

# TOWN OF THOMPSON, CONNECTICUT

FINANCIAL STATEMENTS  
JUNE 30, 2019

**TOWN OF THOMPSON, CONNECTICUT**  
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**JUNE 30, 2019**

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## **Independent Auditors' 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, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Thompson, Connecticut's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and 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 schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Thompson, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 31, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2020 on our consideration of the Town of Thompson, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Thompson, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Thompson, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
July 13, 2020

**TOWN OF THOMPSON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

This discussion and analysis of the Town of Thompson, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net position of our governmental activities increased by \$1.03 million, or 2.9%.
- During the year, the Town had expenses that were \$1.03 million less than the \$31.1 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$30.1 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$2.8 million.
- The resources available for appropriation were \$590 thousand more than budgeted for the General Fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in the net position. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, civic and cultural, and general government. Property taxes, charges for services, and state and federal grants finance most of these activities.

## **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State Statutes. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's proprietary funds consist of the Town's internal service fund, which is used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's Data Processing Fund and risk management internal service funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of net position - fiduciary funds and changes in net position - fiduciary fund. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position changed from a year ago increasing from \$35.4 million to \$36.4 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET POSITION**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 11,949	\$ 10,628
Capital assets, net of accumulated depreciation	38,903	39,252
Total assets	<u>50,852</u>	<u>49,880</u>
Deferred outflows of resources	<u>1,629</u>	<u>1,031</u>
Long-term debt outstanding	14,915	14,307
Other liabilities	599	674
Total liabilities	<u>15,514</u>	<u>14,981</u>
Deferred inflows of resources	<u>557</u>	<u>551</u>
Net Position:		
Net investment in capital assets	29,020	28,772
Restricted for:		
Perpetual care:		
Expendable	254	256
Nonexpendable	2,873	2,899
Unrestricted	<u>4,263</u>	<u>3,452</u>
Total Net Position	<u>\$ 36,410</u>	<u>\$ 35,379</u>

Net position of the Town's governmental activities increased by 2.9% (\$36.4 million compared to \$35.4 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$3.45 million at June 30, 2018 to \$4.27 million at the end of this year.



**TABLE 2**  
**CHANGE IN NET POSITION**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,622	\$ 1,572
Operating grants and contributions	10,629	12,806
Capital grants and contributions	50	99
General revenues:		
Property taxes	17,120	16,400
Grants and contributions not restricted to specific purposes	453	604
Unrestricted investment earnings	300	196
Other general revenues	962	139
Total revenues	<u>31,136</u>	<u>31,816</u>
Program expenses:		
General government	2,022	1,382
Public safety	587	539
Public works	3,216	3,018
Human services	218	224
Civic and cultural	1,191	1,141
Development and planning	163	201
Education	22,481	24,198
Interest on long-term debt	228	246
Total program expenses	<u>30,106</u>	<u>30,949</u>
Increase in Net Position	\$ <u>1,030</u>	\$ <u>867</u>

The Town's total revenues were \$31.1 million. The total cost of all programs and services was \$30.1 million. Our analysis below separately considers the operations of governmental activities.

### **Governmental Activities**

- The Town has received \$632,000 in grants from the United States Department of Agriculture to offset the total cost of \$2,400,000 for a sewer line extension intended to serve Marianapolis School as the sole user. The School will cover 100% of the cost of the sewer extension. The project has not yet been completed and the Town is continuing to pursue other options.
- The Town was awarded a grant through the State-Local Bridge Program for Replacement of the Quaddick Road Bridge, funded through a grant from the CT DOT State-Local Bridge Program. Total project cost is \$486,100, with \$238,772.32 in grant funds and a Town match of \$247,327.68. This project was completed in FY18-19.

- The State of Connecticut Department of Economic and Community Development awarded the Town of Thompson a \$218,000 Historic Brownfield Revitalization Program grant for preparation of Phase I and Phase II Environmental Site Assessments, Hazardous Materials Survey, Structural Evaluation and preparation of a Remedial Action/Reuse Plan for 929 Riverside Drive, aka the River Mill, aka North Grosvenordale Mill. CME Associates was selected as consultant for the project and is now in the process of finalizing the Phase I Environmental Site Assessment. This project is now complete.
- The Town has been working with UCONN Engineering students on projects beneficial, and at no cost, to the Town including the following completed Senior Projects, which provided deliverables of engineering study and plans. Previous years' projects included: structural analysis/recommendations for the Town-owned 65 Main St. (former TEEG) property, design of a pocket park at the Town-owned .86 acre parcel on Reardon Rd., streetscape improvements for the Riverside Drive (aka State Rt. 12)/Main Street area of North Grosvenordale and a breach study for the Wilsonville (Langer's Pond) Dam. Last year and this year, UCONN Engineering students designed a pedestrian foot bridge along the airline trail that spans Rt. 193 and a safety study of the intersections of Riverside Drive/Buckley Hill Rd and Rt. 200/Buckley Hill Rd. Both projects are now complete.
- The Town's Economic Development Commission, with the help of NECCOG, has completed a Branding Plan for the Town; it has finalized the Branding Implementation Committee and will be working to implement recommendations of that Plan going forward.
- The P&Z Commission is currently rewriting the Zoning and Subdivision regulations. Completion and adoption of the rewrite will be completed by 2020.
- The State of Connecticut Department of Economic and Community Development awarded the Town of Thompson a \$170,000 Brownfield Area Wide Revitalization Grant (BAR). CME Associates was selected as the consultant for the project. The proposed project includes preparation of the North Grosvenordale Mills Master Plan, encompassing the area of the North Grosvenordale section of Thompson beginning at the Riverside Drive (aka SR 12)/Quinebaug Rd. (aka SR 131) intersection to the north, and culminating at the Riverside Drive (aka SR 12)/Thompson Hill Rd. (aka SR 200) to the south. This Master Plan will include: Community input/visioning meetings; Site assessment of 915 Riverside Drive, Zoning revisions to promote redevelopment and comprehensive traffic and pedestrian study. Specific sub projects in process include Blaine Road/Route 12 intersection improvement; Replace sidewalks from Rte 200/Rte 12 to Rawson Ave/Rte 12 and a Wayfinding project for the overall town.

Table 3 presents the cost of each of the Town's five largest programs, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Education	\$ 22,481	\$ 24,198	\$ 12,149	\$ 11,716
Public works	3,216	3,018	2,014	1,769
General government	2,022	1,382	1,621	1,036
Interest on long-term debt	228	246	228	246
Civic and cultural	1,191	1,141	909	869
All others	968	964	883	835
<b>Total</b>	<b>\$ 30,106</b>	<b>\$ 30,949</b>	<b>\$ 17,804</b>	<b>\$ 16,471</b>

## TOWN FUNDS FINANCIAL ANALYSIS

### Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$9.38 million, which is a \$1.111 million increase from last year's total. Included in this year's total change in fund balance is a decrease of \$148 thousand in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities highlighted in Exhibit IV.

In the Capital Projects Fund, the Town funded projects and capital outlays of \$1.23 million, most of which was Roads, Sewer and other projects funded by sources including USDA and the General Fund.

### General Fund Budgetary Highlights

The original Town Expenditure Budget was \$25.8 million.

The Town's General Fund balance of \$2.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance. This is principally because budgetary fund balance does not include \$205 thousand of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2019, the Town had \$38.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, and infrastructure (roads, bridges, etc.) - Table 4. This amount represents a net decrease (including additions and deductions) of \$348 thousand, or 0.88%, from last year.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 2,475	\$ 2,475
Construction in progress	2,372	2,099
Buildings and improvements	28,918	29,931
Machinery and equipment	1,238	1,022
Infrastructure	3,900	3,724
Total	<u>\$ 38,903</u>	<u>\$ 39,251</u>

A new bridge on Quaddick Road was added in fiscal year ended June 30, 2019 with an asset value of \$485 thousand.

## **Long-Term Debt**

At June 30, 2019, the Town had \$9.387 million in bonds outstanding versus \$10.2 million last year - a decrease of \$854 thousand - as shown in Table 5.

**TABLE 5**  
**OUTSTANDING DEBT, AT YEAR END**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
General Obligation Bonds (backed by the Town)	\$ <u>9,387</u>	\$ <u>10,241</u>

The Town received a general obligation bond rating of A3 as of November 13, 2007, by a national rating agency. This rating was changed to A1 by the rating agency as of May 2010. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$98.7 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget tax rates. Unemployment and economic growth continue to be an issue in Thompson. Unemployment in the Town increased to 4.3% by June 2019. This compares with the State's unemployment rate of 3.7% and the national rate of also 3.7% at that time.

These indicators were taken into account when working to adopt the General Fund budget for 2019-2020. Amounts available for appropriation as of September 29, 2019 in the General Fund budget are \$26.249 million, an increase of \$433 thousand over final 2018-2019 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to be decreased by \$33 thousand during the fiscal year 2020.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Thompson, 815 Riverside Drive, Thompson, Connecticut 06255.

**TOWN OF THOMPSON, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 7,138,957
Investments	2,692,783
Receivables, net	1,984,014
Net pension asset	104,290
Other assets	29,647
Capital assets not being depreciated	4,847,340
Capital assets being depreciated, net	34,055,402
Total assets	<u>50,852,433</u>
Deferred Outflows of Resources:	
Deferred amounts on refunding	507,075
Deferred outflows related to OPEB	145,110
Deferred outflows related to pensions	977,091
Total deferred outflows of resources	<u>1,629,276</u>
Liabilities:	
Accounts and other payables	436,301
Due to fiduciary funds	19,100
Unearned revenue	143,534
Noncurrent liabilities:	
Due within one year	1,147,317
Due in more than one year	13,768,167
Total liabilities	<u>15,514,419</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	60,680
Deferred inflows related to pensions	496,434
Total deferred inflows of resources	<u>557,114</u>
Net Position:	
Net investment in capital assets	29,020,273
Restricted for:	
Trust purposes:	
Nonexpendable	253,765
Expendable	2,872,668
Unrestricted	<u>4,263,470</u>
Total Net Position	<u>\$ 36,410,176</u>

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,021,813	\$ 333,794	\$ 66,782	\$	\$ (1,621,237)
Public safety	586,996	12,527			(574,469)
Public works	3,216,406	770,489	432,157		(2,013,760)
Human services	217,632		2	50,213	(167,417)
Civic and cultural	1,191,113	273,843	7,945		(909,325)
Development and planning	162,863	22,364			(140,499)
Education	22,481,049	209,125	10,122,611		(12,149,313)
Interest on long-term debt	227,801				(227,801)
Total	<u>\$ 30,105,673</u>	<u>\$ 1,622,142</u>	<u>\$ 10,629,497</u>	<u>\$ 50,213</u>	<u>(17,803,821)</u>
General revenues:					
Property taxes					17,120,725
Grants and contributions not restricted to specific programs					453,094
Unrestricted investment earnings					298,899
Miscellaneous					962,401
Total general revenues					<u>18,835,119</u>
Change in net position					1,031,298
Net Position at Beginning of Year					<u>35,378,878</u>
Net Position at End of Year					<u>\$ 36,410,176</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Tourtellotte Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,348,749	\$ 3,003	\$ 143,021	\$ 370,567	\$ 6,865,340
Investments			2,692,783		2,692,783
Receivables, net	1,496,332	38,226		447,767	1,982,325
Due from other funds	338,809	3,113,774		628,201	4,080,784
Prepaid expenditures	19,810				19,810
Inventories				9,837	9,837
Total Assets	<u>\$ 8,203,700</u>	<u>\$ 3,155,003</u>	<u>\$ 2,835,804</u>	<u>\$ 1,456,372</u>	<u>\$ 15,650,879</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 139,531	\$ 227,523	\$	\$ 36,911	\$ 403,965
Due to other funds	3,804,720	142	29,697	266,027	4,100,586
Unearned revenue				143,534	143,534
Total liabilities	<u>3,944,251</u>	<u>227,665</u>	<u>29,697</u>	<u>446,472</u>	<u>4,648,085</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	921,155				921,155
Unavailable revenue - accrued interest on delinquent taxes	501,902				501,902
Unavailable revenue - mortgage loans				55,487	55,487
Unavailable revenue - sewer use charges				143,989	143,989
Total deferred inflows of resources	<u>1,423,057</u>	<u>-</u>	<u>-</u>	<u>199,476</u>	<u>1,622,533</u>
Fund balances:					
Nonspendable				263,602	263,602
Restricted	26,490	2,927,338	2,806,107	109,616	5,869,551
Committed				500,756	500,756
Assigned	455,684				455,684
Unassigned	2,354,218			(63,550)	2,290,668
Total fund balances	<u>2,836,392</u>	<u>2,927,338</u>	<u>2,806,107</u>	<u>810,424</u>	<u>9,380,261</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,203,700</u>	<u>\$ 3,155,003</u>	<u>\$ 2,835,804</u>	<u>\$ 1,456,372</u>	<u>\$ 15,650,879</u>

(Continued on next page)

**TOWN OF THOMPSON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 9,380,261
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 74,889,068	
Less accumulated depreciation	<u>(35,986,326)</u>	
Net capital assets		38,902,742

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

Deferred outflows related to OPEB	145,110
Deferred outflows related to pensions	977,091
Net pension asset	104,290
Property tax receivables greater than 60 days	921,155
Interest receivable on property taxes	501,902
Housing loans	55,487
Sewer use charges	143,989

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	271,280
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Long-term liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds:

Clean water fund payable	(503,015)
Bonds and notes payable	(9,386,742)
Interest payable on bonds and notes	(27,608)
Compensated absences	(482,067)
Capital lease	(499,787)
Deferred inflows related to OPEB	(60,680)
Deferred inflows related to pensions	(496,434)
Deferred charge on refunding	507,075
Payable to MERS	(427,279)
Net pension liability	(1,366,349)
Total OPEB liability	<u>(2,250,245)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 36,410,176</u>
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The accompanying notes are an integral part of the financial statements



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

	General	Capital Projects	Tourtellotte Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 16,886,081	\$	\$	\$	\$ 16,886,081
Intergovernmental revenue	8,977,899	748,923		1,362,320	11,089,142
Charges for services	753,474	3,687		908,550	1,665,711
Interest	120,925	262	167,928	10,784	299,899
Other revenues	362,968	565,397		12,513	940,878
Total revenues	<u>27,101,347</u>	<u>1,318,269</u>	<u>167,928</u>	<u>2,294,167</u>	<u>30,881,711</u>
Expenditures:					
Current:					
General government	1,029,651			80,883	1,110,534
Public safety	569,858			7,963	577,821
Public works	1,577,215			445,113	2,022,328
Human services	154,687			61,577	216,264
Civic and cultural	585,240			265,435	850,675
Development and planning	111,279				111,279
Sundry	1,053,388				1,053,388
Education	19,979,886		25,972	1,375,555	21,381,413
Capital outlay	465,956	1,135,750			1,601,706
Debt service	1,184,163	96,085			1,280,248
Total expenditures	<u>26,711,323</u>	<u>1,231,835</u>	<u>25,972</u>	<u>2,236,526</u>	<u>30,205,656</u>
Excess (Deficiency) of Revenues over Expenditures	<u>390,024</u>	<u>86,434</u>	<u>141,956</u>	<u>57,641</u>	<u>676,055</u>
Other Financing Sources (Uses):					
Transfers in	42,176	1,165,248			1,207,424
Transfers out	(1,015,248)		(170,000)	(22,176)	(1,207,424)
Lease proceeds	434,756				434,756
Total other financing sources (uses)	<u>(538,316)</u>	<u>1,165,248</u>	<u>(170,000)</u>	<u>(22,176)</u>	<u>434,756</u>
Net Change in Fund Balances	(148,292)	1,251,682	(28,044)	35,465	1,110,811
Fund Balances at Beginning of Year	<u>2,984,684</u>	<u>1,675,656</u>	<u>2,834,151</u>	<u>774,959</u>	<u>8,269,450</u>
Fund Balances at End 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>

(Continued on next page)

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

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,110,811
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,386,546
Depreciation expense	(1,735,332)

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

Property tax receivable - accrual basis change	176,719
Property tax interest and lien revenue - accrual basis change	57,925
Sewer use receivable	20,616

Change in net pension asset	15,728
Change in net pension liability	(655,542)

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

Bond principal payments	854,361
Capital lease payments	211,214
Capital lease proceeds	(434,756)
Clean water fund principal payments	22,988

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.

Compensated absences	6,800
Change in deferred inflows related to OPEB	5,467
Change in deferred inflows related to pensions	(11,690)
Change in deferred outflows related to OPEB	127,006
Change in deferred outflows related to pensions	527,570
Accrued interest	20,222
Change in payable to MERS	(427,279)
Amortization of deferred amounts on refunding	(56,341)
Total OPEB liability	(186,277)

Internal service funds are used by management to charge costs of medical insurance to individual departments	(5,458)
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 1,031,298</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Cash and cash equivalents	\$ 273,617
Due from other funds	702
Accounts receivable	<u>1,689</u>
Total assets	276,008
Liabilities:	
Claims payable	<u>4,728</u>
Net Position:	
Unrestricted	\$ <u><u>271,280</u></u>

The accompanying notes are an integral part of the financial statements

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

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Operating Revenues:	
Charges for services	\$ 122,081
Operating Expenses:	
Claims incurred	113,957
Administration	13,582
Total operating expenses	127,539
Operating Loss	(5,458)
Net Position at Beginning of Year	276,738
Net Position at End of Year	\$ 271,280

The accompanying notes are an integral part of the financial statements

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

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 122,080
Cash paid to other funds	7,205
Cash paid for benefits	(114,504)
Cash paid for administration	(13,582)
Net cash provided by (used in) operating activities	<u>1,199</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,199
Cash and Cash Equivalents at Beginning of Year	<u>272,418</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 273,617</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (5,458)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	(1)
(Increase) decrease in due from other funds	7,205
Increase (decrease) in claims payable	<u>(547)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 1,199</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2019**

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	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<hr/>	<hr/>
Assets:		
Cash and cash equivalents	\$ 76,768	\$ 249,361
Investments - mutual funds	6,760,598	
Due from other funds		19,100
	<hr/>	<hr/>
Total assets	6,837,366	\$ <u>268,461</u>
Liabilities:		
Deposits and amounts due to student groups and others		\$ <u>268,461</u>
	<hr/>	<hr/>
Net Position:		
Restricted for Pensions	\$ <u>6,837,366</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Additions:

Contributions:

Plan members	\$ 84,713
Employer	<u>144,825</u>
Total contributions	<u>229,538</u>

Investment income:

Net change in fair value of investments	<u>378,503</u>
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Total additions	<u>608,041</u>
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Deductions:

Benefits	399,034
Administration	<u>11,701</u>
Total deductions	<u>410,735</u>

Change in Net Position	197,306
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Net Position at Beginning of Year	<u>6,640,060</u>
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Net Position at End of Year	<u><u>\$ 6,837,366</u></u>
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The accompanying notes are an integral part of the financial statements

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. Reporting Entity**

The Town operates under the provisions of the General Statutes of the State of Connecticut. The form of government includes an elected Board of Selectmen consisting of a First Selectman and two other members, an elected Board of Education and an elected Board of Finance.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies, with the exception of the Board of Education, is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

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

The Town provides the following services: general government, education, public safety, public works, sewer, human services, parks, civic and cultural, and development and planning.

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

Separate financial statements are provided for governmental 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.



### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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.

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts 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* accounts 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.

Additionally, the Town reports the following fund types:

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

The *Pension Trust Fund* accounts for the activities of the Board of Education nonteacher 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.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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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.

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

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

The Town does not have a formal policy in regard to the use of fund balance. In accordance with GASB No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

**D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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, 2019. The allowance for uncollectible housing loans is \$591,000 or 91.6% of total loans.

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 1½% 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.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**F. 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 in both government-wide and fund financial statements.

**G. 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 activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	10-25
Machinery and equipment	3-10
Infrastructure	25-50

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to 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. This amount is deferred and amortized over the life of the refunding debt. A deferred outflow of resources related to pension and OPEB 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 in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience and differences between projected and actual investment earnings. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees). 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 on property taxes, long-term loans and sewer use charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

**I. Compensated Absences**

Employees may accumulate a limited amount of vested vacation and unused sick leave. Additionally, the Board of Education offers employees, by contract, certain retirement incentives.

Vacation, sick pay and other compensated absences are recorded as a liability in the government-wide financial statements.

**J. 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.

**K. Net Pension Liability**

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

**L. Long-Term Obligations**

In the government-wide 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 any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**M. Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

**Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position**

Net position is restricted because of externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has assets under restriction for trust purposes.

**Unrestricted Net Position**

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

**Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Thompson Board of Finance).

**Assigned Fund Balance**

This represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## **N. Accounting Estimates**

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

## **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 no additional appropriations 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 overexpended the final budget for the Board of Education, the capital outlay function, the debt service function, and the transfers out.

## **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."

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

## **Deposits**

### **Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$6,557,880 of the Town's bank balance of \$7,186,252 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,850,256
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>707,624</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 6,557,880</u>

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**Cash Equivalents**

At June 30, 2019, the Town's cash equivalents amounted to \$1,224,700. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2019, the Town had the following investments:

	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Investment Maturities (Years) Less Than 1</b>	<b>1-10</b>	<b>More Than 10</b>
Interest-bearing investments:					
Corporate bonds	Aa1-Aa3	\$ 276,928	\$ 125,844	\$ 151,084	\$
Corporate bonds	A1-A3	415,057	50,427	364,630	
Corporate bonds	Baa1-Baa2	25,367		25,367	
Corporate bonds	Ba1	<u>231,879</u>	<u>75,373</u>	<u>156,506</u>	<u></u>
		949,231	\$ <u>251,644</u>	\$ <u>697,587</u>	\$ <u>-</u>
Other investments:					
Mutual funds		7,878,430			
Common stock		<u>625,720</u>			
Total Investments Measured at Fair Value		\$ <u>9,453,381</u>			



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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

	June 30, 2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Corporate bonds	\$ 949,231	\$ 949,231	\$	\$
Common stock	625,720	625,720		
Mutual funds	7,878,430	7,878,430		
Total investments by fair value level	9,453,381	\$ 9,453,381	\$ -	\$ -
Total Investments Measured at Fair Value	\$ 9,453,381			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix-pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark-quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

**Interest Rate Risk**

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

**Credit Risk - Investments**

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further its investment choices.

**Concentration of Credit Risk**

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

**TOWN OF THOMPSON, CONNECTICUT**  
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**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:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 501,902	\$	\$	\$ 501,902
Taxes	1,004,430			1,004,430
Accounts and other			147,252	147,252
Intergovernmental		38,226	247,967	286,193
Housing and development loans			645,237	645,237
Gross receivables	<u>1,506,332</u>	<u>38,226</u>	<u>1,040,456</u>	<u>2,585,014</u>
Less allowance for uncollectibles	<u>(10,000)</u>		<u>(591,000)</u>	<u>(601,000)</u>
Net Total Receivables	\$ <u>1,496,332</u>	\$ <u>38,226</u>	\$ <u>449,456</u>	\$ <u>1,984,014</u>

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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,475,200	\$	\$	\$ 2,475,200
Construction in progress	<u>2,098,799</u>	<u>273,341</u>		<u>2,372,140</u>
Total capital assets not being depreciated	<u>4,573,999</u>	<u>273,341</u>	<u>-</u>	<u>4,847,340</u>
Capital assets being depreciated:				
Buildings	54,587,935	9,701		54,597,636
Building improvements	58,350	25,714		84,064
Machinery and equipment	5,007,002	593,193		5,600,195
Infrastructure	<u>9,275,236</u>	<u>484,597</u>		<u>9,759,833</u>
Total capital assets being depreciated	<u>68,928,523</u>	<u>1,113,205</u>	<u>-</u>	<u>70,041,728</u>
Less accumulated depreciation for:				
Buildings	(24,688,457)	(1,045,547)		(25,734,004)
Building improvements	(26,401)	(2,966)		(29,367)
Machinery and equipment	(3,984,849)	(377,064)		(4,361,913)
Infrastructure	<u>(5,551,287)</u>	<u>(309,755)</u>		<u>(5,861,042)</u>
Total accumulated depreciation	<u>(34,250,994)</u>	<u>(1,735,332)</u>	<u>-</u>	<u>(35,986,326)</u>
Total capital assets being depreciated, net	<u>34,677,529</u>	<u>(622,127)</u>	<u>-</u>	<u>34,055,402</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,251,528</u>	<u>\$ (348,786)</u>	<u>\$ -</u>	<u>\$ 38,902,742</u>

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

Governmental activities:	
General government	\$ 3,601
Public works	517,008
Civic and cultural	124,872
Education	<u>1,089,851</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,735,332</u>

**TOWN OF THOMPSON, CONNECTICUT**  
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**Construction Commitments**

A summary of capital projects at June 30, 2019 is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Paving/resurfacing	\$ 4,664,107	\$ 1,172,907
Marianapolis Sewer	2,333,108	66,892
Other	<u>4,001,835</u>	<u>813,038</u>
Total	\$ <u>10,999,050</u>	\$ <u>2,052,837</u>

The commitments are being financed by bonds, state and federal grants and General Fund appropriations.

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2019 is presented below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 338,809	\$ 3,804,720
Capital Projects Fund	3,113,774	142
Tourtellotte Trust Fund		29,697
Nonmajor Governmental Funds	628,201	266,027
Internal Service Fund	702	
Fiduciary Funds - Agency Funds:		
Escrow Account	<u>19,100</u>	
Total	\$ <u>4,100,586</u>	\$ <u>4,100,586</u>

Balances generally reflect recurring reimbursement-type transactions to be repaid in the subsequent period.

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**Interfund Transfers**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Transfers Out</u>
Transfers out:			
General	\$	\$ 1,015,248	\$ 1,015,248
Tourtellotte Trust Fund	20,000	150,000	170,000
Nonmajor Governmental	<u>22,176</u>	<u>          </u>	<u>22,176</u>
Total Transfers In	<u>\$ 42,176</u>	<u>\$ 1,165,248</u>	<u>\$ 1,207,424</u>

All transfers represent routine transactions moving resources from one fund to another.

**7. CAPITAL LEASE OBLIGATIONS**

The Town has entered into capital lease agreements for trucks. The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of June 30, 2019.

<u>Year Ending June 30</u>	
2020	\$ 120,928
2021	115,733
2022	115,733
2023	54,659
2024	54,659
Thereafter	<u>109,318</u>
Total minimum lease payments	571,030
Less amount representing interest	<u>71,243</u>
Present Value of Net Minimum Lease Payments	<u>\$ 499,787</u>

The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$ 916,652
Less accumulated depreciation	<u>(377,943)</u>
Total	<u>\$ 538,709</u>

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**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 10,241,103	\$	\$ 854,361	\$ 9,386,742	\$ 869,696
CWF Bonds	526,003		22,988	503,015	23,452
Capital leases	276,245	434,756	211,214	499,787	109,588
Net pension liability	710,807	655,542		1,366,349	
Payable to MERS		427,279		427,279	
Total OPEB liability	2,063,968	186,277		2,250,245	
Compensated absences	<u>488,867</u>	<u>12,365</u>	<u>19,165</u>	<u>482,067</u>	<u>144,581</u>
Total Governmental Activities Long-Term Liabilities	\$ <u>14,306,993</u>	\$ <u>1,716,219</u>	\$ <u>1,107,728</u>	\$ <u>14,915,484</u>	\$ <u>1,147,317</u>

**General Obligation Bonds**

A schedule of bonds outstanding at June 30, 2019 is presented below:

<u>Description</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2019</u>
Bonds:					
School bonds - Refunding	2015	2027	2.40	\$ 9,180,000	\$ 7,445,000
Sewers	2016	2057	1.375	1,268,000	1,216,742
Sewers	2016	2027	1.835	913,000	<u>725,000</u>
Total Outstanding					\$ <u>9,386,742</u>

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

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The following is a schedule of bond and clean water fund note maturities as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 893,148	\$ 211,516	\$ 1,104,664
2021	908,961	190,068	1,099,029
2022	924,789	168,669	1,093,458
2023	945,631	146,832	1,092,463
2024	966,486	124,727	1,091,213
2025-2029	4,050,810	283,616	4,334,426
2030-2034	294,600	79,023	373,623
2035-2039	252,673	54,352	307,025
2040-2044	166,783	40,347	207,130
2045-2049	178,569	28,561	207,130
2050-2054	191,188	15,942	207,130
2055-2058	<u>116,119</u>	<u>3,140</u>	<u>119,259</u>
Total	\$ <u>9,889,757</u>	\$ <u>1,346,793</u>	\$ <u>11,236,550</u>

**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, which is included in the long-term debt table.

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 36,587	\$ 725	\$ 35,862
Schools	73,175	7,445	65,730
Sewers	60,979	1,720	59,259
Urban Renewal	52,848		52,848
Pension deficit	48,783		48,783

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$113.8 million. The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes or bonds are issued.

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**9. FUND BALANCES**

**A. Components**

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourtellotte Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 9,837	\$ 9,837
Permanent fund principal				253,765	253,765
Restricted for:					
Civic and cultural				66,564	66,564
Capital projects		2,927,338			2,927,338
Education			2,806,107	43,052	2,849,159
Debt service	26,490				26,490
Committed to:					
General government				100,931	100,931
Public safety				63,909	63,909
Sewer operating				265,088	265,088
Civic and cultural				53,685	53,685
Education				17,143	17,143
Assigned to:					
Future year's budget	175,000				175,000
Purchases on order	280,684				280,684
Unassigned	<u>2,354,218</u>			<u>(63,550)</u>	<u>2,290,668</u>
Total Fund Balances	\$ <u>2,836,392</u>	\$ <u>2,927,338</u>	\$ <u>2,806,107</u>	\$ <u>810,424</u>	\$ <u>9,380,261</u>

Encumbrances of \$280,684, \$116,046, and \$31,658 at June 30, 2019 are contained in the above table in the assigned category of the General Fund, the restricted category of the Capital Projects Fund, and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

**B. Fund Deficit**

The following funds had a fund deficit as of June 30, 2019:

Nonmajor Governmental Funds:	
Youth Center	\$ 6,041
Education Grants	7,456
Other Grants	5,536

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



## **10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **A. 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). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. 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](http://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 15 years of active aggregate service or 25 years of 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.

#### **Normal Retirement**

For members not covered by Social Security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by Social Security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. 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. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

#### **Disability Retirement - Service Connected**

This applies to 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.

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**Disability Retirement - Nonservice Connected**

This applies to employees who have ten 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, 2¼% of compensation up to the Social Security taxable wage base plus 5%, if any, in excess of such base.

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

At June 30, 2019, the Town reports a liability of \$1,366,349 its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. 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 0.14%. The proportion decreased by 0.15% from the proportion at June 30, 2018.

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For the year ended June 30, 2019, the Town recognized pension expense of \$168,200. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 194,655	\$
Changes of assumptions	465,504	
Net difference between projected and actual earnings on pension plan investments	82,262	
Changes in proportionate share of liability		(202,755)
Town contributions subsequent to the measurement date	<u>20,250</u>	
Total	<u>\$ 762,671</u>	<u>\$ (202,755)</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 and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending June 30**

2020	\$ 139,910
2021	115,558
2022	129,989
2023	<u>154,209</u>
Total	<u>\$ 539,666</u>

**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 period:

Inflation	2.50%
Salary increase	3.50%-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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Mortality rates were based on:

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.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	20.0%	5.3%
Developed market international	11.0	5.1
Emerging market international	9.0	7.4
Core fixed income	16.0	1.6
Inflation linked bond fund	5.0	1.3
Emerging market debt	5.0	2.9
High yield bond	6.0	3.4
Real estate	10.0	4.7
Private equity	10.0	7.3
Alternative investments	7.0	3.2
Liquidity fund	1.0	0.9
Total	<u>100.0%</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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**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 current discount rate 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 or 1 percentage point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability	\$ 2,015,382	\$ 1,366,349	\$ 822,887

**Payable to MERS**

In addition, the Town has also recorded \$427,279 as a long-term payable to MERS at June 30, 2019. The amount payable resulted from the Town not including all their eligible employees in MERS from June 30, 2013 through September 30, 2019.

**B. Connecticut Teachers Retirement System - Pension**

**Plan Description**

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

**Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Disability Retirement**

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

**Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>23,856,423</u>
Total	\$ <u>23,856,423</u>

The net pension liability was measured as of June 30, 2018, 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, 2019, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$2,677,462 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2016.

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

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0	6.6
Emerging markets (non-U.S.)	9.0	8.3
Core fixed income	7.0	1.3
Inflation linked bond fund	3.0	1.0
Emerging market bond	5.0	3.7
High yield bonds	5.0	3.9
Real estate	7.0	5.1
Private equity	11.0	7.6
Alternative investments	8.0	4.1
Liquidity fund	6.0	0.4
Total	<u>100.0%</u>	

#### **Discount Rate**

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

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

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

#### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

#### **Other Information**

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



**TOWN OF THOMPSON, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**C. Pension Trust Fund**

**Plan Description and Benefits Provided**

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.

The BERS provides retirement and death benefits to plan members and their beneficiaries. Plan members vest in accrued service 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.

The membership of the plan consisted of the following at July 1, 2018:

Retired	22
Terminated plan members entitled to benefits but not yet receiving them	10
Current plan members	<u>52</u>
Total	<u><u>84</u></u>

**Summary of Significant Accounting Policies and Plan Asset Matters**

**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.

**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 7.08% of annual covered payroll. The Board is required to contribute at an actuarially determined rate; the current rate is 11.45% of annual covered payroll.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Investments**

**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:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. large cap	37.00%
U.S. mid/small cap	8.00%
Developed international equities	10.00%
Emerging market equities	4.00%
Intermediate corporate	31.00%
Intermediate government	4.00%
High yield bonds	4.00%
Money market/short-term bonds	1.00%
Commodities	<u>1.00%</u>
Total	<u><u>100.00%</u></u>

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability (asset) of the Town at June 30, 2019 were as follows:

Total pension liability	\$ 6,733,076
Plan fiduciary net position	<u>6,837,366</u>
Net Pension Liability (Asset)	<u><u>\$ (104,290)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	101.55%

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	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

Mortality rates were based on the RP-2014 adjusted Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the real rates of return for each major asset class as of June 30, 2019 are included in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. large cap	4.65%
U.S. mid/small cap	5.50%
Developed international equities	5.50%
Emerging market equities	6.50%
Intermediate corporate	2.25%
Intermediate government	1.65%
High yield bonds	3.25%
Money market/short-term bonds	0.00%
Commodities	5.25%

**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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF THOMPSON, CONNECTICUT**  
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**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2018	\$ 6,551,498	\$ 6,640,060	\$ (88,562)
Changes for the year:			
Service cost	211,690		211,690
Interest on total pension liability	443,268		443,268
Differences between expected and actual experience	(56,848)		(56,848)
Changes in assumptions	(17,498)		(17,498)
Employer contributions		144,825	(144,825)
Member contributions		84,713	(84,713)
Net investment income (loss)		378,503	(378,503)
Benefit payments, including refund to employee contributions	(399,034)	(399,034)	-
Administrative expenses		(11,701)	11,701
Net changes	181,578	197,306	(15,728)
Balances as of June 30, 2019	\$ 6,733,076	\$ 6,837,366	\$ (104,290)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the Town, calculated using the current discount rate as well as what the Town's net pension liability (asset) 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:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net Pension Liability (Asset)	\$ 665,343	\$ (104,290)	\$ (760,259)

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$186,857. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 214,420	\$ (60,920)
Changes of assumptions		(170,352)
Net difference between projected and actual earnings on pension plan investments	<u>                    </u>	<u>(62,407)</u>
Total	\$ <u>214,420</u>	\$ <u>(293,679)</u>

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

**Year Ending June 30**

2020	\$ 4,717
2021	(74,275)
2022	2,870
2023	(7,823)
2024	258
Thereafter	(5,006)

**11. OTHER POSTEMPLOYMENT BENEFITS**

**A. Town Plan**

**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 Program (RMP) covers 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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At January 1, 2018, plan membership consisted of the following:

	<b>Post- Retirement Medical Program</b>
Retired participants and spouses	4
Active plan members	189
Total Participants	193

### **Funding Policy**

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.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Total OPEB Liability**

The Town's total OPEB liability of \$2,063,968 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

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

Inflation	2.60%
Salary increases	2.60%, average, including inflation
Discount rate	3.51%
Healthcare cost trend rates	7.0% for 2018, decreasing 0.5% per year to an ultimate rate of 4.6% for 2023 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on industry surveys, plan experience and plan provisions.

**Changes in the Total OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
Balances as of July 1, 2018	\$ <u>2,063,968</u>
Changes for the year:	
Service cost	70,040
Interest on total OPEB liability	80,603
Difference between expected and actual experience	48,464
Changes in assumptions or other inputs	90,659
Benefit payments	<u>(103,489)</u>
Net changes	<u>186,277</u>
Balances as of June 30, 2019	\$ <u><u>2,250,245</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 or 1 percentage point higher than the current discount rate:

	<b>1% Decrease (2.51%)</b>	<b>Current Discount Rate (3.51%)</b>	<b>1% Increase (4.51%)</b>
Total OPEB liability	\$ 2,530,801	\$ 2,250,245	\$ 2,010,317

**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:

	<b>1% Decrease (6.00% Decreasing to 3.60%)</b>	<b>Healthcare Cost Trend Rates (7.00% Decreasing to 4.60%)</b>	<b>1% Increase (8.00% Decreasing to 5.60%)</b>
Total OPEB liability	\$ 1,943,308	\$ 2,250,245	\$ 2,621,959

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$157,293. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 61,372	\$
Changes of assumptions or other inputs	83,738	(60,680)
Total	<u>\$ 145,110</u>	<u>\$ (60,680)</u>



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

**Year Ending June 30**

2020	\$	6,650
2021		6,650
2022		6,650
2023		6,650
2024		6,650
Thereafter		51,180

**B. State Teachers Retirement Plan**

**Plan Description**

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

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

**Benefit Provisions**

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

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

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

**TOWN OF THOMPSON, CONNECTICUT  
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If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB-sponsored health care coverage option must wait two years to re-enroll.

**Survivor Health Care Coverage**

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

**Eligibility**

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

**Credited Service**

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

**Normal Retirement**

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

**Early Retirement**

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

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

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

**Termination of Employment**

Ten or more years of Credited Service.

**TOWN OF THOMPSON, CONNECTICUT**  
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**Contributions**

*State of Connecticut*

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

*Employer (School Districts)*

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

*Employees*

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

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>4,769,034</u>
Total	\$	<u><u>4,769,034</u></u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(1,584,270) in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF THOMPSON, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Actuarial Assumptions**

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

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25%-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

**TOWN OF THOMPSON, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Other Information**

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

**12. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Town purchases commercial insurance for all risks of loss. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three 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 years ended June 30, 2018 and 2019 is presented below:

	<b>Claims Payable July 1</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable June 30</b>
2017-2018	\$ 4,186	\$ 105,411	\$ 104,322	\$ 5,275
2018-2019	5,275	113,957	114,504	4,728

**13. CONTINGENT LIABILITIES**

The Town is a defendant in various lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Property taxes:				
Current taxes levies	\$ 16,252,890	\$ 16,252,890	\$ 16,022,820	\$ (230,070)
Prior year's levies	245,000	245,000	385,657	140,657
Interest and liens	165,000	165,000	221,478	56,478
Motor vehicle supplement	210,000	210,000	256,126	46,126
Total property taxes	<u>16,872,890</u>	<u>16,872,890</u>	<u>16,886,081</u>	<u>13,191</u>
Intergovernmental revenues:				
General government:				
State of Connecticut:				
Disability exemption	2,400	2,400	2,304	(96)
Grant in lieu of taxes			6,524	6,524
In lieu of taxes - Federal	4,500	4,500	4,902	402
Veterans	19,000	19,000	19,204	204
Pequot Indian Grant	38,307	38,307	38,307	-
Miscellaneous	10,000	10,000	9,285	(715)
Total general government	<u>74,207</u>	<u>74,207</u>	<u>80,526</u>	<u>6,319</u>
Education:				
State of Connecticut and Federal government:				
Education Cost Sharing	7,491,311	7,491,311	7,512,785	21,474
Special education	250,000	250,000		(250,000)
Special Health Grant	5,000	5,000	3,174	(1,826)
Magnet School Transportation	3,500	3,500	7,159	3,659
Total education	<u>7,749,811</u>	<u>7,749,811</u>	<u>7,523,118</u>	<u>(226,693)</u>
Total intergovernmental revenues	<u>7,824,018</u>	<u>7,824,018</u>	<u>7,603,644</u>	<u>(220,374)</u>

(Continued on next page)

**TOWN OF THOMPSON, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Local revenues:				
Finance:				
Telephone Access Line	\$ 19,000	\$ 19,000	\$ 12,636	\$ (6,364)
Investment income	35,200	35,200	120,925	85,725
Cell Tower Rent	28,000	28,000	29,440	1,440
Miscellaneous	38,208	38,208	355,528	317,320
Fuel Reimbursement Income	69,000	69,000	111,191	42,191
Housing Authority	15,000	15,000	14,669	(331)
Three Rows PILOT	50,000	50,000	45,923	(4,077)
PILOT - Justice Institute	54,000	54,000	24,000	(30,000)
Total finance	<u>308,408</u>	<u>308,408</u>	<u>714,312</u>	<u>405,904</u>
Town Clerk and Treasurer:				
Licenses and permits	15,825	15,825	16,937	1,112
Conveyance tax	120,000	120,000	88,879	(31,121)
Town Clerk fees	58,000	58,000	51,830	(6,170)
Driveways			652	652
Total Town Clerk and Treasurer	<u>193,825</u>	<u>193,825</u>	<u>158,298</u>	<u>(35,527)</u>
Education:				
Tuition payments	<u>25,000</u>	<u>25,000</u>	<u>26,411</u>	<u>1,411</u>
Library:				
Fines and lost books	950	950	772	(178)
Copier	950	950	647	(303)
Total library	<u>1,900</u>	<u>1,900</u>	<u>1,419</u>	<u>(481)</u>
Development and planning:				
Planning hearings	13,500	13,500	20,624	7,124
Conservation	1,500	1,500	1,740	240
Building fees	110,000	110,000	64,305	(45,695)
Total development and planning	<u>125,000</u>	<u>125,000</u>	<u>86,669</u>	<u>(38,331)</u>
Recycling	<u>30,000</u>	<u>30,000</u>	<u>27,411</u>	<u>(2,589)</u>
Tipping fees	<u>40,000</u>	<u>40,000</u>	<u>49,620</u>	<u>9,620</u>

(Continued on next page)

**TOWN OF THOMPSON, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Transfer station permits	\$ 177,636	\$ 177,636	\$ 185,863	\$ 8,227
Prior year encumbrances cancelled			15,158	15,158
Total local revenues	901,769	901,769	1,265,161	363,392
Total budgeted revenues	25,598,677	25,598,677	25,754,886	156,209
Other financing sources:				
Transfers from other funds:				
Surplus	175,000	175,000		(175,000)
Tourtellotte Trust Fund	20,000	20,000	20,000	-
Sewer Operating Fund	22,176	22,176	22,176	-
Total other financing sources	217,176	217,176	42,176	(175,000)
Total	\$ 25,815,853	\$ 25,815,853	25,797,062	\$ (18,791)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf of pension contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			2,677,462	
State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			(1,584,270)	
Excess cost grant receipts over the amount budgeted for revenue are credited to the education expenditure line for budgetary purposes, but are recorded as revenue for financial statement reporting purposes			268,427	
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.			434,756	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(15,158)	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 27,578,279	



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

	<b>Budgeted Amounts</b>		<b>Total</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Expenditures</b>	<b>Favorable (Unfavorable)</b>
General government:				
Board of Finance	\$ 26,479	\$ 26,479	\$ 23,710	\$ 2,769
Board of Selectmen	26,803	26,923	26,053	870
First Selectman	130,931	132,531	131,301	1,230
Data processing	75,896	75,896	72,312	3,584
Finance and Treasurer	135,459	135,459	134,908	551
Tax Collector	158,027	158,327	158,031	296
Assessors	119,947	119,947	112,715	7,232
Board of Tax Review	5,214	5,214	4,297	917
Elections and registrations	53,949	65,280	64,790	490
Town Clerk	127,119	127,119	125,152	1,967
Town Counsel	38,200	54,700	54,617	83
Probate Court	10,590	10,590	10,590	-
Maintenance of municipal buildings	126,089	126,089	112,052	14,037
Total	<u>1,034,703</u>	<u>1,064,554</u>	<u>1,030,528</u>	<u>34,026</u>
Public safety:				
Fire Marshal	13,185	13,185	13,180	5
Fire Departments	558,854	558,854	540,523	18,331
Civil Defense	2,020	2,020	1,572	448
Canine Control	31,200	31,200	15,248	15,952
Total	<u>605,259</u>	<u>605,259</u>	<u>570,523</u>	<u>34,736</u>
Public works:				
Public works	914,649	914,649	882,881	31,768
Grounds	11,550	11,550	7,070	4,480
Transfer station	318,338	346,605	337,437	9,168
Cemeteries	500	500	500	-
Snow removal	250,500	250,500	246,783	3,717
Building official	109,646	109,646	77,961	31,685
Building board of appeals	5	5	-	5
Town Garage	31,000	41,000	37,835	3,165
Total	<u>1,636,188</u>	<u>1,674,455</u>	<u>1,590,467</u>	<u>83,988</u>

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**TOWN OF THOMPSON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Total</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary</b>	<b>Favorable</b>
			<b>Expenditures</b>	<b>(Unfavorable)</b>
Human services:				
General assistance	\$ 95,599	\$ 105,599	\$ 105,599	\$ -
Veterans service	4,587	4,587	3,681	906
Public Health Nursing	45,496	45,496	45,496	-
Total	145,682	155,682	154,776	906
Civic and cultural:				
Library administration	373,395	373,395	372,844	551
Celebrations	2,365	2,365	2,365	-
Recreation Commission	85,193	91,415	91,145	270
Community Center Building	126,573	130,371	126,573	3,798
Total	587,526	597,546	592,927	4,619
Development and planning:				
Zoning and Wetlands				
Enforcement officer	28,726	28,726	27,312	1,414
Zoning Board of Appeals	3,744	3,744	2,500	1,244
Conservation Commission	19,464	19,464	17,947	1,517
Historical society	3,000	3,000	3,000	-
Economic and community				
development	66,769	66,769	41,160	25,609
Inland Wetland Commission	25,323	25,323	25,276	47
Economic development	28,237	28,237	9,413	18,824
Building committee	2,800	2,800	1,977	823
Total	178,063	178,063	128,585	49,478
Sundry:				
Fringe benefits	1,176,560	995,790	988,041	7,749
Municipal insurance	76,259	76,259	65,562	10,697
Contingency	75,000	12,132	-	12,132
Total	1,327,819	1,084,181	1,053,603	30,578
Board of Education	18,523,744	18,523,744	18,526,334	(2,590)

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**TOWN OF THOMPSON, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Total Budgetary Expenditures</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Capital outlay	\$ 103,691	\$ 25,500	\$ 35,700	\$ (10,200)
Debt Service	1,127,430	1,182,621	1,184,163	(1,542)
Total expenditures	25,270,105	25,091,605	24,867,606	223,999
Other financing uses:				
Capital Projects Fund	545,748	724,248	1,015,248	(291,000)
Total	\$ 25,815,853	\$ 25,815,853	25,882,854	\$ (67,001)

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	2,677,462
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	(1,584,270)
Excess cost grant receipts over the amount budgeted for revenue are credited to the education expenditure line for budgetary purposes, but are recorded as revenue for financial statement reporting purposes	268,427
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.	434,756
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	(205,551)
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	252,893

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 27,726,571

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**BOARD OF EDUCATION RETIREMENT SYSTEM (BERS) PLAN**  
**LAST SIX FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 211,690	\$ 205,160	\$ 201,901	\$ 195,715	\$ 190,015	\$ 178,768
Interest	443,268	415,448	398,540	381,251	346,650	328,620
Differences between expected and actual experience	(56,848)	159,044	(20,314)	56,468	187,003	
Changes of assumptions	(17,498)	(38,765)	(81,837)	(156,744)		
Benefit payments, including refunds of member contributions	<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	181,578	467,319	269,029	252,377	510,790	221,876
Total pension liability - beginning	<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	<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	144,825	137,188	138,070	138,070	120,797	144,788
Contributions - member	84,713	94,400	94,256	87,893	81,842	92,031
Net investment income (loss)	378,503	480,992	754,190	(24,482)	149,521	768,770
Benefit payments, including refunds of member contributions	<u>(399,034)</u>	<u>(273,568)</u>	<u>(229,261)</u>	<u>(224,313)</u>	<u>(212,878)</u>	<u>(285,512)</u>
Administrative expense	<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 plan fiduciary net position	197,306	428,048	751,851	(31,807)	124,655	714,346
Plan fiduciary net position - beginning	<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	<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>
Total Net Pension Liability (Asset) - Ending	<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	101.55%	101.35%	102.10%	93.90%	98.73%	106.24%
Covered-employee payroll	\$ 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-employee payroll	-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.

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**BOARD OF EDUCATION RETIREMENT SYSTEM (BERS) PLAN**  
**LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 217,089	\$ 206,774	\$ 156,172	\$ 170,931	\$ 144,788	\$ 120,797	\$ 138,070	\$ 138,070	\$ 137,188	\$ 144,825
Contributions in relation to the actuarially determined contribution	217,089	206,774	156,172	170,931	144,788	120,797	138,070	138,070	137,188	144,825
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,473,941	\$ 1,469,290	\$ 1,363,421	\$ 1,435,768	\$ 1,554,058	\$ 1,583,805	\$ 1,717,557	\$ 1,854,289	\$ 1,937,822	\$ 1,899,882
Contributions as a percentage of covered-employee payroll	14.73%	14.07%	11.45%	11.91%	9.32%	7.63%	8.04%	7.45%	7.08%	7.62%

**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 percentage of salary, closed
Asset valuation method	Market value
Inflation	2.60% (prior 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 ages 67, 20% for age 68, 10% for age 69, and 100% for age 70.
Mortality	Current: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

**TOWN OF THOMPSON, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
BOARD OF EDUCATION RETIREMENT SYSTEM (BERS) PLAN  
LAST SIX FISCAL YEARS\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>23,856,423</u>	<u>23,825,821</u>	<u>19,618,342</u>	<u>25,136,424</u>	<u>18,133,226</u>
Total	<u>\$ 23,856,423</u>	<u>\$ 23,825,821</u>	<u>\$ 19,618,342</u>	<u>\$ 25,136,424</u>	<u>\$ 18,133,226</u>
Town's covered-employee payroll	\$ 7,596,612	\$ 7,104,840	\$ 6,878,417	\$ 6,790,223	\$ 6,461,151
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	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**

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.143%	0.290%	0.254%	0.491%	0.298%
Town's proportionate share of the net pension liability	\$ 1,366,349	\$ 710,807	\$ 844,009	\$ 945,615	\$ 670,375
Town's covered-employee payroll	\$ 900,000	\$ 958,880	\$ 1,023,619	\$ 1,532,658	\$ 1,298,730
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	151.82%	74.13%	82.45%	61.70%	51.62%
Plan fiduciary net position as a percentage of the total pension liability	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.



**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 137,859	\$ 170,212	\$ 203,003	\$ 206,680	\$ 183,612	\$ 155,588	\$ 122,031	\$ 113,710	\$ 116,488	\$ 20,250
Contributions in relation to the actuarially determined contribution	137,859	170,212	203,003	206,680	183,612	155,588	122,031	113,710	116,488	20,250
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,625,180	\$ 1,615,319	\$ 1,613,009	\$ 1,599,796	\$ 1,532,658	\$ 1,298,730	\$ 1,532,658	\$ 1,023,619	\$ 958,880	\$ 900,000
Contributions as a percentage of covered-employee payroll	8.48%	10.54%	12.59%	12.92%	11.98%	11.98%	7.96%	11.11%	12.15%	2.25%

**Notes to Schedule**

Valuation date: June 30, 2018

Measurement date: June 30, 2018

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  
Single equivalent amortization period      23 years  
Asset valuation method      5-years smoothed market (20% write up)  
Inflation      3.25%  
Salary increases      4.25% - 11%, including inflation  
Investment rate of return      8%, net of investment related expense  
Changes in assumptions:      In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2018 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 70,040	\$ 72,791
Interest	80,603	74,330
Differences between expected and actual experience	48,464	19,600
Changes of assumptions and other inputs	90,659	(71,614)
Benefit payments	<u>(103,489)</u>	<u>(68,634)</u>
Net change in total OPEB liability	186,277	26,473
Total OPEB liability - beginning	<u>2,063,968</u>	<u>2,037,495</u>
Total OPEB Liability - Ending	<u>\$ 2,250,245</u>	<u>\$ 2,063,968</u>
Covered-employee payroll	\$ 10,951,934	\$ 11,567,923
Total OPEB liability as a percentage of covered-employee payroll	20.55%	17.84%

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

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	The discount rate was decreased from 3.87% to 3.51% to reflect the change in the Municipal Bond Index Rate.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST TWO FISCAL YEARS\***

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

**Notes to Schedule**

Changes in benefit terms

Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost-sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored plan for those who cancel their coverage or choose not to enroll after the effective date.

Changes of assumptions

The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high-quality short-term fixed income investments.

Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.

The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.

Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.

The percentage of retired members who are not currently participating in the plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.

The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.

The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.

Actuarial cost method

Entry age

Amortization method

Level percent of payroll

Remaining amortization period

30 years, open

Asset valuation method

Market value of assets

Investment rate of return

4.25%, net of investment related expense including price inflation

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

**TOWN OF THOMPSON, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,348,749	\$ 5,478,603
Property taxes receivable, net of allowance of \$10,000 for 2019 and 2018	994,430	909,836
Grants and other receivables	501,902	443,977
Due from other funds	338,809	39,854
Prepaid expenditures	<u>19,810</u>	<u>-</u>
Total Assets	<u>\$ 8,203,700</u>	<u>\$ 6,872,270</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 139,531	\$ 157,290
Due to other funds	<u>3,804,720</u>	<u>2,541,883</u>
Total liabilities	<u>3,944,251</u>	<u>2,699,173</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	921,155	744,436
Unavailable revenue - accrued interest on delinquent taxes	<u>501,902</u>	<u>443,977</u>
Total deferred inflows of resources	<u>1,423,057</u>	<u>1,188,413</u>
Fund balance:		
Restricted	26,490	26,490
Assigned	455,684	563,196
Unassigned	<u>2,354,218</u>	<u>2,394,998</u>
Total fund balance	<u>2,836,392</u>	<u>2,984,684</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 8,203,700</u>	<u>\$ 6,872,270</u>

**TOWN OF THOMPSON, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2019**

Grand List	Uncollected Taxes July 1, 2018	Current Year Levy	Assessor's Changes	Net Amount Collectible	Suspended Accounts	Collections			Uncollected Taxes June 30, 2019
						Taxes	Interest, Liens and Other Fees	Total	
2017	\$	\$ 16,872,715	\$ (19,203)	\$ 16,853,512	\$ 134,730	\$ 16,369,381	\$ 83,245	\$ 16,452,626	\$ 349,401
2016	312,622		(3,406)	309,216		132,079	28,569	160,648	177,137
2015	181,169		(1,196)	179,973		66,554	22,990	89,544	113,419
2014	115,885		(1,138)	114,747		23,915	16,050	39,965	90,832
2013	84,378		(1,109)	83,269		11,051	8,692	19,743	72,218
2012	68,747		(1,087)	67,660		4,204	6,004	10,208	63,456
2011	58,830		(1,077)	57,753		7,054	5,664	12,718	50,699
2010	39,705		(1,019)	38,686		1,157	1,268	2,425	37,529
2009	11,549		(887)	10,662		620	145	765	10,042
2008	10,104		(646)	9,458				-	9,458
2007	9,858		(638)	9,220			38	38	9,220
2006	9,608		(602)	9,006		610	2,090	2,700	8,396
2005	8,104		(591)	7,513		268		268	7,245
2004	7,114		(565)	6,549		1,482	9,384	10,866	5,067
2002	985		(342)	643		471	456	927	172
2001 and prior	1,178		(892)	286		147	437	584	139
Total	\$ 919,836	\$ 16,872,715	\$ (34,398)	\$ 17,758,153	\$ 134,730	16,618,993	185,032	16,804,025	\$ 1,004,430
Suspense collections: 2001-2016						137,752	36,258	174,010	
Total						\$ 16,756,745	\$ 221,290	16,978,035	
Property taxes receivable considered available:									
June 30, 2018								(165,400)	
June 30, 2019								73,275	
Total Taxes								\$ 16,885,910	

**TOWN OF THOMPSON, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds						
	Sewer Operating	Dog License	School Cafeteria	Educational Grants	Open Space	Youth Center	Recreation
<b>ASSETS</b>							
Cash and cash equivalents	\$ 292,950	\$	\$ 70,861	\$	\$	\$	\$
Accounts receivable	145,563						
Due from other governments			44,690	184,149			
Inventory			9,837				
Due from other funds		71,872			100,931		96,730
Total Assets	<u>\$ 438,513</u>	<u>\$ 71,872</u>	<u>\$ 125,388</u>	<u>\$ 184,149</u>	<u>\$ 100,931</u>	<u>\$ -</u>	<u>\$ 96,730</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 9,120	\$ 7,963	\$	\$	\$	\$	\$ 4,924
Due to other funds	20,316		92,332	147,338		6,041	
Unearned revenue			6,076	44,267			38,121
Total liabilities	<u>29,436</u>	<u>7,963</u>	<u>98,408</u>	<u>191,605</u>	<u>-</u>	<u>6,041</u>	<u>43,045</u>
Deferred Inflows of Resources:							
Unavailable revenue - mortgage loans	143,989						
Unavailable revenue - sewer use charges	<u>143,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable			9,837				
Restricted				43,052			
Committed	265,088	63,909	17,143		100,931		53,685
Unassigned				(50,508)		(6,041)	
Total fund balances	<u>265,088</u>	<u>63,909</u>	<u>26,980</u>	<u>(7,456)</u>	<u>100,931</u>	<u>(6,041)</u>	<u>53,685</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 438,513</u>	<u>\$ 71,872</u>	<u>\$ 125,388</u>	<u>\$ 184,149</u>	<u>\$ 100,931</u>	<u>\$ -</u>	<u>\$ 96,730</u>

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**TOWN OF THOMPSON, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2019**

	Special Revenue Funds			Permanent Funds				Total Nonmajor Funds
	Small Cities	Other Grants	Total	Library Trust	Cemetery Trust	Scholarship	Total	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,253	\$ 5,503	\$ 370,567	\$	\$	\$	\$ -	\$ 370,567
Accounts receivable	54,237		199,800				-	199,800
Due from other governments		19,128	247,967				-	247,967
Inventory			9,837				-	9,837
Due from other funds		39,807	309,340	100,480	8,187	210,194	318,861	628,201
Total Assets	\$ 55,490	\$ 64,438	\$ 1,137,511	\$ 100,480	\$ 8,187	\$ 210,194	\$ 318,861	\$ 1,456,372
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$	\$ 14,904	\$ 36,911	\$	\$	\$	\$ -	\$ 36,911
Due to other funds			266,027				-	266,027
Unearned revenue		55,070	143,534				-	143,534
Total liabilities	-	69,974	446,472	-	-	-	-	446,472
Deferred Inflows of Resources:								
Unavailable revenue - mortgage loans	55,487		55,487				-	55,487
Unavailable revenue - sewer use charges			143,989				-	143,989
Total deferred inflows of resources	55,487	-	199,476	-	-	-	-	199,476
Fund Balances:								
Nonspendable			9,837	33,919	8,187	211,659	253,765	263,602
Restricted	3		43,055	66,561			66,561	109,616
Committed			500,756				-	500,756
Unassigned		(5,536)	(62,085)			(1,465)	(1,465)	(63,550)
Total fund balances	3	(5,536)	491,563	100,480	8,187	210,194	318,861	810,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 55,490	\$ 64,438	\$ 1,137,511	\$ 100,480	\$ 8,187	\$ 210,194	\$ 318,861	\$ 1,456,372

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

	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>	<u>Recreation</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services	453,852	12,527	314,541	919,471			259,457
Income on investments	1,757		182,714		1,882		269
Miscellaneous	50		63	3,862			
Total revenues	<u>455,659</u>	<u>12,527</u>	<u>497,318</u>	<u>923,333</u>	<u>1,882</u>	<u>-</u>	<u>259,726</u>
Expenditures:							
Current:							
General government							
Public safety		7,963					
Public works	436,202						
Human services							
Civic and cultural							250,433
Education			433,992	939,463			
Total expenditures	<u>436,202</u>	<u>7,963</u>	<u>433,992</u>	<u>939,463</u>	<u>-</u>	<u>-</u>	<u>250,433</u>
Excess (Deficiency) of Revenues over Expenditures	19,457	4,564	63,326	(16,130)	1,882		9,293
Other Financing Sources (Uses):							
Transfers out	<u>(22,176)</u>						
Net Change in Fund Balance	(2,719)	4,564	63,326	(16,130)	1,882	-	9,293
Fund Balances - Beginning of Year	<u>267,807</u>	<u>59,345</u>	<u>(36,346)</u>	<u>8,674</u>	<u>99,049</u>	<u>(6,041)</u>	<u>44,392</u>
Fund Balances - End 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>	<u>\$ 53,685</u>

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

	Special Revenue Funds			Permanent Funds				Total Nonmajor Governmental Funds
	Small Cities	Other Grants	Total	Library Trust	Cemetery Trust	Scholarship	Total	
Revenues:								
Intergovernmental	\$	\$ 128,308	\$ 1,362,320	\$	\$	\$	\$ -	\$ 1,362,320
Charges for services			908,550				-	908,550
Income on investments	1		3,972	1,642	1,195	3,975	6,812	10,784
Miscellaneous			3,912	8,511		90	8,601	12,513
Total revenues	1	128,308	2,278,754	10,153	1,195	4,065	15,413	2,294,167
Expenditures:								
Current:								
General government		80,883	80,883				-	80,883
Public safety			7,963				-	7,963
Public works		8,911	445,113				-	445,113
Human services		61,577	61,577				-	61,577
Civic and cultural		3,347	253,780	8,205	3,450		11,655	265,435
Education			1,373,455			2,100	2,100	1,375,555
Total expenditures	-	154,718	2,222,771	8,205	3,450	2,100	13,755	2,236,526
Excess (Deficiency) of Revenues over Expenditures	1	(26,410)	55,983	1,948	(2,255)	1,965	1,658	57,641
Other Financing Sources (Uses):								
Transfers out			(22,176)				-	(22,176)
Net Change in Fund Balance	1	(26,410)	33,807	1,948	(2,255)	1,965	1,658	35,465
Fund Balances - Beginning of Year	2	20,874	457,756	98,532	10,442	208,229	317,203	774,959
Fund Balances - End of Year	\$ 3	\$ (5,536)	\$ 491,563	\$ 100,480	\$ 8,187	\$ 210,194	\$ 318,861	\$ 810,424

**TOWN OF THOMPSON, CONNECTICUT**  
**CAPITAL PROJECTS**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Appropriations			Expenditures			Uncommitted Balance
	Balance July 1, 2018	Current Year	Balance June 30, 2019	Balance July 1, 2018	Current Year	Balance June 30, 2019	
Capital Projects:							
Paving mat/resurfacing	\$ 4,973,857	\$ 863,157	\$ 5,837,014	\$ 4,206,838	\$ 457,269	\$ 4,664,107	\$ 1,172,907
Revaluation - prior years	550,519	30,748	581,267	558,935	30,748	589,683	(8,416)
Little League Complex	85,900	4,000	89,900	57,950	5,994	63,944	25,956
Skateboard park renovations	6,000		6,000	1,142		1,142	4,858
Soccer fields	12,000		12,000			-	12,000
Trails expense	49,884	10,397	60,281	36,018	9,260	45,278	15,003
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	470,000	20,000	490,000	468,306	4,701	473,007	16,993
Tourtellotte Windows Fund	150,000	150,000	300,000	239,920	39,031	278,951	21,049
Library repairs	233,734	35,000	268,734	185,973	26,748	212,721	56,013
Library roof repairs	75,000	25,000	100,000		1,600	1,600	98,400
Rolling stock	386,900		386,900	300,539	51,561	352,100	34,800
Fuel tank replacement	270,000		270,000	348,294		348,294	(78,294)
School oil spill remediation bond	540,000	555,000	1,095,000	831,071	47,995	879,066	215,934
School oil spill remediation not funded by bond	124,911		124,911		53,009	53,009	71,902
School oil spill remediation replacement	22,650		22,650		89,039	89,039	(66,389)
Phone system	10,000		10,000	7,940		7,940	2,060
Marianapolis sewer project	2,400,000		2,400,000	2,098,798	234,310	2,333,108	66,892
Quaddick road bridge	247,247		247,247	249,479		249,479	(2,232)
Eversource mower system	107,541		107,541	77,871	25,728	103,599	3,942
Sand Dam Road project			-	8,113		8,113	(8,113)
T&B school project study	173,300		173,300	43,325	59,789	103,114	70,186
Town Hall Roof	29,000	29,000	58,000		25,714	25,714	32,286
Bus sale funds		291,000	291,000			-	291,000
Generator		18,000	18,000			-	18,000
Security Project @ School		19,500	19,500		14,680	14,680	4,820
Paver 9 ton dump - cap lease			-		54,659	54,659	(54,659)
Severance		20,000	20,000			-	20,000
Other	718		718	986		986	(268)
Total	\$ 10,981,085	\$ 2,070,802	\$ 13,051,887	\$ 9,767,215	\$ 1,231,835	\$ 10,999,050	\$ 2,052,837

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>TOURTELLOTTE MEMORIAL HIGH SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>58,380</u>	\$ <u>52,259</u>	\$ <u>53,771</u>	\$ <u>56,868</u>
Liabilities:				
Due to student groups	\$ <u>58,380</u>	\$ <u>52,259</u>	\$ <u>53,771</u>	\$ <u>56,868</u>
<b>THOMPSON MIDDLE SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>22,083</u>	\$ <u>59,653</u>	\$ <u>63,379</u>	\$ <u>18,357</u>
Liabilities:				
Due to student groups	\$ <u>22,083</u>	\$ <u>59,653</u>	\$ <u>63,379</u>	\$ <u>18,357</u>
<b>MARY R FISHER ELEMENTARY SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>13,637</u>	\$ <u>36,376</u>	\$ <u>33,433</u>	\$ <u>16,580</u>
Liabilities:				
Due to student groups	\$ <u>13,637</u>	\$ <u>36,376</u>	\$ <u>33,433</u>	\$ <u>16,580</u>
<b>ATHLETIC</b>				
Assets:				
Cash and cash equivalents	\$ <u>11,224</u>	\$ <u>8,190</u>	\$ <u>6,565</u>	\$ <u>12,849</u>
Liabilities:				
Due to student groups	\$ <u>11,224</u>	\$ <u>8,190</u>	\$ <u>6,565</u>	\$ <u>12,849</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ESCROW</b>				
Assets:				
Cash and cash equivalents	\$ 77,257	\$ 67,450	\$	\$ 144,707
Due from other funds	<u>14,100</u>	<u>5,000</u>		<u>19,100</u>
Total Assets	<u>\$ 91,357</u>	<u>\$ 72,450</u>	<u>\$ -</u>	<u>\$ 163,807</u>
Liabilities:				
Due to others	<u>\$ 91,357</u>	<u>\$ 72,450</u>	<u>\$ -</u>	<u>\$ 163,807</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and cash equivalents	\$ 182,581	\$ 223,928	\$ 157,148	\$ 249,361
Due from other funds	<u>14,100</u>	<u>5,000</u>		<u>19,100</u>
Total Assets	<u>\$ 196,681</u>	<u>\$ 228,928</u>	<u>\$ 157,148</u>	<u>\$ 268,461</u>
Liabilities:				
Due to student groups	\$ 105,324	\$ 156,478	\$ 157,148	\$ 104,654
Due to others	<u>91,357</u>	<u>72,450</u>		<u>163,807</u>
Total Liabilities	<u>\$ 196,681</u>	<u>\$ 228,928</u>	<u>\$ 157,148</u>	<u>\$ 268,461</u>

**TOWN OF THOMPSON, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2019**  
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer  
for the year ended June 30, 2018 \$ 16,261

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 36,587	\$	\$	\$	\$
4-1/2 times base		73,175			
3-3/4 times base			60,979		
3-1/4 times base				52,848	
3 times base					48,783
Total debt limitation	<u>36,587</u>	<u>73,175</u>	<u>60,979</u>	<u>52,848</u>	<u>48,783</u>
Indebtedness:					
Bonds payable	<u>725</u>	<u>7,445</u>	<u>1,720</u>		
Total indebtedness	<u>725</u>	<u>7,445</u>	<u>1,720</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	\$ <u>35,862</u>	\$ <u>65,730</u>	\$ <u>59,259</u>	\$ <u>52,848</u>	\$ <u>48,783</u>

Note: In no case shall total indebtedness exceed seven times annual  
receipts from taxation (\$113.8 million).