
TOWN OF THOMPSON, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2020

TOWN OF THOMPSON, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Thompson, 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 Thompson, CT, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Thompson, CT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Thompson, CT, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10, budgetary comparison information on pages 56-61, and Pension and OPEB schedules on pages 62-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

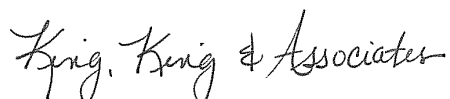
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson, CT's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules 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 supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the Town of Thompson, CT's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Thompson, CT'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 Thompson, CT's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
February 26, 2021

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Thompson, CT, we offer readers of the Town of Thompson, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Thompson, CT for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Thompson, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,282,413 (*net position*). Governmental activities reflect an unrestricted net position in the amount of \$2,248,361 which may be used to meet ongoing obligations to citizens and creditors. Restricted Net Position of \$3,221,558 is restricted for trust purposes.
- As of the close of the current fiscal year, the Town of Thompson, CT's governmental funds reported combined ending fund balances of \$6,916,794, a decrease of \$2,463,467 in comparison with the prior year. Of this amount, \$1,191,910 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,239,671 or 5 percent of total General Fund budget basis expenditures. The total fund balance of the General Fund was \$1,817,783 or 7 percent of total General Fund budget basis expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Thompson, CT's basic financial statements. The Town of Thompson, CT'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 of Thompson, CT's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position is 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 periods (e.g., earned but unused vacation leave).

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

Both of the government-wide financial statements distinguish functions of the Town of Thompson, CT that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town has no business-type activities. The governmental activities of the Town of Thompson, CT include education, public safety, general government, public works, human services, civic and cultural, and development and planning. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities.

The government-wide financial statements can be found on pages 11-12 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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.

The Town of Thompson, CT, maintains fifteen (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Tourtellotte Trust Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Thompson, CT, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Internal Service Funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for health insurance benefits offered to certain employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

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 of Thompson, CT's own programs. The accounting used for fiduciary funds is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Thompson, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,282,413 at the close of the most recent fiscal year.

Summary Statement of Net Position

	2020	2019	Variance
Current and Other Assets	\$ 9,906,286	\$ 11,949,691	\$ (2,043,405)
Capital Assets	<u>38,446,499</u>	<u>38,902,742</u>	<u>(456,243)</u>
Total Assets	<u>48,352,785</u>	<u>50,852,433</u>	<u>(2,499,648)</u>
Deferred Outflows of Resources	<u>2,196,019</u>	<u>1,629,276</u>	<u>566,743</u>
Long-term Liabilities	13,945,355	13,768,167	177,188
Other Liabilities	<u>836,523</u>	<u>1,746,252</u>	<u>(909,729)</u>
Total Liabilities	<u>14,781,878</u>	<u>15,514,419</u>	<u>(732,541)</u>
Deferred Inflows of Resources	<u>484,513</u>	<u>557,114</u>	<u>(72,601)</u>
Net Position:			
Net Investment in Capital Assets:	29,812,494	29,020,273	792,221
Restricted for Trust Purposes:			
Nonexpendable	2,602,881	253,765	2,349,116
Expendable	618,677	2,872,668	(2,253,991)
Unrestricted:	<u>2,248,361</u>	<u>4,263,470</u>	<u>(2,015,109)</u>
Total Net Position	<u>\$ 35,282,413</u>	<u>\$ 36,410,176</u>	<u>\$ (1,127,763)</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets increased by \$792,221 primarily due to fixed asset additions greater than depreciation and the pay down of related debt.

The Town's restricted net position of \$3,221,558 increased by \$95,125 compared to last years restricted net position of \$3,126,433.

The Town's unrestricted net position of \$2,248,361 decreased by \$2,015,109 compared to last years unrestricted net position of \$4,263,470.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

Summary Statement of Changes in Net Position

	2020	2019	Variance
REVENUES			
<i>General Revenues:</i>			
Property Taxes	\$ 17,270,268	\$ 17,120,725	\$ 149,543
Unrestricted Grants & Contributions	84,769	453,094	(368,325)
Unrestricted Investment Income	202,852	298,899	(96,047)
Other general revenues	574,726	962,401	(387,675)
<i>Program Revenues:</i>			
Charges for Services	1,414,015	1,622,142	(208,127)
Operating Grants and Contributions	13,553,243	10,629,497	2,923,746
Capital Grants and Contributions	67,719	50,213	17,506
Total Revenues	<u>33,167,592</u>	<u>31,136,971</u>	<u>2,030,621</u>
EXPENSES			
<i>Governmental Activities:</i>			
General Government	2,312,180	2,021,813	290,367
Public safety	713,648	586,996	126,652
Public works	4,017,914	3,216,406	801,508
Human Services	171,669	217,632	(45,963)
Civic and cultural	944,268	1,191,113	(246,845)
Development and planning	171,707	162,863	8,844
Education	25,647,655	22,481,049	3,166,606
Interest on Long-Term Debt	316,314	227,801	88,513
Total Expenses	<u>34,295,355</u>	<u>30,105,673</u>	<u>4,189,682</u>
Change in Net Position	(1,127,763)	1,031,298	<u>\$ (2,159,061)</u>
Beginning Net Position	<u>36,410,176</u>	<u>35,378,878</u>	
Ending Net Position	<u>\$ 35,282,413</u>	<u>\$ 36,410,176</u>	

Governmental activities. Governmental activities decreased the Town of Thompson, CT's net position by \$1,127,763.

Key elements of this decrease are as follows:

Appropriations for the following projects:

- Underground Oil Tank Replacements at the School Complex: Project cost is \$341,000 with partial reimbursement from the State Department of Education
- Security Grant project at the School Complex. Project cost is \$550,000 with partial reimbursement from the Department of Homeland Security.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

Fifty-two percent (52%) of the revenues of the Town were derived from property taxes, followed by forty-one percent (41%) from grants and contributions, four percent (4%) from charges for services and three percent (3%) of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-five percent (75%) of the expenses of the Town relate to education, Twelve percent (12%) relate to public works, seven percent (7%) relate to general government, three percent (3%) relate to civic and cultural, two percent (2%) relate to public safety, and one percent (1%) related to the remainder of the government's expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Town of Thompson, CT'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 of Thompson, CT's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Thompson, CT's governmental funds reported combined ending fund balances of \$6,916,794, a decrease of \$2,463,467 in comparison with the prior year. Seventeen percent (17%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of Thompson, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,239,671. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 5 percent of total General Fund Budget Basis expenditures.

The fund balance of the Town of Thompson, CT's General Fund decreased by \$1,018,609 during the current fiscal year. Along with the used of budgeted surplus, key factors in this decrease are as follows:

- Additional appropriations for Capital Projects as mentioned on page 6.
- Revenues coming in less than budgeted, primarily in property taxes and many areas of local revenue including:
 - Investment Income, PILOT, Preschool Tuition, Transfer Station – both permits and tipping fees.
- Expenditures coming in less than originally budgeted in most areas, but highest in Sundry expenses, however, Education came in higher than budgeted.

Tourtellotte Trust Fund. The fund balance of the Tourtellotte Trust Fund increased by \$93,690 during the current fiscal year. This increase is primarily attributable to interest and dividends income.

Capital Projects Fund. The fund balance of the Capital Projects Fund decreased by \$1,388,408 during the current fiscal year. This decrease is primarily related to an authorized transfer from unassigned fund balance of the General Fund in the amount of \$1,323,597 to fund future capital projects and purchases, along with grants and interest and dividends received, less the current year capital outlays.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Transfers do not increase the total budget, but instead move appropriations from one department to another department. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property Taxes	\$ 17,244,713	\$ 17,117,855	\$ (126,858)
Intergovernmental	7,623,644	7,636,061	12,417
Local Revenues	915,700	860,966	(54,734)
Investment Income	80,000	49,868	(30,132)
Total Revenues	<u>25,864,057</u>	<u>25,664,750</u>	<u>(199,307)</u>
EXPENSES			
General Government	1,136,335	1,079,544	56,791
Public Safety	735,328	699,345	35,983
Public Works	1,768,059	1,606,194	161,865
Human Services	158,005	156,878	1,127
Civic and Cultural	598,660	578,188	20,472
Development and Planning	180,173	167,459	12,714
Sundry	1,392,572	1,145,513	247,059
Board of Education	18,693,503	18,863,121	(169,618)
Capital Outlay	-	3,864	(3,864)
Debt Service	1,235,113	1,229,187	5,926
Total Expenses	<u>25,897,748</u>	<u>25,529,293</u>	<u>368,455</u>
OTHER FINANCING SOURCES (USES)			
Capital Projects Fund Appropriation	(1,473,597)	(1,473,597)	-
Cemetery Interest	200	-	(200)
Use of Fund Balance	1,005,088	-	(1,005,088)
Unused Prior Year Capital Appropriations	150,000	150,000	-
Transfers	352,000	352,000	-
Total Other Financing Sources (Uses)	<u>33,691</u>	<u>(971,597)</u>	<u>(1,005,288)</u>
INCREASE (DECREASE) IN FUND BALANCE			
	<u>-</u>	<u>(836,140)</u>	<u>(836,140)</u>

The original approved budget projected a use of fund balance of \$33,157. The Town approved additional appropriations from fund balance of \$971,931 during the year.

Actual revenues came in \$199,307 less than budget. Much of this is due to lower-than-expected revenues from expected tax collections (under budget by \$126,858).

Expenditures were \$368,455 under the final budget with a number of departments coming in under budget.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Thompson, CT's reported value in capital assets for its governmental activities as of June 30, 2020, amounts to \$38,446,499 (net of accumulated depreciation). This reported value in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$456,243, which consisted of capital additions of \$1,174,275, offset by current year depreciation of \$1,630,518.

	2020	2019
<i>Governmental Activities:</i>		
Land	\$ 2,475,200	\$ 2,475,200
Construction in progress	2,661,912	2,372,140
Buildings and Improvements	28,102,513	28,918,329
Machinery and Equipment	1,469,630	1,238,282
Infrastructure	3,737,244	3,898,791
	<u>\$ 38,446,499</u>	<u>\$ 38,902,742</u>

Major capital asset events during the current fiscal year included the following:

- The addition of 2 Ford F-350 trucks and a John Deere 410L tractor/backhoe.
- The replacement of a number of Underground Oil Tank.
- The addition of Sand Dam Culvert Bridge.
- Security improvements added to the Windows at the School Complex.

Additional information on the Town of Thompson, CT's capital assets can be found in Note 6 on page 33 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Thompson, CT had long-term debt and liabilities outstanding of \$13,945,355.

	2020	2019
<i>Governmental Activities:</i>		
General Obligation Bonds	\$ 8,010,218	\$ 9,386,742
CWF Bonds	479,563	503,015
Capital Leases	594,958	499,787
Compensated Absences	385,918	482,067
Pension Buy in	-	427,279
Net Pension Liability	1,528,044	1,366,349
OPEB Liability	2,946,654	2,250,245
Total Governmental Activities	<u>\$ 13,945,355</u>	<u>\$ 14,915,484</u>

The Town of Thompson, CT's total long-term debt and liabilities decreased by \$970.129 (6.5 percent) during the current fiscal year. Additional information on the Town of Thompson, CT's long-term debt can be found in Note 7.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget. Current economic conditions are a major concern to the municipality.

All of these factors were considered in preparing the Town of Thompson, CT's budget for the 2021 fiscal year and the Boards of Selectmen and Finance are preparing a plan of action for the worst-case scenarios.

The COVID-19 pandemic may impact the fiscal year 2021 through delayed collection of taxes and reductions of grant and program revenues. The Town may also receive increased grant funding due to new Federal economic relief programs.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Thompson, CT'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 Board of Finance, Town of Thompson, 815 Riverside Drive, Thompson, CT 06255.

TOWN OF THOMPSON, CONNECTICUT

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 5,026,347
Investments	2,796,747
Receivables, Net	2,061,928
Other Assets	21,264
Capital Assets:	
Assets Not Being Depreciated	5,137,112
Assets Being Depreciated, Net	33,309,387
Total Assets	48,352,785
Deferred Outflows of Resources	
Deferred Amounts on Refunding	450,734
Deferred Outflows - Pension	1,035,879
Deferred Outflows - OPEB	709,406
Total Deferred Outflows of Resources	2,196,019
Liabilities	
Accounts Payable and Accrued Items	574,006
Due to Fiduciary Funds	20,664
Accrued Interest Payable	25,207
Unearned Revenue	216,646
Noncurrent Liabilities:	
Due Within One Year	1,201,162
Due In More Than One Year	12,744,193
Total Liabilities	14,781,878
Deferred Inflows of Resources	
Deferred Inflows - Pension	429,300
Deferred Inflows - OPEB	55,213
Total Deferred Inflows of Resources	484,513
Net Position	
Net Investment in Capital Assets	29,812,494
Restricted for Purposes of Trust:	
Nonexpendable	2,602,881
Expendable	618,677
Unrestricted	2,248,361
Total Net Position	\$ 35,282,413

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Statement of Activities
For the Year Ended June 30, 2020

					Net (Expense)
					Revenue and
					Changes in
					Net Position
Program Revenues					

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Projects	Tourtellotte Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 4,348,674	\$ 6,532	\$ 80,486	\$ 283,281	\$ 4,718,973
Investments	-	-	2,796,747	-	2,796,747
Receivables, Net of Allowance	1,638,846	-	-	421,393	2,060,239
Inventory	-	-	-	21,264	21,264
Due from Other Funds	140,918	1,605,918	22,564	746,210	2,515,610
Total Assets	<u>\$ 6,128,438</u>	<u>\$ 1,612,450</u>	<u>\$ 2,899,797</u>	<u>\$ 1,472,148</u>	<u>\$ 12,112,833</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 339,829	\$ 73,520	\$ -	\$ 156,883	\$ 570,232
Unearned Revenue	-	-	-	216,646	216,646
Due to Other Funds	2,395,356	-	-	140,879	2,536,235
Total Liabilities	<u>2,735,185</u>	<u>73,520</u>	<u>-</u>	<u>514,408</u>	<u>3,323,113</u>
Deferred Inflows of Resources					
Unavailable Revenues:					
Property Taxes and Interest	1,575,470	-	-	-	1,575,470
Mortgage Loans	-	-	-	55,487	55,487
Sewer Use Charges	-	-	-	241,969	241,969
Total Deferred Inflows of Resources	<u>1,575,470</u>	<u>-</u>	<u>-</u>	<u>297,456</u>	<u>1,872,926</u>
Fund Balances					
Nonspendable	-	-	2,349,116	253,765	2,602,881
Restricted	-	-	550,681	68,000	618,681
Committed	-	1,538,930	-	386,280	1,925,210
Assigned	578,112	-	-	-	578,112
Unassigned	1,239,671	-	-	(47,761)	1,191,910
Total Fund Balances	<u>1,817,783</u>	<u>1,538,930</u>	<u>2,899,797</u>	<u>660,284</u>	<u>6,916,794</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,128,438</u>	<u>\$ 1,612,450</u>	<u>\$ 2,899,797</u>	<u>\$ 1,472,148</u>	<u>\$ 12,112,833</u>

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

Fund balances reported in governmental funds Balance Sheet \$ 6,916,794

**Amounts reported for governmental activities in the Statement
of Net Position are different because:**

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

<i>Capital Assets</i>	76,063,343
<i>Depreciation</i>	(37,616,844)

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

<i>Property taxes, interest and liens receivable greater than 60 days</i>	1,575,470
<i>Housing loans</i>	55,487
<i>Sewer use charges</i>	241,969

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

305,250

Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.

450,734

Certain changes related to pensions are deferred and amortized over time.

<i>Deferred Outflows - Pension</i>	1,035,879
<i>Deferred Outflows - OPEB</i>	709,406
<i>Deferred Inflows - Pension</i>	(429,300)
<i>Deferred Inflows - OPEB</i>	(55,213)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Accrued Interest Payable</i>	(25,207)
<i>Bonds Payable</i>	(8,010,218)
<i>Capital Leases Payable</i>	(594,958)
<i>Clean Water Fund Payable</i>	(479,563)
<i>Compensated Absences</i>	(385,918)
<i>Total OPEB Liability</i>	(2,946,654)
<i>Net Pension Liability</i>	<u>(1,528,044)</u>

Net position of governmental activities \$ 35,282,413

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects	Tourtellotte Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes, Interest and Lien Fees	\$ 17,117,855	\$ -	\$ -	\$ -	\$ 17,117,855
Intergovernmental Revenues	10,042,051	446,204	-	2,074,452	12,562,707
Licenses, Permits, and Charges for Services	803,276	3,474	-	758,677	1,565,427
Investment Income	49,868	279	145,124	7,581	202,852
Other Revenue	22,967	127,351	-	102,168	252,486
Total Revenues	<u>28,036,017</u>	<u>577,308</u>	<u>145,124</u>	<u>2,942,878</u>	<u>31,701,327</u>
Expenditures					
Current:					
General Government	1,079,209	-	-	81,925	1,161,134
Public Safety	707,131	-	-	6,517	713,648
Public Works	1,607,673	-	-	638,727	2,246,400
Human Services	171,669	-	-	-	171,669
Civic and Cultural	589,047	-	-	238,188	827,235
Development and Planning	170,557	-	-	-	170,557
Sundry	1,146,637	-	-	-	1,146,637
Education	21,228,055	-	26,434	2,208,361	23,462,850
Debt Service	1,229,187	751,755	-	33,300	2,014,242
Capital Outlay	247,427	2,246,558	-	-	2,493,985
Total Expenditures	<u>28,176,592</u>	<u>2,998,313</u>	<u>26,434</u>	<u>3,207,018</u>	<u>34,408,357</u>
Excess/(Deficiency) of Revenues over Expenditures	(140,575)	(2,421,005)	118,690	(264,140)	(2,707,030)
Other Financing Sources/(Uses)					
Issuance of Capital Leases	243,563	-	-	-	243,563
Transfers In	352,000	1,323,597	-	156,041	1,831,638
Transfers Out	(1,473,597)	(291,000)	(25,000)	(42,041)	(1,831,638)
Total Other Financing Sources/(Uses)	<u>(878,034)</u>	<u>1,032,597</u>	<u>(25,000)</u>	<u>114,000</u>	<u>243,563</u>
Net Change in Fund Balances	(1,018,609)	(1,388,408)	93,690	(150,140)	(2,463,467)
Fund Balances at Beginning of Year	<u>2,836,392</u>	<u>2,927,338</u>	<u>2,806,107</u>	<u>810,424</u>	<u>9,380,261</u>
Fund Balances at End of Year	<u>\$ 1,817,783</u>	<u>\$ 1,538,930</u>	<u>\$ 2,899,797</u>	<u>\$ 660,284</u>	<u>\$ 6,916,794</u>

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ (2,463,467)
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**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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

<i>Capital outlay</i>	1,174,275
<i>Depreciation expense</i>	(1,630,518)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

<i>Property taxes, interest and liens collected accrual basis change</i>	152,413
<i>Sewer use receivable accrual basis change</i>	97,980

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - general obligation bonds</i>	1,376,524
<i>Principal payments on long-term debt - loans</i>	23,452
<i>Principal payments on long-term debt - capital leases</i>	148,392
<i>Issuance of long-term debt - capital leases</i>	(243,563)
<i>Amortization of deferred charge on refunding</i>	(56,341)

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 the governmental funds.

<i>Accrued Interest</i>	2,401
<i>Compensated Absences</i>	96,149
<i>Pension Buy-In</i>	427,279
<i>Change in Deferred Outflows - Pension</i>	58,788
<i>Change in Deferred Outflows - OPEB</i>	564,296
<i>Change in Deferred Inflows - Pension</i>	67,134
<i>Change in Deferred Inflows - OPEB</i>	5,467
<i>Net Pension Asset</i>	(104,290)
<i>Net Pension Liability</i>	(161,695)
<i>Total OPEB Liability</i>	(696,409)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

33,970

Change in net position of governmental activities	<u>\$ (1,127,763)</u>
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The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2020

	Governmental Activities
	Internal Service Fund
Assets	
Cash and Cash Equivalents	\$ 307,374
Accounts Receivable	<u>1,689</u>
Total Assets	<u>309,063</u>
Liabilities	
Due to Other Funds	39
Claims Payable	<u>3,774</u>
Total Liabilities	<u>3,813</u>
Net Position	
Unrestricted	<u><u>\$ 305,250</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for Services	\$ 124,391
Operating Expenses	
Claims	75,516
Administrative Charges	14,905
Total Operating Expenses	90,421
Income (Loss) from Operations	33,970
Non-Operating Revenues	
Interest Income	-
Change in Net Position	33,970
Net Position - Beginning of Year	271,280
Net Position - End of Year	\$ 305,250

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUTStatement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$ 125,132
Cash Paid for Benefits	(76,470)
Cash Paid for Administration	(14,905)
Net Cash Provided by (Used in) Operating Activities	<u>33,757</u>
Cash Flows from Investing Activities	
Interest Income	-
Net Cash from Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	<u>33,757</u>
Cash and Equivalents - Beginning of Year	<u>273,617</u>
Cash and Equivalents - End of Year	<u>\$ 307,374</u>
Reconciliation of Income from Operations to Net Cash Provided by (Used in) Operating Activities	
Income (Loss) from Operations	\$ 33,970
Adjustments to Reconcile Income to Net Cash Provided by (Used in) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Due from Other Funds	741
Increase (Decrease) in Claims Payable	<u>(954)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 33,757</u>

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	Pension Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	\$ 98,168	\$ 281,475
Investments, at Fair Value		
Mutual Funds	6,796,053	-
Certificates of Deposit	-	15,391
Due from Other Funds	-	20,664
Total Assets	<u><u>\$ 6,894,221</u></u>	<u><u>\$ 317,530</u></u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 317,530</u>
Total Liabilities	<u>-</u>	<u><u>\$ 317,530</u></u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u><u>\$ 6,894,221</u></u>	

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 135,439
Plan Members	93,949
Total Contributions	<u>229,388</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	(80,440)
Interest and Dividends	<u>238,854</u>
Total Investment Income	158,414
Less: Investment Management Fees	<u>(16,681)</u>
Total Additions	<u>371,121</u>
Deductions	
Pension Benefits	306,618
Administrative Expenses	<u>7,648</u>
Total Deductions	<u>314,266</u>
Change in Net Position	56,855
Net Position at Beginning of Year	<u>6,837,366</u>
Net Position at End of Year	<u>\$ 6,894,221</u>

The notes to the financial statements are an integral part of this statement

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Thompson, Connecticut (the "Town") have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Reporting Entity

The Town is a municipal corporation governed by a selectmen town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the Town financial matters.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Thompson (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Thompson.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds which are reported by type. Since the governmental

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Internal Service Fund (ISF) are charges for medical insurance premiums. Operating expenses for the ISF include the cost of medical claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds are those through which most governmental functions typically are financed. The following are the Town's major governmental funds:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.
- The *Capital Projects Fund* is used to account for the construction or acquisition of major capital facilities and assets. The major sources of revenues for this fund are capital grants, and the proceeds from the issuance of general obligation bonds.
- The *Tourtellotte Trust Fund* is used to account for donated funds provided for the maintenance and educational efforts of Free Memorial High School. The major sources of revenues for this fund are donations and investment income.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

- The *Pension Trust Fund* accounts for the activities of the Board of Education non-teacher retirement system, which accumulates resources for pension benefit payments to qualified Board of Education employees.
- The *Agency Funds* account for the various student activities and contractor deposits.

Additionally, the Town reports the following funds types:

- The *Internal Services Fund* (proprietary) accounts for the self-insurance activities related to health benefits and deductibles on commercial insurance policies.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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

Cash and Cash Equivalents – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled investment funds, with original maturities of three months or less from the date of acquisition. This definition also applies to the proprietary funds statement of cash flows.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust whose portfolios are limited to obligations of the United States and its agencies, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). The pool is overseen by the Office of the State Treasurer. The pool is rated AAAm by Standard & Poor. This is the highest rating for money market funds and investment pools.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Due To/From Other Funds – 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” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$10,000 is equal to 1.0% of outstanding taxes as of June 30, 2020.

Property taxes are assessed as of October 1 and billed the following July. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1.5% per month. Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue. Liens are filed on real property, which have unpaid property taxes as of June 30.

Inventories and Prepaid Items – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life 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 asset 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 is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	10-25
Machinery and Equipment	3-10
Infrastructure	25-50

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial 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 deferred pension and OPEB, and a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial 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. Within the government-wide statements of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension and OPEB plans. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest and lien fees, and long-term loans and sewer use charges. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

Compensated absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. Additionally, the Board of Education offers employees, by contract, certain retirement incentives. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

Fund equity and net position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of Town Officials.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications.

When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Fair Value of Financial Instruments

In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Certificates of Deposit are reported at amortized cost and are excluded from the fair value disclosures.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - General Fund

The First Selectman compiles preliminary estimates for all departments and agencies, with the exception of the Board of Education, for the annual budget for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, holds one or more public hearings and presents a proposed budget to the Annual Town Meeting.

Additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen. Town meeting approval may be required as determined by State Statute. There were additional appropriations \$1,121,931 made during the year. Unexpended appropriations of the General Fund lapse at fiscal year end.

The General Fund budget is prepared on a modified accrual basis of accounting. 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 reflected in budgetary reports as expenditures in the current year. The Town overexpanded the final budget for the Board of Education.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The following is a summary of cash and cash equivalents at June 30, 2020:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 3,437,061	\$ 307,374	\$ 379,643	\$ 4,124,078
Cash Equivalents	<u>1,281,912</u>	<u>-</u>	<u>-</u>	<u>1,281,912</u>
Total	<u>\$ 4,718,973</u>	<u>\$ 307,374</u>	<u>\$ 379,643</u>	<u>\$ 5,405,990</u>

Custodial Credit Risk - Deposits: 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’s custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 5,405,990
Less: Cash Equivalents (STIF)	(1,281,912)
Plus: Investments (CDs)	<u>15,391</u>
	<u>\$ 4,139,469</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$4,139,469 and the bank balance was \$4,935,151. Of the bank balance, Federal Depository Insurance Corporation insured \$765,391.

As of June 30, 2020, \$4,169,760 of the Town’s bank balance of \$4,935,151 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,689,749
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>480,011</u>
Total	<u>\$ 4,169,760</u>

Cash Equivalents

At June 30, 2020, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$1,281,912. STIF is rated AAAM by Standard and Poor’s and has an average maturity of under 60 days.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Investments

The following is a summary of investments measured at fair value:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description	June 30, 2020			
Corporate Bonds	\$ 1,151,811	\$ -	\$ 1,151,811	\$ -
Mutual Funds	7,756,667	7,756,667	-	-
Common Stock	684,322	684,322	-	-
		<u>\$ 8,440,989</u>	<u>\$ 1,151,811</u>	<u>\$ -</u>
Investments not included above:				
Certificates of Deposit	<u>15,391</u>			
Total Investments	<u>\$ 9,608,191</u>			

The Certificates of Deposit are reported at cost and covered by FDIC insurance

Custodial Credit Risk - Investments. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not have a policy for custodial credit risk.

Credit Risk – The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization. Presented below is the average rating of investments in debt securities.

Average Rating	Corporate Bonds
AAA	\$ 82,381
AA1	158,417
AA2	83,185
A1	268,155
A2	214,262
A3	135,352
BAA1	79,585
BAA2	80,844
BA1	25,687
BA2	23,943
	<u>\$ 1,151,811</u>

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Concentrations of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

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.

As of June 30, 2020, the Town had the following investments subject to interest rate risk:

	Total	Investment Maturities (In Years)		
		Less Than 1	1 - 5	6 - 10
Certificates of Deposit	\$ 15,391	\$ -	\$ 15,391	\$ -
Corporate Bonds	1,151,811	152,307	999,504	-
Total	<u>\$ 1,167,202</u>	<u>\$ 152,307</u>	<u>\$ 1,014,895</u>	<u>\$ -</u>

NOTE 4 – RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor and Other Funds	Total
Receivables:			
Property taxes	\$ 1,045,595	\$ -	\$ 1,045,595
Interest, Liens, and Fees	603,251	-	603,251
Loans	-	54,237	54,237
Intergovernmental	-	104,714	104,714
Accounts	-	262,442	262,442
Gross Receivables	<u>1,648,846</u>	<u>421,393</u>	<u>2,070,239</u>
Less allowance for uncollectibles:			
Property taxes	(10,000)	-	(10,000)
Interest, Liens, and Fees	-	-	-
Total allowance	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Net Total Receivables	<u>\$ 1,638,846</u>	<u>\$ 421,393</u>	<u>\$ 2,060,239</u>

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
General Fund:		
Property Taxes and Interest	\$ 1,575,470	\$ -
Other Governmental Funds:		
Advances on Grants	-	216,646
Mortgage loans	55,487	-
Sewer use charges	241,969	-
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 1,872,926</u>	<u>\$ 216,646</u>

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2020 were as follows:

Transfer Out:	Transfer In:	Total
General Fund	Capital Projects Fund	\$ 1,323,597
General Fund	Other Grants	150,000
Recreation Fund	Youth Center Fund	6,041
Tourtellotte Trust Fund	General Fund	25,000
WPCA Fund	General Fund	36,000
Capital Projects Fund	General Fund	291,000
		<u>\$ 1,831,638</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2020, there were no outstanding balances between funds.

Receivable Fund:	Payable Fund:	Total
Governmental Funds:		
General Fund	ISF- Dental Insurance	\$ 39
General Fund	Nonmajor Governmental Funds	140,879
Capital Projects Fund	General Fund	1,605,918
Tourtellotte Trust Fund	General Fund	22,564
Nonmajor Governmental Funds	General Fund	<u>746,210</u>
	Total Governmental Funds	<u>2,515,610</u>
Fiduciary Funds:		
Escrow Fund	General Fund	<u>\$ 20,664</u>

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balances
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 2,475,200	\$ -	\$ -	\$ 2,475,200
Construction in Progress	2,372,140	289,772	-	2,661,912
Total capital assets, not being depreciated	<u>4,847,340</u>	<u>289,772</u>	<u>-</u>	<u>5,137,112</u>
Capital assets, being depreciated				
Buildings and Improvements	54,681,700	230,940	-	54,912,640
Machinery & Equipment	5,600,195	507,917	-	6,108,112
Infrastructure	9,759,833	145,646	-	9,905,479
Total capital assets, being depreciated	<u>70,041,728</u>	<u>884,503</u>	<u>-</u>	<u>70,926,231</u>
Less accumulated depreciation for:				
Buildings and Improvements	25,763,371	1,046,756	-	26,810,127
Machinery & Equipment	4,361,913	276,569	-	4,638,482
Infrastructure	5,861,042	307,193	-	6,168,235
Total accumulated depreciation	<u>35,986,326</u>	<u>1,630,518</u>	<u>-</u>	<u>37,616,844</u>
Total capital assets, being depreciated	<u>34,055,402</u>	<u>(746,015)</u>	<u>-</u>	<u>33,309,387</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 38,902,742</u>	<u>\$ (456,243)</u>	<u>\$ -</u>	<u>\$ 38,446,499</u>

Depreciation expense were charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 4,070
Public Works	415,104
Civic and Cultural	128,693
Education	<u>1,082,651</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,630,518</u>

Construction Commitments

The Town has several active construction projects as of June 30, 2020. At year-end, the Town's commitments are as follows:

	Spent to Date	Remaining Commitment
Marianapolis Sewer Project	\$ 2,400,000	\$ -
Tourtellotte Trust Windows Project	261,912	270,000
	<u>\$ 2,661,912</u>	<u>\$ 270,000</u>

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

In 2014, the Town secured grants and a loan funding through the USDA to expand the sewer line to the area of "Thompson Hill" while incorporating the needs of a school in this locality. The Loan was for \$1,268,000 via a bond and the grant portion was \$632,000. At this time, all grant funds have been expended and the 40-year loan on the \$1,268,000 was signed in December 2016.

The trust is carrying out an ongoing project to replace all windows in the 1909 Tourtellotte Memorial High School Building. Phase 2 of the project will start and hope to be completed in 2020. It is paid for via funds appropriated through the Tourtellotte Trust under the governance of the board of trustees, Board of Finance, and Board of Education.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 9,386,742	\$ -	\$ 1,376,524	\$ 8,010,218	\$ 812,631
CWF Bonds	503,015	-	23,452	479,563	23,927
Capital Leases	499,787	243,563	148,392	594,958	139,598
Net Pension Liability	1,366,349	235,902	74,207	1,528,044	N/A
Payable to MERS	427,279	-	427,279	-	N/A
OPEB Liability	2,250,245	696,409	-	2,946,654	N/A
Compensated Absences	482,067	-	96,149	385,918	225,006
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 14,915,484</u>	<u>\$ 1,175,874</u>	<u>\$ 2,146,003</u>	<u>\$ 13,945,355</u>	<u>\$ 1,201,162</u>

Each governmental fund liability is liquidated by the respective fund to which it relates, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds outstanding as of June 30, 2020 consisted of the following:

Purpose	Year of Issue	Original Amount	Interest Rates	Final Maturity	Outstanding June 30, 2020
Bonds:					
School bonds- Refunding	2015	\$ 9,180,000	2.400%	2027	\$ 6,695,000
Sewers	2016	1,268,000	1.375%	2057	1,192,047
Sewers	2016	913,000	1.835%	2027	<u>123,171</u>
Total Outstanding					<u>\$ 8,010,218</u>

Bonds Authorized and Unissued

At June 30, 2020, the Town has debt authorized but unissued of \$1,132,000 and \$246,312 for the Marianapolis Sewer Extension and Phosphorus Removal Project, respectively.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

The annual debt service requirements of the Town's general obligation bonds are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 812,631	\$ 172,059	\$ 984,690
2022	827,976	152,472	980,448
2023	848,325	132,456	980,781
2024	868,678	112,183	980,861
2025	894,037	90,889	984,926
2026-2030	2,832,950	168,289	3,001,239
2031-2035	147,494	59,636	207,130
2036-2040	157,917	49,212	207,129
2041-2045	169,076	38,054	207,130
2046-2050	181,024	26,105	207,129
2051-2055	193,818	13,313	207,131
2056-2060	76,292	1,543	77,835
	<u>\$ 8,010,218</u>	<u>\$ 1,016,211</u>	<u>\$ 9,026,429</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2020 totaled \$197,021.

Clean Water Fund Loan

The Town's Phosphorous Removal Fund is funded by the State of Connecticut Clean Water Fund 2% Loan and Grant program. The Town received total funding for the loan of \$553,687.

The annual debt service requirements of the Town's CWF bond are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 23,927	\$ 9,373	\$ 33,300
2022	24,410	8,890	33,300
2023	24,902	8,397	33,299
2024	25,405	7,894	33,299
2025	25,918	7,382	33,300
2026-2030	137,651	28,846	166,497
2031-2035	152,115	14,383	166,498
2036-2040	65,235	1,368	66,603
	<u>\$ 479,563</u>	<u>\$ 86,533</u>	<u>\$ 566,096</u>

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of Trucks and Tractors. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Equipment	\$ 1,041,316
Less accumulated depreciation	<u>(380,622)</u>
Total	<u>\$ 660,694</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

	Governmental Activities
Year ending June 30:	
2021	\$ 169,772
2022	169,772
2023	123,352
2024	108,698
2025	54,659
2026	54,659
Less amount representing interest	<u>(85,954)</u>
Total	<u>\$ 594,958</u>

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 10 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	General Fund	Capital Projects Fund	Tourtellotte Trust Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Permanent fund principal	\$ -	\$ -	\$ 2,349,116	\$ 253,765	\$ 2,602,881
Total Nonspendable	\$ -	\$ -	\$ 2,349,116	\$ 253,765	\$ 2,602,881
Restricted for:					
Civic and cultural	\$ -	\$ -	\$ -	\$ 68,000	\$ 68,000
Education	-	-	550,681	-	550,681
Total Restricted	\$ -	\$ -	\$ 550,681	\$ 68,000	\$ 618,681
Committed to:					
General government	\$ -	\$ -	\$ -	\$ 104,455	\$ 104,455
Public safety	-	-	-	67,714	67,714
Public works	-	-	-	168,834	168,834
Civic and cultural	-	-	-	45,277	45,277
Capital projects	-	1,538,930	-	-	1,538,930
Total Committed	\$ -	\$ 1,538,930	\$ -	\$ 386,280	\$ 1,925,210
Assigned:					
Future year's budget	\$ 284,117	\$ -	\$ -	\$ -	\$ 284,117
Purchases on order	293,995	-	-	-	293,995
Total Assigned	\$ 578,112	\$ -	\$ -	\$ -	\$ 578,112
Unassigned:	\$ 1,239,671	\$ -	\$ -	\$ (47,761)	\$ 1,191,910
Total Fund Balances	\$ 1,817,783	\$ 1,538,930	\$ 2,899,797	\$ 660,284	\$ 6,916,794

Encumbrances of \$298,524, \$5,483, \$540 and \$126,436 at June 30, 2020 are contained in the above table in the assigned category of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Tourtellotte Trust Fund and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

Fund Deficit

The following funds had a fund deficit as of June 30, 2020:

Nonmajor Governmental Funds	
School Cafeteria	\$ 8,499
Education Grants	14,316
Other Grants	21,548
	\$ 44,363

The Town plans to fund the deficits through transfers from general fund, along with charges and fees for services.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 11 – RETIREMENT BENEFITS

Connecticut State Teacher's Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

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

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

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

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2020, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$543,891. Covered payroll for the town for the year ended June 30, 2020 was approximately \$7,769,865.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>30,939,852</u>
Total	<u>\$ 30,939,852</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized benefits expense and contribution revenue of \$2,341,982 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$3,799,941 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

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

Inflation	2.50 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

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

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

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

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>	<u>Standard Deviation</u>
Public Equity - US Equity	8.10%	20.00%	17.00%
Public Equity - International Developed Equity	8.50%	11.00%	19.00%
Public Equity - Emerging Markets Equity	10.40%	9.00%	24.00%
Fixed Income - Core Fixed Income	4.60%	16.00%	7.00%
Fixed Income - Inflation Linked Bonds	3.60%	5.00%	7.00%
Fixed Income - High Yield	6.50%	6.00%	11.00%
Fixed Income - Emerging Market Debt	5.20%	5.00%	11.00%
Private Equity	9.80%	10.00%	23.00%
Real Estate	7.00%	10.00%	15.00%
Alternative Investments - Real Assets	8.20%	4.00%	17.00%
Alternative Investments - Hedge Funds	5.40%	3.00%	7.00%
Liquidity Fund	2.90%	1.00%	1.00%

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Connecticut Municipal Employees' Retirement System

Plan Description: All Town full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System and other Board of Education employees who participate in the Board's Pension Trust Fund, participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions: The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 25 years of active aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Normal Retirement: For members not covered by social security, retirement benefits are calculated as 2% of average final compensation, times years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Service Connected: Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement – Non-Service Connected: Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contributions - Member: Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Contributions – Employer: Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports a total liability of \$1,292,142 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2019, the Town's proportion was 0.357%.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

For the year ended June 30, 2020, the Town recognized pension expense of \$283,899. As of June 30, 2020, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 109,556	\$ -
Difference between projected and actual earnings	52,603	-
Difference between expected and actual experience	140,712	116,464
Change of assumptions	341,272	-
Change in proportional share	-	123,020
Total	<u>\$ 644,143</u>	<u>\$ 239,484</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred outflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2021	\$ 86,614
2022	101,958
2023	125,713
2024	(19,182)
	<u>\$ 295,103</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019.

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

Inflation	2.50 Percent
Salary increases, including inflation	3.50-10.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	7.00 Percent

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	20.00%	5.30%
Developed Market International	11.00%	5.10%
Emerging Market International	9.00%	7.40%
Core Fixed Income	16.00%	1.60%
Inflation Linked Bond	5.00%	1.30%
Emerging Market Debt	5.00%	2.90%
High Yield Bonds	6.00%	3.40%
Real Estate	10.00%	4.70%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	3.20%
Liquidity Fund	<u>1.00%</u>	0.90%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Net Pension Liability as of June 30, 2020	<u>\$ 1,841,305</u>	<u>\$ 1,292,142</u>	<u>\$ 829,608</u>

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

BOE Noncertified Plan

Plan Description – The Board of Education Retirement System (BERS) is a single-employer retirement system established and administered by the Board to provide pension benefits to substantially all full-time employees, except certified personnel covered under the State Teachers' Retirement System. The BERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

Management of the plans rests with the Board of Education, which consists of nine elected members.

Benefit Provisions – The BERS provides retirement and death benefits to plan members and their beneficiaries. Plan members vest in accrued services benefits after 5 years of eligible service, are eligible for normal retirement at age 65 and early retirement at age 55 and are eligible for benefit payments of a maximum of 50% of average monthly earning (final 5 years), reduced by the percentage of credited service under the maximum service period of 20 years.

Plan Membership - Membership of the Plan consisted of the following as of July 1, 2019, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	50
	<u>87</u>

Summary of Significant Accounting Policies

Basis of Accounting – BERS financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the BERS.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2019:

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Target Allocation and Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
U.S. Large Cap	37.00%	4.65%	1.72%
U.S. Mid/Small Cap	8.00%	5.50%	0.44%
Developed International Equities	10.00%	5.50%	0.55%
Emerging Market Equities	4.00%	6.50%	0.26%
Intermediate Corporate	31.00%	2.25%	0.70%
Intermediate Government	4.00%	1.65%	0.07%
High-Yield Bonds	4.00%	3.25%	0.13%
Money Market/Short-Term Bonds	1.00%	0.00%	0.00%
Commodities	1.00%	5.25%	0.05%
	100.00%		3.92%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			<u>6.52%</u>

Long-Term Expected Rate of Return – The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 6.75% was used.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Board of Education, subject to union contract negotiation. Plan members are required to contribute a variable rate equal to one-half of the ratio of normal cost to covered payroll, with no contributions required after 20 years of service. Plan members' contributions are 7.57% of annual covered payroll. The Board is required to contribute at an actuarially determined rate; the current rate is 13.18% of annual covered payroll.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Town at June 30, 2020, were as follows:

Total pension liability	\$ 7,130,123
Plan fiduciary net position	<u>6,894,221</u>
Net pension liability (asset)	<u>\$ 235,902</u>
Plan fiduciary net position as a percentage of total pension liability	96.69%

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2019 valuation and projected forward to a measurement date of June 30, 2020:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of salary
Inflation	2.60%
Payroll growth	4.6% at age 20, graded down to 2.6% at age 60, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Post-retirement mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

Changes of assumptions include a change in the mortality tables.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The components of the changes in the net pension asset for the Plan for the year ended June 30, 2020 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 6,733,076	\$ 6,837,366	\$ (104,290)
Changes for the year:			
Service Cost	203,671	-	203,671
Interest	458,052	-	458,052
Differences Between Expected and Actual Experience	50,912	-	50,912
Changes in Assumptions	(8,971)	-	(8,971)
Employer Contributions	-	135,439	(135,439)
Member Contributions	-	93,949	(93,949)
Net Investment Income	-	141,733	(141,733)
Benefit Payments	(306,617)	(306,618)	1
Administrative Expenses	-	(7,648)	7,648
Net Changes	397,047	56,855	340,192
Balance at June 30, 2020	\$ 7,130,123	\$ 6,894,221	\$ 235,902

Plan fiduciary net position as a percentage of the total pension liability 96.69%

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability/(Asset)	\$ 1,038,565	\$ 235,902	\$ (447,711)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Town recognized pension expense of \$194,453. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ 205,919	\$ 50,168
Differences between expected and actual experience	185,817	-
Changes of assumptions	-	139,648
Total	<u>\$ 391,736</u>	<u>\$ 189,816</u>

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

Year ended June 30:	
2021	\$ (5,576)
2022	71,569
2023	60,876
2024	68,956
2025	2,204
Thereafter	3,891
	<u>\$ 201,920</u>

Other Post-Employment Benefits

Plan Description: The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Programs (RMP) covered Town and Board of Education employees. Retired program members and beneficiaries currently receiving benefits are required to contribute active employee premiums if under 65 years of age and premiums for Medicare supplement if over 65 years of age. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

TOWN OF THOMPSON, CONNECTICUT
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Contributions: The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town's funding strategy for postemployment obligations is based upon characteristics of benefits on ten distinct groups of employees established within their respective collective bargaining units and/or contracts and includes the following:

- Full-Time employees of the Town or the Board of Education who retire from the Town are eligible if they meet the following criteria by bargaining group.
 - Town Employees and Secretaries: Age 55 with 10 years of service
 - Business Manager, Technicians and Teachers: Age 55 with 20 years of service or Age 60 with 10 years
 - Paraprofessional, Cafeteria, Nurses and Media: 25 years of service
 - Facilities Manager: 10 years of service
- Retirees who are under 65 years of age pay the active employee premium
- Retirees who are over 65 pay the premium for a Medicare Supplement.
- Life insurance is only available to active employees. Upon retirement, no life insurance is available.
- Spouses of retirees are eligible for postretirement medical coverage and contribute the full premium for medical benefits.
- Dental insurance is available to both employee and spouse and contribute the full cost of the dental insurance.

Employees Covered by Benefit Terms: As of January 1, 2020, the following employees are covered by the benefit terms:

Retirees and beneficiaries receiving benefits	9
Active plan members	176
	<u>185</u>

Total OPEB Liability: The Town's total OPEB liability of \$2,946,654 was measured as of June 30, 2020 and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined based upon a January 1, 2020 actuarial valuation for the Town using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary increases	2.4%, average, including inflation
Discount rate	2.21%
Healthcare cost trend rates	6.5% for 2020, decreasing 0.2% per year to an ultimate rate of 4.4% for 2023 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

The discount rate was based on 20-year AA municipal bond index.

Changes of assumptions include a change in the mortality rates, rate of compensation increase in rate, retirement, withdrawals, interest rate, inflation rate, and health care cost trend rates.

Mortality rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the January 1, 2020 valuation were based on industry surveys, plan experience and plan provisions.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/19	\$ 2,250,245
Changes for the year:	
Service Cost	73,874
Interest	80,098
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	5,935
Changes in Assumptions	621,488
Benefit Payments	(84,986)
Net Changes	696,409
Balance at 6/30/20	\$ 2,946,654

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 3,373,906	\$ 2,946,654	\$ 2,590,688

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 2,548,126	\$ 2,946,654	\$ 3,429,206

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$193,002. As of June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,628	\$ -
Change of assumptions	647,778	55,213
Total	<u>\$ 709,406</u>	<u>\$ 55,213</u>

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

Year ended June 30:

2021	\$ 57,660
2022	57,660
2023	57,660
2024	57,660
2025	57,660
Thereafter	365,893
	<u>\$ 654,193</u>

Connecticut Teachers' Retirement System - OPEB

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

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$64,008.

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

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.50%
Prior Measurement Date	3.87%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate

Measurement Date	3.50%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.87%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate Rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate Rate of 4.75% by 2028

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

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 4,019,863	\$ 4,825,244	\$ 5,901,083

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 5,750,242	\$ 4,825,244	\$ 4,088,659

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>4,825,244</u>
Total	<u>\$ 4,825,244</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$64,008 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$353,095) for OPEB expense and revenue related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

Dental Insurance Internal Service Fund

The Town's dental self-insurance fund is used to account for dental insurance coverage for Town employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the last three years are presented below:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2017-2018	\$ 4,186	\$ 105,411	\$ 104,322	\$ 5,275
2018-2019	5,275	113,957	114,504	4,728
2019-2020	4,728	75,516	76,470	3,774

NOTE 13 – LITIGATION AND CONTINGENCIES

The Town is not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have an adverse, material effect on the Town's financial position.

NOTE 14 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 84 - *Fiduciary Activities* - This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment funds, (3) private-purpose funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 87 – *Leases* - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

NOTE 15 – RISKS AND UNCERTAINTIES

The World Health Organization declared the coronavirus outbreak ("COVID-19") a pandemic. The impact of COVID-19 could negatively affect the Town's operations, vendors, and/or taxpayer base. The extent to which COVID-19 impacts the Town's financial position will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or its impact, among others.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

Page 1 of 3

	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
Property Taxes				
Current	\$ 16,494,713	\$ 16,494,713	\$ 16,249,003	\$ (245,710)
Back Taxes	350,000	350,000	391,358	41,358
Interest and Lien Fees	170,000	170,000	228,442	58,442
Motor Vehicle Supplement	230,000	230,000	249,052	19,052
Total Property Taxes	17,244,713	17,244,713	17,117,855	(126,858)
Intergovernmental				
General Government:				
Disability Exemption	2,400	2,400	2,278	(122)
Grant in Lieu of Tax	6,524	6,524	7,960	1,436
In Lieu of Taxes - Federal	4,500	4,500	9,803	5,303
Veteran Reimbursement	19,000	19,000	18,497	(503)
Pequot Indian Grant	38,307	38,307	38,307	-
Miscellaneous	14,459	14,459	7,924	(6,535)
Total General Government	85,190	85,190	84,769	(421)
Education:				
Education Cost Sharing	7,534,704	7,534,704	7,534,704	-
Special Health Grant	-	-	7,588	7,588
Magnet School Transportation	3,750	3,750	9,000	5,250
Total Education	7,538,454	7,538,454	7,551,292	12,838
Total Intergovernmental	7,623,644	7,623,644	7,636,061	12,417
Local Revenues				
Finance:				
Telephone Access Line	13,000	13,000	12,183	(817)
Investment Income	80,000	80,000	49,868	(30,132)
Cell Tower Rent	28,000	28,000	30,323	2,323
Miscellaneous	30,000	30,000	22,967	(7,033)
Fuel Reimbursement Income	90,000	90,000	88,927	(1,073)
Housing Authority	15,000	15,000	15,874	874
Three Rows PILOT	45,000	45,000	54,085	9,085
Rental Income- Garage	24,000	24,000	24,000	-
PILOT - Justice Institute	78,000	78,000	24,000	(54,000)
Total Finance	403,000	403,000	322,227	(80,773)

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

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	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Amended</u>	<u>Budgetary</u>	<u>Variance</u>
			<u>Basis</u>	
Town Clerk and Treasurer:				
Licenses and Permits	\$ 20,800	\$ 20,800	\$ 15,737	\$ (5,063)
Conveyance Tax	96,000	96,000	93,089	(2,911)
Town Clerk Fees	55,500	55,500	60,407	4,907
Driveways	600	600	1,150	550
Total Town Clerk and Treasurer	172,900	172,900	170,383	(2,517)
Education:				
Tuition Payments	35,000	35,000	22,489	(12,511)
Library:				
Fines and Lost Books	800	800	452	(348)
Copier	700	700	358	(342)
Total Library	1,500	1,500	810	(690)
Development and Planning:				
Planning Hearings	16,800	16,800	17,850	1,050
Conservation	500	500	1,456	956
Building Fees	90,000	90,000	101,734	11,734
Total Development and Planning	107,300	107,300	121,040	13,740
Recycling	26,000	26,000	21,774	(4,226)
Tipping Fees	50,000	50,000	34,258	(15,742)
Transfer Station Permits	200,000	200,000	183,130	(16,870)
Prior Year Encumbrances Cancelled	-	-	34,723	34,723
Total Local Revenues	995,700	995,700	910,834	(84,866)
Total Budgeted Revenues	25,864,057	25,864,057	25,664,750	(199,307)

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

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	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
Other Financing Sources				
Use of Fund Balance	\$ 33,157	\$ 1,005,088	\$ -	\$ (1,005,088)
Unused Prior Year Capital Appropriations	-	150,000	150,000	-
Cemetery Interest	200	200	-	(200)
Transfers from Other Funds:				
Capital Projects	291,000	291,000	291,000	-
Tourtellotte Trust Fund	25,000	25,000	25,000	-
Sewer Operating Fund	36,000	36,000	36,000	-
Total Other Financing Sources	<u>385,357</u>	<u>1,507,288</u>	<u>502,000</u>	<u>(1,005,288)</u>
Total Revenues and Other Financing Sources	<u>\$ 26,249,414</u>	<u>\$ 27,371,345</u>	26,166,750	<u>\$ (1,204,595)</u>

Budgetary revenues are different than GAAP revenues because:

Payments on-behalf of the Town are not recorded on a Budgetary Basis:

State of Connecticut on-behalf pension contributions	2,341,982
State of Connecticut on-behalf OPEB contributions	64,008

The Town does not budget for capital lease issuances in the General Fund.

These amounts are recorded as revenues and expenditures for financial statement reporting purposes.	243,563
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Cancellation of prior year encumbrances are recognized as budgetary revenue **(34,723)**

Use of Fund Balance for Capital Projects **(150,000)**

Total Revenues and Other Financing Sources (GAAP Basis) as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

\$ 28,631,580

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

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	<u>Budgeted Amounts</u>		Actual Budgetary Basis	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		
General Government				
Board of Finance	\$ 32,281	\$ 32,281	\$ 25,934	\$ 6,347
Board of Selectmen	26,839	26,839	25,596	1,243
First Selectman	145,138	145,138	140,560	4,578
Data Processing	92,072	92,072	88,606	3,466
Finance and Treasurer	138,234	138,234	137,887	347
Tax Collector	166,700	166,700	165,990	710
Assessors	123,692	123,692	107,991	15,701
Board of Tax Review	5,030	5,030	4,708	322
Elections and Registrations	66,351	66,351	52,750	13,601
Town Clerk	140,294	140,294	135,929	4,365
Town Counsel	50,500	59,913	59,913	-
Probate Court	10,360	10,360	10,360	-
Maintenance of Municipal Buildings	120,511	129,431	123,320	6,111
Total General Government	1,118,002	1,136,335	1,079,544	56,791
Public Safety				
Fire Marshal	28,235	28,697	28,697	-
Fire Departments	616,257	616,257	603,073	13,184
Civil Defense	2,020	2,020	494	1,526
Security	63,240	63,240	41,967	21,273
Canine Control	24,292	25,114	25,114	-
Total Public Safety	734,044	735,328	699,345	35,983
Public Works				
Public Works	992,161	992,161	990,534	1,627
Grounds	17,700	17,700	15,221	2,479
Transfer Station	333,095	361,425	361,424	1
Cemeteries	500	500	-	500
Snow Removal	250,500	250,500	105,214	145,286
Building Official	84,768	84,768	80,205	4,563
Building Board of Appeals	5	5	-	5
Town Garage	61,000	61,000	53,596	7,404
Total Public Works	1,739,729	1,768,059	1,606,194	161,865

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

Page 2 of 3

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		
Human Services				
General Assistance	\$ 105,243	\$ 105,243	\$ 104,081	\$ 1,162
Veterans Service	4,042	4,042	4,035	7
Public Health Nursing	48,720	48,720	48,762	(42)
Total Human Services	158,005	158,005	156,878	1,127
Civic and Cultural				
Library Administration	379,999	379,999	377,313	2,686
Celebrations	1,865	2,365	2,365	-
Recreation Commission	86,488	86,488	84,785	1,703
Community Center Building	129,808	129,808	113,725	16,083
Total Civic and Cultural	598,160	598,660	578,188	20,472
Development and Planning				
Zoning and Wetlands Enforcement Officer	27,572	27,572	25,523	2,049
Zoning Board of Appeals	3,268	3,451	3,451	-
Conservation Commission	19,538	19,538	18,726	812
Historical Society	5,000	5,000	5,000	-
Economic and Community Development	68,052	68,052	62,214	5,838
Inland Wetland Commission	25,787	25,787	24,509	1,278
Economic Development	28,177	28,177	26,372	1,805
Building Committee	2,596	2,596	1,664	932
Total Development and Planning	179,990	180,173	167,459	12,714
Sundry				
Fringe Benefits	1,286,855	1,282,125	1,076,342	205,783
Municipal Insurance	79,347	79,347	69,171	10,176
Contingency	75,000	31,100	-	31,100
Total Sundry	1,441,202	1,392,572	1,145,513	247,059
Board of Education	18,637,572	18,693,503	18,863,121	(169,618)

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

Page 3 of 3

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Capital Outlay	\$ -	\$ -	\$ 3,864	\$ (3,864)
Debt Service	1,235,113	1,235,113	1,229,187	5,926
Total Expenditures	<u>25,841,817</u>	<u>25,897,748</u>	<u>25,529,293</u>	<u>368,455</u>
Other Financing Uses				
Capital Projects Fund Appropriation	<u>407,597</u>	<u>1,473,597</u>	<u>1,473,597</u>	-
Total Expenditures and Other Financing Uses	<u>\$ 26,249,414</u>	<u>\$ 27,371,345</u>	<u>27,002,890</u>	<u>\$ 368,455</u>
Budgetary expenditures are different than GAAP expenditures because:				
Payments on-behalf of the Town are not recorded on a Budgetary Basis:				
State of Connecticut on-behalf pension contributions			2,341,982	
State of Connecticut on-behalf OPEB contributions			64,008	
The Town does not budget for capital lease issuances in the General Fund.				
These amounts are recorded as revenues and expenditures for financial statement reporting purposes.				
			243,563	
Accrued payroll is reported for GAAP and not budgetary basis.				
			47,816	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial statement reporting purposes				
			(247,111)	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for financial statement reporting purposes				
			<u>197,041</u>	
Total Expenditures and Other Financing Uses (GAAP Basis) as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds				
			<u>\$ 29,650,189</u>	

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Board of Education Retirement System (BERS) Plan
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 203,671	\$ 211,690	\$ 205,160	\$ 201,901	\$ 195,715	\$ 190,015	\$ 178,768
Interest	458,052	443,268	415,448	398,540	381,251	346,650	328,620
Differences Between Expected and Actual Experience	50,912	(56,848)	159,044	(20,314)	56,468	187,003	-
Changes of Assumptions	(8,971)	(17,498)	(38,765)	(81,837)	(156,744)	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(306,617)</u>	<u>(399,034)</u>	<u>(273,568)</u>	<u>(229,261)</u>	<u>(224,313)</u>	<u>(212,878)</u>	<u>(285,512)</u>
Net Change in Total Pension Liability	397,047	181,578	467,319	269,029	252,377	510,790	221,876
Total Pension Liability - Beginning	<u>6,733,076</u>	<u>6,551,498</u>	<u>6,084,179</u>	<u>5,815,150</u>	<u>5,562,773</u>	<u>5,051,983</u>	<u>4,830,107</u>
Total Pension Liability - Ending (a)	<u>\$ 7,130,123</u>	<u>\$ 6,733,076</u>	<u>\$ 6,551,498</u>	<u>\$ 6,084,179</u>	<u>\$ 5,815,150</u>	<u>\$ 5,562,773</u>	<u>\$ 5,051,983</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 135,439	\$ 144,825	\$ 137,188	\$ 138,070	\$ 138,070	\$ 120,797	\$ 144,788
Contributions - Member	93,949	84,713	94,400	94,256	87,893	81,842	92,031
Net Investment Income (Loss)	141,733	378,503	480,992	754,190	(24,482)	149,521	768,770
Benefit Payments, Including Refunds of Member Contributions	(306,618)	(399,034)	(273,568)	(229,261)	(224,313)	(212,878)	(285,512)
Administrative Expenses	<u>(7,648)</u>	<u>(11,701)</u>	<u>(10,964)</u>	<u>(5,404)</u>	<u>(8,975)</u>	<u>(14,627)</u>	<u>(5,731)</u>
Net Change in Pension Fiduciary Net Position	56,855	197,306	428,048	751,851	(31,807)	124,655	714,346
Plan Fiduciary Net Position - Beginning	<u>6,837,366</u>	<u>6,640,060</u>	<u>6,212,012</u>	<u>5,460,161</u>	<u>5,491,968</u>	<u>5,367,313</u>	<u>4,652,967</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,894,221</u>	<u>\$ 6,837,366</u>	<u>\$ 6,640,060</u>	<u>\$ 6,212,012</u>	<u>\$ 5,460,161</u>	<u>\$ 5,491,968</u>	<u>\$ 5,367,313</u>
Net Pension Liability (Asset) - Ending: (a) - (b)	<u>\$ 235,902</u>	<u>\$ (104,290)</u>	<u>\$ (88,562)</u>	<u>\$ (127,833)</u>	<u>\$ 354,989</u>	<u>\$ 70,805</u>	<u>\$ (315,330)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.69%	101.55%	101.35%	102.10%	93.90%	98.73%	106.24%
Covered Payroll	\$ 1,790,157	\$ 1,899,882	\$ 1,937,822	\$ 1,854,289	\$ 1,717,557	\$ 1,583,805	\$ 1,554,058
Net Pension Liability as a Percentage of Covered Payroll	13.18%	-5.49%	-4.57%	-6.89%	20.67%	4.47%	-20.29%

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

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Board of Education Retirement System (BERS) Plan
Schedule of Employer Contributions
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Employer Contribution (ADEC)	\$ 135,439	\$ 144,825	\$ 137,188	\$ 138,070	\$ 138,070	\$ 120,797	\$ 144,788	\$ 170,931	\$ 156,172	\$ 206,774
Contributions in Relation to the ADEC	<u>135,439</u>	<u>144,825</u>	<u>137,188</u>	<u>138,070</u>	<u>138,070</u>	<u>120,797</u>	<u>144,788</u>	<u>170,931</u>	<u>156,172</u>	<u>206,774</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	1,790,157	1,899,882	1,937,822	1,854,289	1,717,557	1,583,805	1,554,058	1,435,768	1,363,421	1,469,290
Contributions as a Percentage of Covered Payroll	7.57%	7.62%	7.08%	7.45%	8.04%	7.63%	9.32%	11.91%	11.45%	14.07%

Notes to Schedule

Valuation Date: July 1, 2018

Measurement Date: June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Salary, Closed
Asset valuation method	Market Value
Inflation	2.60%
Salary increases	Graded scale from 4.6% at age 20 down to 2.6% at age 60 and beyond, subject to IRC Sec. 401(a)17 limitation.
Investment rate of return	6.75%, net of pension plan investment expense, including inflation.
Retirement Age	4% for ages 55-64, 50% for age 65, 40% for age 66, 30% for age 67, 20% for age 68, 10% for age 69, and 100% for age 70.
Mortality	Current: Pub-2010 (B) Public Retirement Plans Amount-Weight Mortality Tables (for General Employees) projected to the Valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Board of Education Retirement System (BERS) Plan
Schedule of Investment Returns
Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.16%	5.83%	7.80%	13.89%	-0.45%	2.80%	16.76%

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

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Schedule of the Town's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years*

	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.357%	0.143%	0.290%	0.254%	0.491%	0.298%
Town's Portion of Net Pension Liability	<u>\$1,292,142</u>	<u>\$1,366,349</u>	<u>\$ 710,807</u>	<u>\$ 844,009</u>	<u>\$ 945,615</u>	<u>\$ 670,375</u>
Town's Covered Payroll	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 958,880</u>	<u>\$1,023,619</u>	<u>\$1,532,658</u>	<u>\$1,298,730</u>
Town's Portion of Net Pension Liability as a Percentage of Covered Payroll	143.57%	151.82%	74.13%	82.45%	61.70%	51.62%
Plan Fiduciary Net Position as a Percentage of Covered Payroll	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

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

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Town's Contractually Required Contribution	\$ 109,556	\$ 20,250	\$ 116,488	\$ 113,710	\$ 122,031	\$ 155,588	\$ 183,612	\$ 206,680	\$ 203,003	\$ 170,212
Town's Contributions in Relation to the Contractually Required Contribution	<u>109,556</u>	<u>20,250</u>	<u>116,488</u>	<u>113,710</u>	<u>122,031</u>	<u>155,588</u>	<u>183,612</u>	<u>206,680</u>	<u>203,003</u>	<u>170,212</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	900,000	900,000	958,880	1,023,619	1,532,658	1,298,730	1,532,658	1,599,796	1,613,009	1,615,319
Town's Contributions as a Percentage of Covered Payroll	12.17%	2.25%	12.15%	11.11%	7.96%	11.98%	11.98%	12.92%	12.59%	10.54%

Notes to Schedule

Valuation Date: June 30, 2019

Measurement Date: June 30, 2019

The actuarially determined contributions are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining Amortization Period	21 years
Asset Valuation Method	5-years smoothed market (20% write up)
Inflation	3.25%
Salary Increases	4.25%-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
State Teacher's Retirement System
Schedule of the Town's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	30,939,852	23,856,423	23,825,821	19,618,342	25,136,424	18,133,226
Total	\$ 30,939,852	\$ 23,856,423	\$ 23,825,821	\$ 19,618,342	\$ 25,136,424	\$ 18,133,226
Town's covered payroll	\$ 7,769,865	\$ 7,596,612	\$ 7,104,840	\$ 6,878,417	\$ 6,790,223	\$ 6,461,151
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Other Post Employment Benefits (OPEB) Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 73,874	\$ 70,040	\$ 72,791
Interest	80,098	80,603	74,330
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	5,935	48,464	19,600
Changes of Assumptions and Other Inputs	621,488	90,659	(71,614)
Benefit Payments	<u>(84,986)</u>	<u>(103,489)</u>	<u>(68,634)</u>
Net Change in Total OPEB Liability	696,409	186,277	26,473
Total OPEB Liability - Beginning	<u>2,250,245</u>	<u>2,063,968</u>	<u>2,037,495</u>
Total OPEB Liability - Ending	<u><u>\$ 2,946,654</u></u>	<u><u>\$ 2,250,245</u></u>	<u><u>\$ 2,063,968</u></u>
 Covered Employee Payroll	 \$ 10,404,809	 \$ 10,951,934	 \$ 11,567,923
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 28.32%	 20.55%	 17.84%

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

There are no assets being accumulated in a trust that meets the criteria in GASB75 to pay benefits

Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	The discount rate was decreased from 3.87% to 3.51% to reflect the change in the Municipal Bond Index Rate.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	4.25%, net of investment related expense including price inflation

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
State Teacher's Retirement System
Schedule of the Town's Proportionate Share of the Net OPEB Liability
Last Three Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>4,825,244</u>	<u>4,769,034</u>	<u>6,132,488</u>
Total	<u>\$ 4,825,244</u>	<u>\$ 4,769,034</u>	<u>\$ 6,132,488</u>
Town's covered payroll	<u>\$ 7,769,865</u>	<u>\$ 7,596,612</u>	<u>\$ 7,104,840</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

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

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense
Price Inflation	2.75%

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Page 1 of 2

	SPECIAL REVENUE FUNDS					
	<u>Sewer Operating</u>	<u>Dog License</u>	<u>School Cafeteria</u>	<u>Educational Grants</u>	<u>Open Space</u>	<u>Youth Center</u>
Assets						
Cash and Cash Equivalents	\$ 252,726	\$ -	\$ 29,291	\$ -	\$ -	\$ -
Receivables, Net	262,442	-	67,234	6,517	-	-
Inventory	-	-	21,264	-	-	-
Due from Other Funds	-	74,231	-	150,489	104,455	-
Total Assets	<u>\$ 515,168</u>	<u>\$ 74,231</u>	<u>\$ 117,789</u>	<u>\$ 157,006</u>	<u>\$ 104,455</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Items	\$ 89,774	\$ 6,517	\$ -	\$ 20,507	\$ -	\$ -
Unearned Revenue	-	-	-	150,815	-	-
Due to Other Funds	14,591	-	126,288	-	-	-
Total Liabilities	<u>104,365</u>	<u>6,517</u>	<u>126,288</u>	<u>171,322</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Mortgage Loans	-	-	-	-	-	-
Unavailable Revenue - Sewer Use Charges	241,969	-	-	-	-	-
Total Deferred Inflows of Resources	<u>241,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	168,834	67,714	-	-	104,455	-
Unassigned	-	-	(8,499)	(14,316)	-	-
Total Fund Balances	<u>168,834</u>	<u>67,714</u>	<u>(8,499)</u>	<u>(14,316)</u>	<u>104,455</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 515,168</u>	<u>\$ 74,231</u>	<u>\$ 117,789</u>	<u>\$ 157,006</u>	<u>\$ 104,455</u>	<u>\$ -</u>

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Page 2 of 2

	SPECIAL REVENUE FUNDS			PERMANENT FUNDS			
	<u>Recreation</u>	<u>Small Cities</u>	<u>Other Grants</u>	<u>Library Trust</u>	<u>Cemetery Trust</u>	<u>Scholarship</u>	<u>Total</u>
Assets							
Cash and Cash Equivalents	\$ -	\$ 1,254	\$ 10	\$ -	\$ -	\$ -	\$ 283,281
Receivables, Net	-	54,237	30,963	-	-	-	421,393
Inventory	-	-	-	-	-	-	21,264
Due from Other Funds	48,341	-	49,106	101,915	5,044	212,629	746,210
Total Assets	<u>\$ 48,341</u>	<u>\$ 55,491</u>	<u>\$ 80,079</u>	<u>\$ 101,915</u>	<u>\$ 5,044</u>	<u>\$ 212,629</u>	<u>\$ 1,472,148</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts Payable and							
Accrued Items	\$ 3,064	\$ -	\$ 35,796	\$ -	\$ 225	\$ 1,000	\$ 156,883
Unearned Revenue	-	-	65,831	-	-	-	216,646
Due to Other Funds	-	-	-	-	-	-	140,879
Total Liabilities	<u>3,064</u>	<u>-</u>	<u>101,627</u>	<u>-</u>	<u>225</u>	<u>1,000</u>	<u>514,408</u>
Deferred Inflows of Resources:							
Unavailable Revenue - Mortgage Loans	-	55,487	-	-	-	-	55,487
Unavailable Revenue - Sewer Use Charges	-	-	-	-	-	-	241,969
Total Deferred Inflows of Resources	<u>-</u>	<u>55,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,456</u>
Fund Balances:							
Nonspendable	-	-	-	33,919	8,187	211,659	253,765
Restricted	-	4	-	67,996	-	-	68,000
Committed	45,277	-	-	-	-	-	386,280
Unassigned	-	-	(21,548)	-	(3,368)	(30)	(47,761)
Total Fund Balances	<u>45,277</u>	<u>4</u>	<u>(21,548)</u>	<u>101,915</u>	<u>4,819</u>	<u>211,629</u>	<u>660,284</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,341</u>	<u>\$ 55,491</u>	<u>\$ 80,079</u>	<u>\$ 101,915</u>	<u>\$ 5,044</u>	<u>\$ 212,629</u>	<u>\$ 1,472,148</u>

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Page 1 of 2

	SPECIAL REVENUE FUNDS					
	<u>Sewer Operating</u>	<u>Dog License</u>	<u>School Cafeteria</u>	<u>Educational Grants</u>	<u>Open Space</u>	<u>Youth Center</u>
Revenues						
Intergovernmental Revenues	\$ -	\$ -	\$ 356,960	\$ 1,622,535	\$ -	\$ -
Licenses, Permits, and Charges for Services	455,045	10,322	91,604	-	-	-
Investment Income	1,539	-	134	-	1,416	-
Other Revenues	-	-	-	92,789	2,108	-
Total Revenues	<u>456,584</u>	<u>10,322</u>	<u>448,698</u>	<u>1,715,324</u>	<u>3,524</u>	<u>-</u>
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	6,517	-	-	-	-
Public Works	483,538	-	-	-	-	-
Civic and Cultural	-	-	-	-	-	-
Education	-	-	484,177	1,722,184	-	-
Debt Service	33,300	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>516,838</u>	<u>6,517</u>	<u>484,177</u>	<u>1,722,184</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	(60,254)	3,805	(35,479)	(6,860)	3,524	-
Other Financing Sources/(Uses)						
Transfers In	-	-	-	-	-	6,041
Transfers Out	(36,000)	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,041</u>
Net Change in Fund Balances	(96,254)	3,805	(35,479)	(6,860)	3,524	6,041
Fund Balances at Beginning of Year	<u>265,088</u>	<u>63,909</u>	<u>26,980</u>	<u>(7,456)</u>	<u>100,931</u>	<u>(6,041)</u>
Fund Balances at End of Year	<u>\$ 168,834</u>	<u>\$ 67,714</u>	<u>\$ (8,499)</u>	<u>\$ (14,316)</u>	<u>\$ 104,455</u>	<u>\$ -</u>

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

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	SPECIAL REVENUE FUNDS			PERMANENT FUNDS			
	<u>Recreation</u>	<u>Small Cities</u>	<u>Other Grants</u>	<u>Library Trust</u>	<u>Cemetery Trust</u>	<u>Scholarship</u>	<u>Total</u>
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ 94,957	\$ -	\$ -	\$ -	\$ 2,074,452
Licenses, Permits, and Charges for Services	201,706	-	-	-	-	-	758,677
Investment Income	202	1	-	1,212	142	2,935	7,581
Other Revenues	-	-	-	6,771	-	500	102,168
Total Revenues	<u>201,908</u>	<u>1</u>	<u>94,957</u>	<u>7,983</u>	<u>142</u>	<u>3,435</u>	<u>2,942,878</u>
Expenditures							
Current:							
General Government	-	-	81,925	-	-	-	81,925
Public Safety	-	-	-	-	-	-	6,517
Public Works	-	-	155,189	-	-	-	638,727
Civic and Cultural	204,275	-	23,855	6,548	3,510	-	238,188
Education	-	-	-	-	-	2,000	2,208,361
Debt Service	-	-	-	-	-	-	33,300
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>204,275</u>	<u>-</u>	<u>260,969</u>	<u>6,548</u>	<u>3,510</u>	<u>2,000</u>	<u>3,207,018</u>
Excess/(Deficiency) of Revenues Over Expenditures	(2,367)	1	(166,012)	1,435	(3,368)	1,435	(264,140)
Other Financing Sources/(Uses)							
Transfers In	-	-	150,000	-	-	-	156,041
Transfers Out	(6,041)	-	-	-	-	-	(42,041)
Total Other Financing Sources/(Uses)	<u>(6,041)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,000</u>
Net Change in Fund Balances	(8,408)	1	(16,012)	1,435	(3,368)	1,435	(150,140)
Fund Balances at Beginning of Year	<u>53,685</u>	<u>3</u>	<u>(5,536)</u>	<u>100,480</u>	<u>8,187</u>	<u>210,194</u>	<u>810,424</u>
Fund Balances at End of Year	<u>\$ 45,277</u>	<u>\$ 4</u>	<u>\$ (21,548)</u>	<u>\$ 101,915</u>	<u>\$ 4,819</u>	<u>\$ 211,629</u>	<u>\$ 660,284</u>

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Tourtellotte Memorial High School</u>				
Assets:				
Cash and Cash Equivalents	\$ 56,868	\$ 49,853	\$ 37,271	\$ 69,450
Total Assets	<u>56,868</u>	<u>49,853</u>	<u>37,271</u>	<u>69,450</u>
Liabilities:				
Fiduciary Deposits	<u>56,868</u>	<u>49,853</u>	<u>37,271</u>	<u>69,450</u>
Total Liabilities	<u>\$ 56,868</u>	<u>\$ 49,853</u>	<u>\$ 37,271</u>	<u>\$ 69,450</u>
<u>Thompson Middle School</u>				
Assets:				
Cash and Cash Equivalents	\$ 18,357	\$ 33,071	\$ 39,000	\$ 12,428
Total Assets	<u>18,357</u>	<u>33,071</u>	<u>39,000</u>	<u>12,428</u>
Liabilities:				
Fiduciary Deposits	<u>18,357</u>	<u>33,071</u>	<u>39,000</u>	<u>12,428</u>
Total Liabilities	<u>\$ 18,357</u>	<u>\$ 33,071</u>	<u>\$ 39,000</u>	<u>\$ 12,428</u>
<u>Mary R Fisher Elementary School</u>				
Assets:				
Cash and Cash Equivalents	\$ 16,580	\$ 17,458	\$ 18,517	\$ 15,521
Total Assets	<u>16,580</u>	<u>17,458</u>	<u>18,517</u>	<u>15,521</u>
Liabilities:				
Fiduciary Deposits	<u>16,580</u>	<u>17,458</u>	<u>18,517</u>	<u>15,521</u>
Total Liabilities	<u>\$ 16,580</u>	<u>\$ 17,458</u>	<u>\$ 18,517</u>	<u>\$ 15,521</u>
<u>Athletic</u>				
Assets:				
Cash and Cash Equivalents	\$ 12,849	\$ 7,513	\$ 2,348	\$ 18,014
Total Assets	<u>12,849</u>	<u>7,513</u>	<u>2,348</u>	<u>18,014</u>
Liabilities:				
Fiduciary Deposits	<u>12,849</u>	<u>7,513</u>	<u>2,348</u>	<u>18,014</u>
Total Liabilities	<u>\$ 12,849</u>	<u>\$ 7,513</u>	<u>\$ 2,348</u>	<u>\$ 18,014</u>
<u>Escrow</u>				
Assets:				
Cash and Cash Equivalents	\$ 129,316	\$ 36,746	\$ -	\$ 166,062
Certificates of Deposit	15,391	-	-	15,391
Due from Other Funds	<u>19,100</u>	<u>1,564</u>	<u>-</u>	<u>20,664</u>
Total Assets	<u>163,807</u>	<u>38,310</u>	<u>-</u>	<u>202,117</u>
Liabilities:				
Fiduciary Deposits	<u>163,807</u>	<u>38,310</u>	<u>-</u>	<u>202,117</u>
Total Liabilities	<u>\$ 163,807</u>	<u>\$ 38,310</u>	<u>\$ -</u>	<u>\$ 202,117</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ 233,970	\$ 144,641	\$ 97,136	\$ 281,475
Certificates of Deposit	15,391	-	-	15,391
Due from Other Funds	<u>19,100</u>	<u>1,564</u>	<u>-</u>	<u>20,664</u>
Total Assets	<u>268,461</u>	<u>146,205</u>	<u>97,136</u>	<u>317,530</u>
Liabilities				
Fiduciary Deposits	<u>268,461</u>	<u>146,205</u>	<u>97,136</u>	<u>317,530</u>
Total Liabilities	<u>\$ 268,461</u>	<u>\$ 146,205</u>	<u>\$ 97,136</u>	<u>\$ 317,530</u>

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2020

List of 10/1:	Outstanding July 1, 2019	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2020
			Additions	Deductions		Taxes	Interest	Liens	Total		
2018		\$ 17,087,117	\$ -	\$ -	\$ 17,087,117	\$ 16,519,816	\$ 70,495	\$ 480	\$ 16,590,791	\$ 229,449	\$ 337,852
2017	\$ 349,401	-	325	5,015	344,711	168,573	37,262	2,073	207,908	70	176,068
2016	177,137	-	-	1,539	175,598	54,404	21,139	672	76,215	-	121,194
2015	113,419	-	1	-	113,420	28,034	16,335	312	44,681	-	85,386
2014	90,832	-	-	1	90,831	17,391	9,820	216	27,427	-	73,440
2013	72,218	-	-	314	71,904	5,799	6,211	72	12,082	-	66,105
2012	63,456	-	-	3	63,453	6,489	3,206	96	9,791	-	56,964
2011	50,699	-	343	-	51,042	3,120	1,319	48	4,487	-	47,922
2010	37,529	-	-	2	37,527	2,312	4,188	-	6,500	-	35,215
2009	10,042	-	2	-	10,044	-	-	-	-	-	10,044
2008	9,458	-	-	-	9,458	-	-	-	-	-	9,458
2007	9,220	-	1	-	9,221	-	1,507	-	1,507	-	9,221
2006	8,396	-	-	-	8,396	817	52	24	893	-	7,579
2005	7,245	-	-	-	7,245	944	5,054	-	5,998	-	6,301
2004	5,067	-	-	1	5,066	2,220	1,732	24	3,976	-	2,846
	\$ 1,004,119	\$ 17,087,117	\$ 672	\$ 6,875	\$ 18,085,033	16,809,919	178,320	4,017	16,992,256	\$ 229,519	\$ 1,045,595
Net Grand List - October 1, 2018			Total Suspense Collections			209,647	57,542	-	267,189		
Tax Rate: 27.75 mills			Total Collections			\$ 17,019,566	\$ 235,862	\$ 4,017	\$ 17,259,445		

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT

Schedule of Debt Limitation

June 30, 2020

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 16,978,035

Reimbursement for Revenue Loss on:

Tax Relief for Elderly and Disabled - Prior Fiscal Year 2,304

Base \$ 16,980,339

	<u>General Purposes</u> (2.25 x base)	<u>Schools</u> (4.50 x base)	<u>Sewers</u> (3.75 x base)	<u>Urban Renewal</u> (3.25 x base)	<u>Pension Deficit</u> (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	<u>\$ 38,205,763</u>	<u>\$ 76,411,526</u>	<u>\$ 63,676,271</u>	<u>\$ 55,186,102</u>	<u>\$ 50,941,017</u>
Indebtedness:					
Bonds Payable	<u>-</u>	<u>6,695,000</u>	<u>1,794,781</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>-</u>	<u>6,695,000</u>	<u>1,794,781</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 38,205,763</u>	<u>\$ 69,716,526</u>	<u>\$ 61,881,490</u>	<u>\$ 55,186,102</u>	<u>\$ 50,941,017</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$118,862,373.

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures Compared with Appropriations
Capital Projects Fund
For the Year Ended June 30, 2020

	Appropriations			Expenditures			Uncommitted Balance
	Balance July 1, 2019	Current Year	Balance June 30, 2020	Balance July 1, 2019	Current Year	Balance June 30, 2020	
Committed Projects:							
Paving Mat/Resurfacing	\$ 5,837,014	\$ 687,215	\$ 6,524,229	\$ 4,664,107	\$ 1,519,898	\$ 6,184,005	\$ 340,224
Revaluation - Prior Years	581,267	30,747	612,014	589,683	30,748	620,431	(8,417)
Little League Complex	89,900	6,850	96,750	63,944	-	63,944	32,806
Skateboard Park Renovations	6,000	-	6,000	1,142	-	1,142	4,858
Soccer Fields	12,000	-	12,000	-	-	-	12,000
Trails Expense	60,281	9,890	70,171	45,278	10,714	55,992	14,179
Town Hall Review	23,500	-	23,500	22,643	-	22,643	857
Marianapolis Preparatory School	18,424	-	18,424	18,124	-	18,124	300
Salt Shed	20,000	-	20,000	4,950	-	4,950	15,050
Tourtellotte Building Fund	490,000	25,000	515,000	473,007	10,294	483,301	31,699
Tourtellotte Windows Fund	300,000	-	300,000	278,951	-	278,951	21,049
Library Repairs	268,734	50,000	318,734	212,721	69,207	281,928	36,806
Library Roof Repairs	100,000	25,000	125,000	1,600	-	1,600	123,400
Rolling Stock	386,900	-	386,900	352,100	-	352,100	34,800
Fuel Tank Replacement	270,000	-	270,000	348,294	-	348,294	(78,294)
School Oil Spill Remediation Bond	1,095,000	47,500	1,142,500	879,066	-	879,066	263,434
School Oil Spill Remediation not Bond Funded	124,911	-	124,911	53,009	12,770	65,779	59,132
School Oil Spill Remediation Replacement	22,650	341,000	363,650	89,039	174,229	263,268	100,382
Phone System	10,000	-	10,000	7,940	-	7,940	2,060
Marianapolis Sewer Project	2,400,000	-	2,400,000	2,333,108	54,906	2,388,014	11,986
Quaddick Road Bridge	247,247	-	247,247	249,479	-	249,479	(2,232)
Eversource Mower System	107,541	28,535	136,076	103,599	25,728	129,327	6,749
Sand Dam Road Project	-	-	-	8,113	(8,113)	-	-
T&B School Project Study	173,300	-	173,300	103,114	17,172	120,286	53,014
Town Hall Roof	58,000	-	58,000	25,714	-	25,714	32,286
Bus Sale Funds	291,000	-	291,000	-	291,000	291,000	-
Generator	18,000	-	18,000	-	34,579	34,579	(16,579)
Security Project at School	19,500	-	19,500	14,680	721	15,401	4,099
Paver 9 Ton Dump - Capital Lease	-	-	-	54,659	-	54,659	(54,659)
Severance	20,000	-	20,000	-	-	-	20,000
Security Grant	-	550,000	550,000	-	183,591	183,591	366,409
Other	718	-	718	986	-	986	(268)
Total	\$ 13,051,887	\$ 1,801,737	\$ 14,853,624	\$ 10,999,050	\$ 2,427,444	\$ 13,426,494	\$ 1,427,130

See accountant's report.