -	\$ 299,821
Due from other funds	-	38,383	-	18,042	-	-	-	-	-	-	56,425
	<u>-</u>	<u>70,991</u>	<u>5,231</u>	<u>29,299</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>107,866</u>
Total assets	<u><u>\$ 63,412</u></u>	<u><u>\$ 109,374</u></u>	<u><u>\$ 49,058</u></u>	<u><u>\$ 47,341</u></u>	<u><u>\$ 28,873</u></u>	<u><u>\$ 13,703</u></u>	<u><u>\$ 23,755</u></u>	<u><u>\$ 125,981</u></u>	<u><u>\$ 615</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 464,112</u></u>
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 4,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,531
Due to other funds	92	-	-	-	511	-	-	2,154	1,449	-	4,206
Unearned revenue	<u>669</u>	<u>109,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,043</u>
Total liabilities	<u><u>761</u></u>	<u><u>109,374</u></u>	<u><u>4,531</u></u>	<u><u>-</u></u>	<u><u>511</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,154</u></u>	<u><u>1,449</u></u>	<u><u>-</u></u>	<u><u>118,780</u></u>
Fund balances:											
Assigned	62,651	-	44,527	47,341	28,362	13,703	23,755	123,827	-	2,000	346,166
Unassigned	-	-	-	-	-	-	-	-	(834)	-	(834)
Total fund balances	<u><u>62,651</u></u>	<u><u>-</u></u>	<u><u>44,527</u></u>	<u><u>47,341</u></u>	<u><u>28,362</u></u>	<u><u>13,703</u></u>	<u><u>23,755</u></u>	<u><u>123,827</u></u>	<u><u>(834)</u></u>	<u><u>2,000</u></u>	<u><u>345,332</u></u>
Total liabilities and fund balances	<u><u>\$ 63,412</u></u>	<u><u>\$ 109,374</u></u>	<u><u>\$ 49,058</u></u>	<u><u>\$ 47,341</u></u>	<u><u>\$ 28,873</u></u>	<u><u>\$ 13,703</u></u>	<u><u>\$ 23,755</u></u>	<u><u>\$ 125,981</u></u>	<u><u>\$ 615</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 464,112</u></u>

(Continued)

Town of Old Lyme, Connecticut

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Capital Project Funds									Total Nonmajor Governmental Funds
	Capital Nonrecurring	Town Building Improvement	Land Acquisition	Firefighters' Equipment	Hains Park Boathouse	Sound View Bike Path- Improvement	Road Improvement	Library Improvement	Total	
Assets										
Cash Receivables:	\$ 151,140	\$ 73,569	\$ 807,991	\$ 802,098	\$ -	\$ -	\$ -	\$ -	\$ 1,834,798	\$ 2,134,619
Other	-	-	-	-	-	-	-	-	-	56,425
Due from other funds	-	-	-	-	31,675	73,875	203,041	500,000	808,591	916,457
Total assets	\$ 151,140	\$ 73,569	\$ 807,991	\$ 802,098	\$ 31,675	\$ 73,875	\$ 203,041	\$ 500,000	\$ 2,643,389	\$ 3,107,501
Liabilities and Fund Balances										
Liabilities:										
	Accounts payable	\$ 13,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,120	\$ 17,651
	Due to other funds	2,140		4,868						7,008
	Unearned revenue	-	-	-	-	-	-	-	-	110,043
	Total liabilities	15,260	-	4,868	-	-	-	-	-	20,128
Fund balances:										
Committed	135,880	73,569	803,123	802,098	31,675	73,875	203,041	500,000	2,623,261	2,623,261
Assigned	-	-	-	-	-	-	-	-	-	346,166
Unassigned	-	-	-	-	-	-	-	-	-	(834)
Total fund balances	135,880	73,569	803,123	802,098	31,675	73,875	203,041	500,000	2,623,261	2,968,593
Total liabilities and fund balances	\$ 151,140	\$ 73,569	\$ 807,991	\$ 802,098	\$ 31,675	\$ 73,875	\$ 203,041	\$ 500,000	\$ 2,643,389	\$ 3,107,501

(Concluded)

Town of Old Lyme, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	Special Revenue Funds										Total
	Social Workers' Fund	Miscellaneous Fund	Dog Fund	Private Duty Fund	Harbor Management Fund	Town Woods Park Fund	Public Building Improvement Fund	Senior Center Board Fund	Bus Barn Fund	Sanitation & Recycling Fund	
Revenues:											
Charges for services	\$ -	\$ 2,245	\$ 4,459	\$ 47,108	\$ 5,271	\$ -	\$ 3,753	\$ 48,284	\$ 60,000	\$ -	\$ 171,120
Intergovernmental	-	31,189	-	-	-	-	-	-	-	-	31,189
Investment income	732	-	479	-	289	165	235	1,355	319	-	3,574
Contributions	8,658	6,710	-	-	-	50	-	-	-	-	15,418
Other revenue	-	39,757	-	-	-	-	-	-	-	-	39,757
Total revenues	9,390	79,901	4,938	47,108	5,560	215	3,988	49,639	60,319	-	261,058
Expenditures:											
Current:											
General government	-	8,540	-	-	-	-	-	-	977	-	9,517
Parks and recreation	-	5,960	-	-	-	-	-	-	-	-	5,960
Other public safety	-	38,712	1,179	-	2,367	-	-	-	-	-	42,258
Police services	-	-	-	44,205	-	-	-	-	-	-	44,205
Health services	-	26,689	-	-	-	-	-	-	-	-	26,689
Senior citizens	6,477	-	-	-	-	-	-	21,729	-	-	28,206
Total expenditures	6,477	79,901	1,179	44,205	2,367	-	-	21,729	977	-	156,835
Excess (deficiency) of revenues over expenditures	2,913	-	3,759	2,903	3,193	215	3,988	27,910	59,342	-	104,223
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	1,000	1,000
Transfers out	-	-	-	-	-	-	-	-	(60,000)	-	(60,000)
Net other financing sources (uses)	-	-	-	-	-	-	-	-	(60,000)	1,000	(59,000)
Net change in fund balances	2,913	-	3,759	2,903	3,193	215	3,988	27,910	(658)	1,000	45,223
Fund balances - July 1, 2018	59,738	-	40,768	44,438	25,169	13,488	19,767	95,917	(176)	1,000	300,109
Fund balances - June 30, 2019	\$ 62,651	\$ -	\$ 44,527	\$ 47,341	\$ 28,362	\$ 13,703	\$ 23,755	\$ 123,827	\$ (834)	\$ 2,000	\$ 345,332

(Continued)

Town of Old Lyme, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	Capital Project Funds									Total Nonmajor Governmental Funds
	Capital Nonrecurring	Town Building Improvement	Land Acquisition	Firefighters' Equipment	Hains Park Boathouse	Sound View Bike Path- Improvement	Road Improvement	Library Improvement	Total	
Revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,507	\$ -	\$ -	\$ -	\$ 171,120
Intergovernmental	-	-	-	-	-	-	-	-	-	109,696
Investment income	321	868	9,605	1,462	-	-	-	-	-	15,830
Contributions	-	-	70,000	-	-	-	-	-	-	85,418
Other revenue	-	-	-	-	-	-	-	-	-	39,757
Total revenues	321	868	79,605	1,462	-	78,507	-	-	160,763	421,821
Expenditures:										
Current:										
General government	54,816	5,000	-	-	-	-	-	-	59,816	69,333
Public works	-	-	-	-	-	14,847	364,675	-	379,522	379,522
Parks and recreation	-	-	11,257	-	-	-	-	-	11,257	17,217
Other public safety	-	-	-	-	-	-	-	-	-	42,258
Police services	-	-	-	-	-	-	-	-	-	44,205
Health services	-	-	-	-	-	-	-	-	-	26,689
Senior citizens	-	-	-	-	-	-	-	-	-	28,206
Total expenditures	54,816	5,000	11,257	-	-	14,847	364,675	-	450,595	607,430
Excess (deficiency) of revenues over expenditures	(54,495)	(4,132)	68,348	1,462	-	63,660	(364,675)	-	(289,832)	(185,609)
Other financing sources (uses):										
Transfers in	41,600	5,000	75,000	130,000	-	-	400,000	500,000	1,151,600	1,152,600
Transfers out	-	-	-	-	-	-	-	-	-	(60,000)
Net other financing sources (uses)	41,600	5,000	75,000	130,000	-	-	400,000	500,000	1,151,600	1,092,600
Net change in fund balances	(12,895)	868	143,348	131,462	-	63,660	35,325	500,000	861,768	906,991
Fund balances - July 1, 2018	148,775	72,701	659,775	670,636	31,675	10,215	167,716	-	1,761,493	2,061,602
Fund balances - June 30, 2019	\$ 135,880	\$ 73,569	\$ 803,123	\$ 802,098	\$ 31,675	\$ 73,875	\$ 203,041	\$ 500,000	\$ 2,623,261	\$ 2,968,593

(Concluded)

Fiduciary Funds

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

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Town of Old Lyme, Connecticut

Agency Funds
Combining Statement of Changes in Asset and Liabilities
Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Asset</u>				
Cash:				
Performance bonds	<u>\$ 342,540</u>	<u>\$ 4,059</u>	<u>\$ 16,749</u>	<u>\$ 329,850</u>
<u>Liabilities</u>				
Accounts payable:				
Performance bonds	\$ 323,228	\$ 3,800	\$ 16,749	\$ 310,279
Due to other funds:				
Performance bonds	<u>19,312</u>	<u>259</u>	<u>-</u>	<u>19,571</u>
Total liabilities	<u>\$ 342,540</u>	<u>\$ 4,059</u>	<u>\$ 16,749</u>	<u>\$ 329,850</u>

Trend Information

Table 1

Town of Old Lyme, Connecticut

Net Position by Component
Last Ten Years
(Unaudited)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 19,854,187	\$ 19,607,377	\$ 19,157,888	\$ 16,803,929	\$ 15,825,169	\$ 15,512,237	\$ 14,663,770	\$ 13,302,576	\$ 12,172,355	\$ 11,009,816
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	353,191
Unrestricted	<u>14,420,731</u>	<u>12,737,475</u>	<u>11,709,604</u>	<u>10,799,781</u>	<u>9,167,351</u>	<u>8,024,680</u>	<u>7,070,073</u>	<u>6,699,214</u>	<u>5,806,440</u>	<u>4,545,445</u>
Total net position	<u><u>\$ 34,274,918</u></u>	<u><u>\$ 32,344,852</u></u>	<u><u>\$ 30,867,492</u></u>	<u><u>\$ 27,603,710</u></u>	<u><u>\$ 24,992,520</u></u>	<u><u>\$ 23,536,917</u></u>	<u><u>\$ 21,733,843</u></u>	<u><u>\$ 20,001,790</u></u>	<u><u>\$ 17,978,795</u></u>	<u><u>\$ 15,908,452</u></u>

Table 2

Town of Old Lyme, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
General government	\$ 3,191,913	\$ 2,770,249	\$ 2,747,576	\$ 2,639,326	\$ 2,870,319	\$ 2,828,319	\$ 2,390,703	\$ 2,708,122	\$ 2,426,942	\$ 2,443,785
Public works	1,317,452	1,696,348	1,242,170	1,295,885	1,324,016	1,306,797	1,345,789	1,275,043	1,238,387	1,476,780
Parks and recreation	504,181	427,120	464,329	1,930,981	491,930	494,022	382,947	427,992	386,002	417,593
Other public safety	440,272	373,015	397,308	351,505	403,834	330,743	658,678	488,654	351,199	307,029
Social services	107,983	103,930	110,570	105,457	93,486	90,972	83,896	84,466	83,955	79,808
Fire services	641,510	561,976	640,059	430,894	464,308	510,386	453,464	761,987	698,564	642,124
Police services	1,238,522	1,140,264	961,451	998,934	1,153,081	1,152,650	1,104,710	886,192	781,859	819,740
Health services	106,951	162,631	153,063	150,364	150,831	149,989	156,327	156,946	150,025	147,568
Senior citizens	233,385	223,561	198,121	189,321	218,980	189,045	108,339	71,189	67,520	66,359
Sanitation	1,053,639	1,038,310	957,297	1,089,305	1,014,480	1,087,838	1,399,954	818,219	1,076,571	1,057,786
Education	26,343,259	26,535,202	25,565,976	25,014,080	24,649,113	24,314,383	24,293,158	23,285,508	22,632,353	22,467,474
Interest expense	31,233	35,906	40,516	78,485	84,037	92,090	138,124	110,426	107,192	99,624
Total expenses	35,210,300	35,068,512	33,478,436	34,274,537	32,918,415	32,547,234	32,516,089	31,074,744	30,000,569	30,025,670
Program revenues:										
Charges for services:										
General government	532,332	237,367	483,380	526,326	488,866	543,511	515,669	467,346	414,045	437,569
Public works	3,753	3,124	4,329	4,508	4,239	4,728	7,888	6,357	8,190	109,465
Parks and recreation	217,808	190,558	219,104	236,599	198,812	207,337	215,018	252,141	208,841	151,921
Other public safety	11,971	262,818	12,013	14,597	19,337	18,376	17,987	9,369	15,589	9,682
Fire services	480	45,183	380	650	360	400	380	420	850	1,260
Police services	54,663	57,288	43,409	51,975	89,059	49,359	70,117	145,922	73,473	43,640
Health services	-	8,219	5,632	15,397	10,688	14,904	15,425	13,230	10,432	4,435
Senior citizens	82,037	17,297	55,897	48,707	48,905	54,155	13,668	7,159	7,287	7,994
Sanitation	186,736	164,074	112,942	148,907	193,509	165,702	223,304	351,026	238,107	167,618
Education	10,464	28,784	66,044	68,384	65,647	64,571	65,054	64,461	63,755	-
Operating grants and contributions	399,565	331,070	960,280	2,766,825	749,675	963,519	1,029,382	1,154,206	860,837	747,876
Capital grants and contributions	307,814	254,080	957,764	394,259	279,550	793,642	795,262	248,927	185,441	397,590
Total program revenues	1,807,623	1,599,862	2,921,174	4,277,134	2,148,647	2,880,204	2,969,154	2,720,564	2,086,847	2,079,050
Net expenses:										
Governmental activities	(33,402,677)	(33,468,650)	(30,557,262)	(29,997,403)	(30,769,768)	(29,667,030)	(29,546,935)	(28,354,180)	(27,913,722)	(27,946,620)
General revenues:										
Property taxes	34,942,146	34,572,309	33,587,370	32,462,970	31,962,357	31,275,151	31,072,048	30,203,776	29,739,653	29,475,784
Grants and contributions not restricted to specific programs	54,141	167,645	56,958	199,033	225,785	167,440	180,486	142,982	178,588	138,473
Investment income	296,320	186,628	59,925	32,392	14,805	12,223	14,604	15,956	27,619	50,447
Gain on sale of capital assets	379	-	-	3,800	15,742	22,424	15,290	11,850	14,461	38,205
Miscellaneous	39,757	19,428	-	-	-	-	-	-	-	40,179
Total general revenues	35,332,743	34,946,010	33,704,253	32,713,937	32,225,371	31,470,104	31,278,988	30,377,175	29,984,065	29,704,883
Change in net position	\$ 1,930,066	\$ 1,477,360	\$ 3,146,991	\$ 2,716,534	\$ 1,455,603	\$ 1,803,074	\$ 1,732,053	\$ 2,022,995	\$ 2,070,343	\$ 1,758,263

Town of Old Lyme, Connecticut

Schedule of Debt Limitation
Year Ended June 30, 2019Total tax collections (including interest and lien fees): \$ 34,456,670

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 77,527,508	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	155,055,015	-	-	-
3 3/4 times base	-	-	129,212,513	-	-
3 1/4 times base	-	-	-	111,984,178	-
3 times base	-	-	-	-	103,370,010
Total debt limitation	<u>77,527,508</u>	<u>155,055,015</u>	<u>129,212,513</u>	<u>111,984,178</u>	<u>103,370,010</u>
Indebtedness:					
Bonds payable	1,815,000	-	-	-	-
Town's share of Regional School District No. 18 debt	-	19,795,710	-	-	-
Total indebtedness	<u>1,815,000</u>	<u>19,795,710</u>	-	-	-
Debt limitation in excess of indebtedness	<u>\$ 75,712,508</u>	<u>\$ 135,259,305</u>	<u>\$ 129,212,513</u>	<u>\$ 111,984,178</u>	<u>\$ 103,370,010</u>

NOTES: (1) The total of the above net indebtedness amounts to: \$ 21,610,710In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 241,196,690