

TOWN OF THOMPSON, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2018

TOWN OF THOMPSON, CONNECTICUT
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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, 2018, 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Thompson, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Thompson, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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, 2017 (not presented herein), and have issued our report thereon dated March 27, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 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
December 31, 2018

**TOWN OF THOMPSON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018. 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 \$867 thousand, or 2.5%.
- During the year, the Town had expenses that were \$867 thousand less than the \$31.8 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$30.9 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$3 million.
- The resources available for appropriation were \$265 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 \$34.6 million to \$35.4 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)

| | Governmental Activities | |
|---|------------------------------------|-------------------------------|
| | 2018 | 2017 (as Restated) |
| Current and other assets | \$ 10,628 | \$ 10,053 |
| Capital assets, net of accumulated depreciation | <u>39,252</u> | <u>39,511</u> |
| Total assets | <u>49,880</u> | <u>49,564</u> |
| Deferred outflows of resources | <u>1,031</u> | <u>1,169</u> |
| Long-term debt outstanding | 14,307 | 14,491 |
| Other liabilities | <u>674</u> | <u>1,149</u> |
| Total liabilities | <u>14,981</u> | <u>15,640</u> |
| Deferred inflows of resources | <u>551</u> | <u>468</u> |
| Net Position: | | |
| Net investment in capital assets | 28,772 | 28,379 |
| Restricted for: | | |
| Perpetual care: | | |
| Expendable | 256 | 256 |
| Nonexpendable | 2,899 | 2,991 |
| Unrestricted | <u>3,452</u> | <u>2,999</u> |
| Total Net Position | <u>\$ 35,379</u> | <u>\$ 34,625</u> |

Net position of the Town's governmental activities increased by 2.5% (\$35.4 million compared to \$34.6 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 million at June 30, 2017 to \$3.45 million at the end of this year.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

| | Governmental Activities | |
|---|------------------------------------|-------------|
| | 2018 | 2017 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 1,572 | \$ 1,550 |
| Operating grants and contributions | 12,806 | 11,848 |
| Capital grants and contributions | 99 | 1,928 |
| General revenues: | | |
| Property taxes | 16,400 | 15,855 |
| Grants and contributions not restricted to specific purposes | 604 | 415 |
| Unrestricted investment earnings | 196 | 211 |
| Other general revenues | 139 | 270 |
| Total revenues | 31,816 | 32,077 |
| Program expenses: | | |
| General government | 1,382 | 1,348 |
| Public safety | 539 | 596 |
| Public works | 3,018 | 3,940 |
| Human services | 224 | 1,074 |
| Civic and cultural | 1,141 | 1,126 |
| Development and planning | 201 | 212 |
| Education | 24,198 | 23,213 |
| Interest on long-term debt | 246 | 310 |
| Total program expenses | 30,949 | 31,819 |
| Increase in Net Position | \$ 867 | \$ 258 |

The Town's total revenues were \$31.8 million. The total cost of all programs and services was \$30.9 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 \$1,900,000 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 pursuing alternate route(s).
- 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. The work has, for the most part, been completed; remaining work consists of installation of guard rail brackets, and providing final as-built/close-out documentation to CT DOT. It is anticipated the project will be fully closed out by early spring 2019.
- 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. Much of the work has been completed and, as that work has come in under-budget, CME is working with the Town on determining additional tasks based on funds remaining.

- 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. This year UCONN Engineering students are designing a pedestrian foot bridge along the airline trail that will span Rt. 193 and a safety study of the intersections of Riverside Drive/Buckley Hill Rd and Rt. 200 / Buckley Hill Rd.
- 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.
- NECCOG is working with the P&Z Commission to rewrite the Zoning and Subdivision regulations. Completion and adoption of the rewrite is estimated to be completed by summer 2019.
- 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.

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)

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|----------------------------|-------------------------------|------------------|-----------------------------|------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Education | \$ 24,198 | \$ 23,213 | \$ 11,716 | \$ 11,297 |
| Public works | 3,018 | 3,940 | 1,769 | 2,113 |
| General government | 1,382 | 1,348 | 1,036 | 1,013 |
| Interest on long-term debt | 246 | 310 | 246 | 310 |
| Civic and cultural | 1,141 | 1,126 | 869 | 807 |
| All others | 964 | 1,882 | 835 | 952 |
| Total | \$ 30,949 | \$ 31,819 | \$ 16,471 | \$ 16,492 |

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 \$8.3 million, which is a \$995 thousand increase from last year's total. Included in this year's total change in fund balance is a decrease of \$286 thousand in the Town's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities highlighted in Exhibit IV.

In the Capital Projects Fund, the Town funded projects and capital outlays of \$1.35 million, most of which was includes Roads, Sewer and other projects funded by sources including USDA and the General Fund.

General Fund Budgetary Highlights

The original Town Expenditure Budget was \$25.7 million.

The Town's General Fund balance of \$3 million reported on Exhibit III differs from the General Fund's budgetary fund balance. This is principally because budgetary fund balance does not include \$271 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, 2018, the Town had \$39.5 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 \$260 thousand, or 0.66%, from last year.

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

| | Governmental Activities | |
|----------------------------|----------------------------|------------------|
| | 2018 | 2017 |
| Land | \$ 2,475 | \$ 2,475 |
| Construction in progress | 2,099 | 2,039 |
| Buildings and improvements | 29,931 | 30,205 |
| Machinery and equipment | 1,022 | 765 |
| Infrastructure | 3,724 | 4,027 |
| Total | \$ <u>39,251</u> | \$ <u>39,511</u> |

There were no major additions in the fiscal year ended June 30, 2018.

Long-Term Debt

At June 30, 2018, the Town had \$10.2 million in bonds outstanding versus \$11 million last year - an decrease of \$835 thousand - as shown in Table 5.

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

| | Governmental Activities | |
|---|------------------------------------|-------------|
| | 2018 | 2017 |
| General Obligation Bonds (backed by the Town) | \$ 10,241 | \$ 11,076 |

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 2019 budget tax rates. One of those factors is the economy. The Town had employment growth in fiscal year 2017 of 1.3%. Unemployment in the Town decreased to 3%. This compares with the State's unemployment rate of 4.4% and the national rate of 3.8%.

These indicators were taken into account when adopting the General Fund budget for 2018-19. Amounts available for appropriation in the General Fund budget are \$25.82 million, an increase of \$113 thousand over final 2017-18 budget.

The Town has added no major new programs or initiatives to the 2019 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to be decreased by \$175 thousand during the fiscal year 2019.

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, 2018

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 6,179,208 |
| Investments | 2,688,020 |
| Receivables, net | 1,667,158 |
| Net pension asset | 88,562 |
| Other assets | 4,804 |
| Capital assets not being depreciated | 4,573,999 |
| Capital assets being depreciated, net | <u>34,677,531</u> |
| Total assets | <u>49,879,282</u> |
| Deferred Outflows of Resources: | |
| Deferred amounts on refunding | 563,416 |
| Deferred outflows related to OPEB | 18,104 |
| Deferred outflows related to pensions | <u>449,521</u> |
| Total deferred outflows of resources | <u>1,031,041</u> |
| Liabilities: | |
| Accounts and other payables | 473,471 |
| Due to fiduciary funds | 14,100 |
| Unearned revenue | 185,990 |
| Noncurrent liabilities: | |
| Due within one year | 1,146,138 |
| Due in more than one year | <u>13,160,855</u> |
| Total liabilities | <u>14,980,554</u> |
| Deferred Inflows of Resources: | |
| Deferred inflows related to OPEB | 66,147 |
| Deferred inflows related to pensions | <u>484,744</u> |
| Total deferred inflows of resources | <u>550,891</u> |
| Net Position: | |
| Net investment in capital assets | 28,771,595 |
| Restricted for: | |
| Trust purposes: | |
| Nonexpendable | 256,020 |
| Expendable | 2,898,764 |
| Unrestricted | <u>3,452,499</u> |
| Total Net Position | <u>\$ 35,378,878</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, 2018**

| 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 | \$ 1,381,967 | \$ 340,796 | \$ 5,545 | \$ | \$ (1,035,626) |
| Public safety | 538,741 | 13,030 | | | (525,711) |
| Public works | 3,017,625 | 731,055 | 517,383 | | (1,769,187) |
| Human services | 223,567 | | | 98,727 | (124,840) |
| Civic and cultural | 1,141,243 | 254,552 | 18,100 | | (868,591) |
| Development and planning | 201,297 | 16,503 | | | (184,794) |
| Education | 24,197,643 | 216,013 | 12,265,237 | | (11,716,393) |
| Interest on long-term debt | 246,497 | | | | (246,497) |
| Total | \$ 30,948,580 | \$ 1,571,949 | \$ 12,806,265 | \$ 98,727 | (16,471,639) |
| General revenues: | | | | | |
| Property taxes | | | | | 16,401,318 |
| Grants and contributions not restricted to specific programs | | | | | 603,941 |
| Unrestricted investment earnings | | | | | 194,521 |
| Miscellaneous | | | | | 139,077 |
| Total general revenues | | | | | <u>17,338,857</u> |
| Change in net position | | | | | 867,218 |
| Net Position at Beginning of Year, as Restated | | | | | <u>34,511,660</u> |
| Net Position at End of Year | | | | | <u>\$ 35,378,878</u> |

The accompanying notes are an integral part of the financial statements

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

| | <u>General</u> | <u>Capital Projects</u> | <u>Tourtellotte Trust Fund</u> | <u>Other Grants</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-----------------------------|--|-------------------------|--|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,478,603 | \$ 66,557 | \$ 102,659 | \$ | \$ 258,971 | \$ 5,906,790 |
| Investments | | | 2,688,020 | | | 2,688,020 |
| Receivables, net | 1,353,813 | 29,431 | | 4,071 | 278,155 | 1,665,470 |
| Due from other funds | 39,854 | 1,862,969 | 43,472 | 55,132 | 635,838 | 2,637,265 |
| Inventories | | | | | 4,804 | 4,804 |
| Total Assets | <u>\$ 6,872,270</u> | <u>\$ 1,958,957</u> | <u>\$ 2,834,151</u> | <u>\$ 59,203</u> | <u>\$ 1,177,768</u> | <u>\$ 12,902,349</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts and other payables | \$ 157,290 | \$ 219,526 | \$ | \$ 2 | \$ 43,545 | \$ 420,363 |
| Due to other funds | 2,541,883 | 63,775 | | | 53,614 | 2,659,272 |
| Unearned revenue | | | | 38,327 | 147,663 | 185,990 |
| Total liabilities | <u>2,699,173</u> | <u>283,301</u> | <u>-</u> | <u>38,329</u> | <u>244,822</u> | <u>3,265,625</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - property taxes | 744,436 | | | | | 744,436 |
| Unavailable revenue - accrued interest on delinquent taxes | 443,977 | | | | | 443,977 |
| Unavailable revenue - mortgage loans | | | | | 55,488 | 55,488 |
| Unavailable revenue - sewer use charges | | | | | 123,373 | 123,373 |
| Total deferred inflows of resources | <u>1,188,413</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>178,861</u> | <u>1,367,274</u> |
| Fund balances: | | | | | | |
| Nonspendable | | | | | 260,824 | 260,824 |
| Restricted | 26,490 | 1,675,656 | 2,834,151 | 20,874 | 107,667 | 4,664,838 |
| Committed | | | | | 470,593 | 470,593 |
| Assigned | 563,196 | | | | | 563,196 |
| Unassigned | 2,394,998 | | | | (84,999) | 2,309,999 |
| Total fund balances | <u>2,984,684</u> | <u>1,675,656</u> | <u>2,834,151</u> | <u>20,874</u> | <u>754,085</u> | <u>8,269,450</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 6,872,270</u> | <u>\$ 1,958,957</u> | <u>\$ 2,834,151</u> | <u>\$ 59,203</u> | <u>\$ 1,177,768</u> | <u>\$ 12,902,349</u> |

(Continued on next page)

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

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

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

| | | |
|--|----|-----------|
| Fund balances - total governmental funds (Exhibit III) | \$ | 8,269,450 |
|--|----|-----------|

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

| | | | |
|-------------------------------|----|---------------------|------------|
| Governmental capital assets | \$ | 73,502,523 | |
| Less accumulated depreciation | | <u>(34,250,993)</u> | |
| Net capital assets | | | 39,251,530 |

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 | 18,104 |
| Deferred outflows related to pensions | 449,521 |
| Net pension asset | 88,562 |
| Property tax receivables greater than 60 days | 744,436 |
| Interest receivable on property taxes | 443,977 |
| Housing loans | 55,488 |
| Sewer use charges | 123,373 |

| | |
|--|---------|
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | 276,738 |
|--|---------|

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 | (526,003) |
| Bonds and notes payable | (10,241,103) |
| Interest payable on bonds and notes | (47,833) |
| Compensated absences | (488,867) |
| Capital lease | (276,245) |
| Deferred inflows related to OPEB | (66,147) |
| Deferred inflows related to pensions | (484,744) |
| Deferred charge on refunding | 563,416 |
| Net pension liability | (710,807) |
| Total OPEB liability | <u>(2,063,968)</u> |

| | | |
|---|----|--------------------------|
| Net Position of Governmental Activities (Exhibit I) | \$ | <u><u>35,378,878</u></u> |
|---|----|--------------------------|

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, 2018**

| | General | Capital Projects | Tourtellotte Trust Fund | Other Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------------------|------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Property taxes | \$ 16,313,319 | | | | | \$ 16,313,319 |
| Intergovernmental revenue | 10,899,626 | 930,337 | | 133,943 | 1,462,825 | 13,426,731 |
| Charges for services | 734,106 | 3,807 | | | 907,434 | 1,645,347 |
| Interest | 54,519 | 836 | 132,820 | | 6,346 | 194,521 |
| Other revenues | 100,723 | 26,228 | | | 16,333 | 143,284 |
| Total revenues | <u>28,102,293</u> | <u>961,208</u> | <u>132,820</u> | <u>133,943</u> | <u>2,392,938</u> | <u>31,723,202</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 993,474 | | | 4,698 | | 998,172 |
| Public safety | 521,842 | | | | 8,280 | 530,122 |
| Public works | 1,567,433 | | | | 487,557 | 2,054,990 |
| Human services | 125,341 | | | 96,952 | | 222,293 |
| Civic and cultural | 566,849 | | | 23,383 | 249,242 | 839,474 |
| Development and planning | 137,669 | | | | | 137,669 |
| Sundry | 979,367 | | | | | 979,367 |
| Education | 21,349,727 | | 28,450 | | 1,595,054 | 22,973,231 |
| Capital outlay | 230,277 | 1,353,702 | | | | 1,583,979 |
| Debt service | 1,128,990 | 41,426 | | | | 1,170,416 |
| Total expenditures | <u>27,600,969</u> | <u>1,395,128</u> | <u>28,450</u> | <u>125,033</u> | <u>2,340,133</u> | <u>31,489,713</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>501,324</u> | <u>(433,920)</u> | <u>104,370</u> | <u>8,910</u> | <u>52,805</u> | <u>233,489</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers in | 221,780 | 1,218,009 | | | | 1,439,789 |
| Transfers out | (1,218,009) | | (200,000) | | (21,780) | (1,439,789) |
| Lease proceeds | 207,996 | | | | | 207,996 |
| Clean water fund proceeds | | | | | 553,687 | 553,687 |
| Total other financing sources (uses) | <u>(788,233)</u> | <u>1,218,009</u> | <u>(200,000)</u> | <u>-</u> | <u>531,907</u> | <u>761,683</u> |
| Net Change in Fund Balances | (286,909) | 784,089 | (95,630) | 8,910 | 584,712 | 995,172 |
| Fund Balances at Beginning of Year | <u>3,271,593</u> | <u>891,567</u> | <u>2,929,781</u> | <u>11,964</u> | <u>169,373</u> | <u>7,274,278</u> |
| Fund Balances at End of Year | <u>\$ 2,984,684</u> | <u>\$ 1,675,656</u> | <u>\$ 2,834,151</u> | <u>\$ 20,874</u> | <u>\$ 754,085</u> | <u>\$ 8,269,450</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, 2018**

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

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

| | |
|---|------------|
| Net change in fund balances - total governmental funds (Exhibit IV) | \$ 995,172 |
|---|------------|

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 | 1,373,271 |
| Depreciation expense | (1,633,164) |

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 | 46,964 |
| Property tax interest and lien revenue - accrual basis change | 41,035 |
| Sewer use receivable | 4,597 |
| Housing loans receivable | (1) |

| | |
|---------------------------------|----------|
| Change in net pension asset | (39,270) |
| Change in net pension liability | 133,202 |

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 | 834,897 |
| Capital lease payments | 115,541 |
| Capital lease proceeds | (207,996) |
| Clean water fund proceeds | (553,687) |
| Clean water fund principal payments | 27,684 |

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 | (25,775) |
| Change in deferred inflows related to OPEB | (66,147) |
| Change in deferred inflows related to pensions | (100,091) |
| Change in deferred outflows related to OPEB | 18,104 |
| Change in deferred outflows related to pensions | (16,482) |
| Accrued interest | 2,137 |
| Amortization of deferred amounts on refunding | (56,341) |
| Total OPEB liability | (26,473) |

| | |
|--|----|
| Internal service funds are used by management to charge costs of medical insurance to individual departments | 41 |
|--|----|

| | |
|--|------------|
| Change in Net Position of Governmental Activities (Exhibit II) | \$ 867,218 |
|--|------------|

The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

| | Governmental Activities |
|---------------------------|--------------------------------------|
| | Internal Service Fund |
| | <hr/> |
| Assets: | |
| Cash and cash equivalents | \$ 272,418 |
| Due from other funds | 7,907 |
| Accounts receivable | <hr/> 1,688 |
| Total assets | 282,013 |
| Liabilities: | |
| Claims payable | <hr/> 5,275 |
| Net Position: | |
| Unrestricted | \$ <u><u>276,738</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, 2018**

| | Governmental Activities |
|-----------------------------------|--------------------------------------|
| | Internal Service Fund |
| | <hr/> |
| Operating Revenues: | |
| Charges for services | \$ <u>119,299</u> |
| Operating Expenses: | |
| Claims incurred | 105,411 |
| Administration | <u>13,847</u> |
| Total operating expenses | <u>119,258</u> |
| Operating Income | 41 |
| Net Position at Beginning of Year | <u>276,697</u> |
| Net Position at End of Year | \$ <u><u>276,738</u></u> |

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, 2018**

| | Governmental Activities |
|--|--------------------------------------|
| | Internal Service Fund |
| Cash Flows from Operating Activities: | |
| Cash received from charges for services | \$ 126,696 |
| Cash paid to other funds | (7,907) |
| Cash paid for benefits | (104,322) |
| Cash paid for administration | (13,847) |
| Net cash provided by (used in) operating activities | <u>620</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 620 |
| Cash and Cash Equivalents at Beginning of Year | <u>271,798</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 272,418</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | |
| Operating income (loss) | \$ 41 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | |
| (Increase) decrease in accounts receivable | 7,397 |
| (Increase) decrease in due from other funds | (7,907) |
| Increase (decrease) in claims payable | <u>1,089</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 620</u> |

The accompanying notes are an integral part of the financial statements

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

| | Pension Trust Fund | Agency Funds |
|---|-----------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and cash equivalents | \$ 92,368 | \$ 182,581 |
| Investments - mutual funds | 6,547,692 | |
| Due from other funds | | 14,100 |
| | <u> </u> | <u> </u> |
| Total assets | 6,640,060 | <u><u>\$ 196,681</u></u> |
| Liabilities: | | |
| Deposits and amounts due to student groups and others | | <u><u>\$ 196,681</u></u> |
| Net Position: | | |
| Restricted for Pensions | <u><u>\$ 6,640,060</u></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, 2018**

Additions:

Contributions:

| | |
|---------------------|----------------|
| Plan members | \$ 94,400 |
| Employer | 137,188 |
| Total contributions | <u>231,588</u> |

Investment income:

| | |
|---|----------------|
| Net change in fair value of investments | <u>480,992</u> |
|---|----------------|

| | |
|-----------------|----------------|
| Total additions | <u>712,580</u> |
|-----------------|----------------|

Deductions:

| | |
|------------------|----------------|
| Benefits | 273,568 |
| Administration | 10,964 |
| Total deductions | <u>284,532</u> |

| | |
|------------------------|---------|
| Change in Net Position | 428,048 |
|------------------------|---------|

| | |
|-----------------------------------|------------------|
| Net Position at Beginning of Year | <u>6,212,012</u> |
|-----------------------------------|------------------|

| | |
|-----------------------------|----------------------------|
| Net Position at End of Year | <u><u>\$ 6,640,060</u></u> |
|-----------------------------|----------------------------|

The accompanying notes are an integral part of the financial statements

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

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.

The *Other Grants Fund* accounts for Town grant proceeds, most significantly the Gladys Green projects. The major sources of revenues for this fund are State and Federal grants.

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, 2018**

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 1.1% of outstanding taxes as of June 30, 2018. 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 1-1/2% 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, 2018**

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, 2018**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB. 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, 2018**

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 tax collector department, the civil defense department, the economic and community development department, 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
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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*, \$5,958,802 of the Town’s bank balance of \$6,646,002 was exposed to custodial credit risk as follows:

| | |
|---|----------------------------|
| Uninsured and uncollateralized | \$ 5,310,714 |
| Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name | <u>648,088</u> |
| Total Amount Subject to Custodial Credit Risk | <u><u>\$ 5,958,802</u></u> |

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

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$1,159,488. 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.

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

Investments

As of June 30, 2018, the Town had the following investments:

| | <u>Credit Rating</u> | <u>Fair Value</u> | <u>Investment Maturities (Years) Less Than 1</u> | <u>1-10</u> | <u>More Than 10</u> |
|--|--------------------------|-----------------------|--|-------------|-------------------------|
| Interest-bearing investments: | | | | | |
| Corporate bonds | AA | \$ 251,398 | \$ | \$ 251,398 | \$ |
| Corporate bonds | A | 509,298 | | 509,298 | |
| Corporate bonds | BBB | 169,571 | | 169,571 | |
| | | 930,267 | \$ | 930,267 | \$ |
| | | | - | | - |
| Other investments: | | | | | |
| Mutual funds | | 7,692,737 | | | |
| Common stock | | 612,708 | | | |
| Total Investments Measured at Fair Value | | \$ 9,235,712 | | | |

**TOWN OF THOMPSON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2018:

| | June 30, 2018 | Fair Value Measurements Using | | |
|--|------------------|-------------------------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by fair value level: | | | | |
| Corporate bonds | \$ 930,267 | \$ 930,267 | \$ | \$ |
| Common stock | 612,708 | 612,708 | | |
| Mutual funds | 7,692,737 | 7,692,737 | | |
| Total investments by fair value level | 9,235,712 | \$ 9,235,712 | \$ - | \$ - |
| Total Investments Measured at Fair Value | \$ 9,235,712 | | | |

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, 2018, 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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>Other Grants</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|-----------------------------------|---------------------|-----------------------------|-------------------------|---|---------------------|
| Receivables: | | | | | |
| Interest | \$ 443,977 | \$ | \$ | \$ | \$ 443,977 |
| Taxes | 919,836 | | | | 919,836 |
| Accounts and other | | | | 127,114 | 127,114 |
| Intergovernmental | | 29,431 | 4,071 | 98,491 | 131,993 |
| Housing and development loans | | | | 645,238 | 645,238 |
| Gross receivables | <u>1,363,813</u> | <u>29,431</u> | <u>4,071</u> | <u>870,843</u> | <u>2,268,158</u> |
| Less allowance for uncollectibles | <u>(10,000)</u> | | | <u>(591,000)</u> | <u>(601,000)</u> |
| Net Total Receivables | <u>\$ 1,353,813</u> | <u>\$ 29,431</u> | <u>\$ 4,071</u> | <u>\$ 279,843</u> | <u>\$ 1,667,158</u> |

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

5. CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,475,200 | \$ | \$ | \$ 2,475,200 |
| Construction in progress | <u>2,038,596</u> | <u>60,203</u> | <u></u> | <u>2,098,799</u> |
| Total capital assets not being depreciated | <u>4,513,796</u> | <u>60,203</u> | <u>-</u> | <u>4,573,999</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 53,814,360 | 773,575 | | 54,587,935 |
| Building improvements | 58,350 | | | 58,350 |
| Machinery and equipment | 4,467,510 | 539,493 | | 5,007,003 |
| Infrastructure | <u>9,275,236</u> | <u></u> | <u></u> | <u>9,275,236</u> |
| Total capital assets being depreciated | <u>67,615,456</u> | <u>1,313,068</u> | <u>-</u> | <u>68,928,524</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (23,642,929) | (1,045,527) | | (24,688,456) |
| Building improvements | (24,721) | (1,680) | | (26,401) |
| Machinery and equipment | (3,702,686) | (282,163) | | (3,984,849) |
| Infrastructure | <u>(5,247,493)</u> | <u>(303,794)</u> | <u></u> | <u>(5,551,287)</u> |
| Total accumulated depreciation | <u>(32,617,829)</u> | <u>(1,633,164)</u> | <u>-</u> | <u>(34,250,993)</u> |
| Total capital assets being depreciated, net | <u>34,997,627</u> | <u>(320,096)</u> | <u>-</u> | <u>34,677,531</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 39,511,423</u> | <u>\$ (259,893)</u> | <u>\$ -</u> | <u>\$ 39,251,530</u> |

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

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

| | |
|--|-------------------------|
| Governmental activities: | |
| General government | \$ 4,129 |
| Public works | 411,519 |
| Civic and cultural | 110,686 |
| Education | <u>1,106,830</u> |
| Total Depreciation Expense - Governmental Activities | \$ <u>1,633,164</u> |

Construction Commitments

A summary of capital projects at June 30, 2018 is as follows:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|--------------------|-------------------------|---------------------------------|
| Paving/resurfacing | \$ 4,206,838 | \$ 767,019 |
| Marianapolis Sewer | 2,098,798 | 301,202 |
| Other | <u>3,461,579</u> | <u>1,865,149</u> |
| Total | \$ <u>9,767,215</u> | \$ <u>2,933,370</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, 2018 is presented below:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---------------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 39,854 | \$ 2,541,883 |
| Capital Projects Fund | 1,862,969 | 63,775 |
| Tourtellotte Trust Fund | 43,472 | |
| Other Grants Fund | 55,132 | |
| Nonmajor Governmental Funds | 635,838 | 53,614 |
| Internal Service Fund | 7,907 | |
| Fiduciary Funds - Agency Funds: | | |
| Escrow Account | <u>14,100</u> | |
| Total | \$ <u>2,659,272</u> | \$ <u>2,659,272</u> |

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

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

Interfund Transfers

| | <u>General</u> | <u>Capital Projects</u> | <u>Total Transfers Out</u> |
|-------------------------|-----------------------|-----------------------------|------------------------------------|
| Transfers out: | | | |
| General | \$ | \$ 1,218,009 | \$ 1,218,009 |
| Tourtellotte Trust Fund | 200,000 | | 200,000 |
| Nonmajor Governmental | <u>21,780</u> | | <u>21,780</u> |
| Total Transfers In | \$ <u>221,780</u> | \$ <u>1,218,009</u> | \$ <u>1,439,789</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, 2018.

| <u>Year Ending June 30</u> | |
|---|------------------------------|
| 2019 | \$ 106,272 |
| 2020 | 106,272 |
| 2021 | 46,419 |
| 2022 | <u>46,419</u> |
| Total minimum lease payments | 305,382 |
| Less amount representing interest | <u>29,137</u> |
| Present Value of Net Minimum Lease Payments | \$ <u><u>276,245</u></u> |

The assets acquired through capital leases are as follows:

| | |
|-------------------------------|------------------------------|
| Asset: | |
| Equipment | \$ 557,096 |
| Less accumulated depreciation | <u>(280,851)</u> |
| Total | \$ <u><u>276,245</u></u> |

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

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 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 | \$ 11,076,000 | \$ | \$ 834,897 | \$ 10,241,103 | \$ 854,361 |
| CWF Bonds | | 553,687 | 27,684 | 526,003 | 22,988 |
| Capital leases | 183,790 | 207,996 | 115,541 | 276,245 | 93,274 |
| Net pension liability | 844,009 | | 133,202 | 710,807 | |
| Total OPEB liability | 2,037,495 * | 26,473 | | 2,063,968 | |
| Compensated absences | 463,092 | 211,896 | 186,121 | 488,867 | 175,515 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 14,604,386</u> | <u>\$ 1,000,052</u> | <u>\$ 1,297,445</u> | <u>\$ 14,306,993</u> | <u>\$ 1,146,138</u> |

* The Total OPEB liability was restated, please refer to Note 14 for additional information.

General Obligation Bonds

A schedule of bonds outstanding at June 30, 2018 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, 2018</u> |
|--------------------------|-----------------------|--------------------------|------------------------------|---|--|
| Bonds: | | | | | |
| School bonds - Refunding | 2015 | 2027 | 2.40 | \$ 9,180,000 | \$ 8,180,000 |
| Sewers | 2016 | 2057 | 1.375 | 1,268,000 | 1,241,103 |
| Sewers | 2016 | 2027 | 1.835 | 913,000 | <u>820,000</u> |
| Total Outstanding | | | | | <u>\$ 10,241,103</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.

**TOWN OF THOMPSON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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The following is a schedule of bond and clean water fund note maturities as of June 30, 2018:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 877,349 | \$ 231,679 | \$ 1,109,028 |
| 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 |
| 2024-2028 | 4,961,296 | 389,618 | 5,350,914 |
| 2029-2033 | 289,674 | 83,949 | 373,623 |
| 2034-2038 | 281,587 | 58,737 | 340,324 |
| 2039-2043 | 164,521 | 42,609 | 207,130 |
| 2044-2048 | 176,147 | 30,983 | 207,130 |
| 2049-2053 | 188,595 | 18,535 | 207,130 |
| 2054-2058 | 155,408 | 5,277 | 160,685 |
| Total | <u>\$ 10,767,106</u> | <u>\$ 1,578,472</u> | <u>\$ 12,345,578</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. As of June 30, 2018, the Town received additional funding for total proceeds on 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 | \$ 35,771 | \$ 820 | \$ 34,951 |
| Schools | 71,541 | 8,180 | 63,361 |
| Sewers | 59,618 | 1,767 | 57,851 |
| Urban Renewal | 51,669 | | 51,669 |
| Pension deficit | 47,694 | | 47,694 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$111.3 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.

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

9. FUND BALANCES

A. Components

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Tourtellotte Trust Fund</u> | <u>Other Grants Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--------------------------|-------------------------|--------------------------------------|--|----------------------------------|--|---------------------|
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | \$ | \$ | \$ | \$ | \$ 4,804 | \$ 4,804 |
| Permanent fund principal | | | | | 256,020 | 256,020 |
| Restricted for: | | | | | | |
| Civic and cultural | | | | | 64,615 | 64,615 |
| Capital projects | | 1,675,656 | | | | 1,675,656 |
| Other grants | | | | 20,874 | | 20,874 |
| Education | | | 2,834,151 | | 43,052 | 2,877,203 |
| Debt service | 26,490 | | | | | 26,490 |
| Committed to: | | | | | | |
| General government | | | | | 99,049 | 99,049 |
| Public safety | | | | | 59,345 | 59,345 |
| Sewer operating | | | | | 267,807 | 267,807 |
| Civic and cultural | | | | | 44,392 | 44,392 |
| Assigned to: | | | | | | |
| Future year's budget | 175,000 | | | | | 175,000 |
| Purchases on order | 388,196 | | | | | 388,196 |
| Unassigned | <u>2,394,998</u> | | | | <u>(84,999)</u> | <u>2,309,999</u> |
| Total Fund Balances | <u>\$ 2,984,684</u> | <u>\$ 1,675,656</u> | <u>\$ 2,834,151</u> | <u>\$ 20,874</u> | <u>\$ 754,085</u> | <u>\$ 8,269,450</u> |

Encumbrances of \$388,196, \$38,616, \$8,911 and \$22,766 at June 30, 2018 are contained in the above table in the assigned category of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Other Grants Fund, and the restricted category of the Nonmajor Governmental Funds, respectively.

B. Fund Deficit

The following funds had a fund deficit as of June 30, 2018:

| | |
|------------------------------|----------|
| Nonmajor Governmental Funds: | |
| Youth Center | \$ 6,041 |
| School Cafeteria | 36,346 |

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.

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 active service, or 15 years of active noncontinuous 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 under certain conditions.

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.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

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 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.

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

Death Benefit

This applies to employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

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. The Town contributed \$116,488 to the plan for the measurement year ended June 30, 2017.

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

At June 30, 2018, the Town reports a liability of \$710,807 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2016. 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, 2018, the Town's proportion was 0.29%. The proportion increased by 0.04% from the proportion at June 30, 2017.

**TOWN OF THOMPSON, CONNECTICUT
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For the year ended June 30, 2018, the Town recognized pension expense of \$168,200. At June 30, 2018, 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 | \$ 13,513 | \$ |
| Net difference between projected and actual earnings on pension plan investments | 56,918 | |
| Changes in proportionate share of liability | | (196,899) |
| Town contributions subsequent to the measurement date | <u>112,744</u> | |
| Total | <u>\$ 183,175</u> | <u>\$ (196,899)</u> |

The Town's contribution subsequent to the measurement date of \$112,744 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other 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

| | |
|-------|---------------------|
| 2019 | \$ (44,047) |
| 2020 | (8,639) |
| 2021 | (39,461) |
| 2022 | <u>(34,321)</u> |
| Total | <u>\$ (126,468)</u> |

Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation | 3.25% |
| Salary increase | 4.25-11.00%, including inflation |
| Investment rate of return | 8.00%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2000 Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

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%.

**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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Large cap U.S. equities | 16.0% | 5.8% |
| Developed non-U.S. equities | 14.0% | 6.6% |
| Emerging markets (non-U.S.) | 7.0% | 8.3% |
| Core fixed income | 8.0% | 1.3% |
| Inflation linked bond fund | 5.0% | 1.0% |
| Emerging market bond | 8.0% | 3.7% |
| High yield bonds | 14.0% | 3.9% |
| Real estate | 7.0% | 5.1% |
| Private equity | 10.0% | 7.6% |
| Alternative investments | 8.0% | 4.1% |
| Liquidity fund | 3.0% | .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 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.

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

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

| | <u>1% Decrease (7.00%)</u> | <u>Discount Rate (8.00%)</u> | <u>1% Increase (9.00%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| Town's proportionate share of the net pension liability (asset) \$ | \$ 1,751,874 | \$ 710,807 | \$ (165,539) |

B. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

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.

**TOWN OF THOMPSON, CONNECTICUT
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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, 2017, 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>23,825,821</u> |
| Total | \$ | <u><u>23,825,821</u></u> |

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

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$2,755,952 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

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

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

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

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

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

Discount Rate

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

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

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

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

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.

Other Information

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

C. 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 June 30, 2017, the date of the latest actuarial valuation:

| | |
|---|------------------|
| Retired | 20 |
| Terminated plan members entitled to benefits but not yet receiving them | 8 |
| Current plan members | <u>52</u> |
| Total | <u><u>80</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.

**TOWN OF THOMPSON, CONNECTICUT
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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.

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, 2018:

| <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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net Pension Liability

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

| | |
|---|--------------------|
| Total pension liability | \$ 6,551,498 |
| Plan fiduciary net position | <u>6,640,060</u> |
| Net Pension Liability (Asset) | <u>\$ (88,562)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 101.35% |

Actuarial Assumptions

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

| | |
|---------------------------|---|
| 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-2016.

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, 2018 are included in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|---|
| 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% |

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

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|------------------------------------|--|--|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset) Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of June 30, 2017 | \$ 6,084,179 | \$ 6,212,012 | \$ (127,833) |
| Changes for the year: | | | |
| Service cost | 205,160 | | 205,160 |
| Interest on total pension liability | 415,448 | | 415,448 |
| Differences between expected and actual experience | 159,044 | | 159,044 |
| Changes in assumptions | (38,765) | | (38,765) |
| Employer contributions | | 137,188 | (137,188) |
| Member contributions | | 94,400 | (94,400) |
| Net investment income (loss) | | 480,992 | (480,992) |
| Benefit payments, including refund to employee contributions | (273,568) | (273,568) | - |
| Administrative expenses | | (10,964) | 10,964 |
| Net changes | <u>467,319</u> | <u>428,048</u> | <u>39,271</u> |
| Balances as of June 30, 2018 | <u>\$ 6,551,498</u> | <u>\$ 6,640,060</u> | <u>\$ (88,562)</u> |

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 discount rate of 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-------------------------------|--------------------------------|--|--------------------------------|
| Net Pension Liability (Asset) | \$ 681,780 | \$ (88,562) | \$ (745,150) |

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

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

For the year ended June 30, 2018, the Town recognized pension expense of \$164,456. At June 30, 2018, 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 | \$ 266,346 | \$ (14,824) |
| Changes of assumptions | | (191,210) |
| Net difference between projected and actual earnings on pension plan investments | | <u>(81,811)</u> |
| Total | <u>\$ 266,346</u> | <u>\$ (287,845)</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,

| | |
|------------|-----------|
| 2019 | \$ 44,835 |
| 2020 | 2,452 |
| 2021 | (76,540) |
| 2022 | 605 |
| 2023 | (10,089) |
| Thereafter | 17,238 |

11. OTHER POSTEMPLOYMENT BENEFITS

A. 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
 NOTES TO THE FINANCIAL STATEMENTS
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At January 1, 2018, plan membership consisted of the following:

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

B. 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.

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.

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

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 | 3.87% |
| 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

| | Total OPEB Liability |
|---|---------------------------------|
| Balances as of July 1, 2017 | \$ <u>2,037,495</u> |
| Changes for the year: | |
| Service cost | 72,791 |
| Interest on total OPEB liability | 74,330 |
| Difference between expected and actual experience | 19,600 |
| Changes in assumptions or other inputs | (71,614) |
| Benefit payments | (68,634) |
| Net changes | <u>26,473</u> |
| Balances as of June 30, 2018 | \$ <u><u>2,063,968</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.75% in 2017 to 3.87% in 2018.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

| | <u>1% Decrease (2.87%)</u> | <u>Current Discount Rate (3.87%)</u> | <u>1% Increase (4.87%)</u> |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | \$ 2,325,571 | \$ 2,063,968 | \$ 1,840,526 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.6% decreasing to 3.60%) or 1 percentage point higher (8.60% decreasing to 5.60%) than the current healthcare cost trend rates:

| | <u>1% Decrease (6.60% Decreasing to 3.60%)</u> | <u>Healthcare Cost Trend Rates (7.60% Decreasing to 4.60%)</u> | <u>1% Increase (8.60% Decreasing to 5.60%)</u> |
|----------------------|--|--|--|
| Total OPEB liability | \$ 1,795,494 | \$ 2,063,968 | \$ 2,387,810 |

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$134,005. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 18,104 | \$ |
| Changes of assumptions or other inputs | <u> </u> | <u>(66,147)</u> |
| Total | <u>\$ 18,104</u> | <u>\$ (66,147)</u> |

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

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

| | | |
|------------|----|----------|
| 2019 | \$ | (3,971) |
| 2020 | | (3,971) |
| 2021 | | (3,971) |
| 2022 | | (3,971) |
| 2023 | | (3,971) |
| Thereafter | | (28,188) |

State Teachers Retirement Plan

C. Plan Description

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

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

D. Benefit Provisions

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

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

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

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

Survivor Health Care Coverage

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

E. 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
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018**

F. 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.

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

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

| | |
|--|---------------------|
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>6,132,488</u> |
| Total | <u>\$ 6,132,488</u> |

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

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$284,210 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, 2018**

H. Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

I. Discount Rate

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

J. 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, 2018**

K. Other Information

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

12. 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, 2016 and 2017, is presented below:

| | Claims Payable July 1 | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 |
|-----------|--------------------------------------|--|------------------------|---------------------------------------|
| 2016-2017 | \$ 4,835 | \$ 97,204 | \$ 97,853 | \$ 4,186 |
| 2017-2018 | 4,186 | 105,411 | 104,322 | 5,275 |

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

| | | |
|--|----|--------------------------|
| Net position at July 1, 2017, as previously reported | \$ | 34,624,871 |
| Adjustments: | | |
| Eliminate net OPEB obligation reported per GASB No. 45 | | 1,924,284 |
| Record total OPEB liability per GASB No. 75 | | <u>(2,037,495)</u> |
| Net Position at July 1, 2017, as Restated | \$ | <u><u>34,511,660</u></u> |

**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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Property taxes: | | | | |
| Current taxes levies | \$ 15,700,948 | \$ 15,700,948 | \$ 15,602,070 | \$ (98,878) |
| Prior year's levies | 260,000 | 260,000 | 283,362 | 23,362 |
| Interest and liens | 170,000 | 170,000 | 205,029 | 35,029 |
| Motor vehicle supplement | 170,000 | 170,000 | 222,858 | 52,858 |
| Total property taxes | <u>16,300,948</u> | <u>16,300,948</u> | <u>16,313,319</u> | <u>12,371</u> |
| Intergovernmental revenues: | | | | |
| General government: | | | | |
| State of Connecticut: | | | | |
| Elderly Homeowner | 85,000 | 85,000 | | (85,000) |
| Disability exemption | 2,400 | 2,400 | 2,244 | (156) |
| Grant in lieu of taxes | 41 | 41 | 41 | - |
| Veterans | 19,000 | 19,000 | 19,806 | 806 |
| Pequot Indian Grant | 62,808 | 62,808 | 62,808 | - |
| Miscellaneous | 17,388 | 17,388 | 2,915 | (14,473) |
| Total general government | <u>186,637</u> | <u>186,637</u> | <u>87,814</u> | <u>(98,823)</u> |
| Education: | | | | |
| State of Connecticut and Federal government: | | | | |
| Education Cost Sharing | 7,534,704 | 7,534,704 | 7,517,708 | (16,996) |
| Special education | 200,000 | 200,000 | 230,267 | 30,267 |
| Magnet School Transportation | | | 7,199 | 7,199 |
| Total education | <u>7,734,704</u> | <u>7,734,704</u> | <u>7,758,751</u> | <u>24,047</u> |
| Total intergovernmental revenues | <u>7,921,341</u> | <u>7,921,341</u> | <u>7,846,565</u> | <u>(74,776)</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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------|-------------------------|----------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Local revenues: | | | | |
| Finance: | | | | |
| Telephone Access Line | \$ 19,000 | \$ 19,000 | \$ 12,899 | \$ (6,101) |
| Investment income | 10,200 | 10,200 | 54,519 | 44,319 |
| Cell Tower Rent | 26,000 | 26,000 | 28,582 | 2,582 |
| Miscellaneous | 30,000 | 30,000 | 72,141 | 42,141 |
| Fuel Reimbursement Income | 65,000 | 65,000 | 62,414 | (2,586) |
| Housing Authority | 9,500 | 9,500 | 13,521 | 4,021 |
| Three Rows PILOT | 35,000 | 35,000 | 46,156 | 11,156 |
| PILOT - Justice Institute | 45,000 | 45,000 | 53,140 | 8,140 |
| Total finance | <u>239,700</u> | <u>239,700</u> | <u>343,372</u> | <u>103,672</u> |
| Town Clerk and Treasurer: | | | | |
| Licenses and permits | 14,900 | 14,900 | 16,295 | 1,395 |
| Conveyance tax | 77,000 | 77,000 | 106,200 | 29,200 |
| Town Clerk fees | 54,500 | 54,500 | 52,337 | (2,163) |
| Driveways | 1,000 | 1,000 | 600 | (400) |
| Total Town Clerk and Treasurer | <u>147,400</u> | <u>147,400</u> | <u>175,432</u> | <u>28,032</u> |
| Education: | | | | |
| Tuition payments | <u>25,000</u> | <u>25,000</u> | <u>37,670</u> | <u>12,670</u> |
| Library: | | | | |
| Fines and lost books | 1,000 | 1,000 | 638 | (362) |
| Copier | 900 | 900 | 713 | (187) |
| Total library | <u>1,900</u> | <u>1,900</u> | <u>1,351</u> | <u>(549)</u> |
| Development and planning: | | | | |
| Planning hearings | 11,000 | 11,000 | 15,567 | 4,567 |
| Conservation | 2,000 | 2,000 | 936 | (1,064) |
| Building fees | 110,000 | 110,000 | 102,950 | (7,050) |
| Total development and planning | <u>123,000</u> | <u>123,000</u> | <u>119,453</u> | <u>(3,547)</u> |
| Recycling | <u>20,000</u> | <u>20,000</u> | <u>36,441</u> | <u>16,441</u> |
| Tipping fees | <u>30,000</u> | <u>30,000</u> | <u>39,134</u> | <u>9,134</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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Transfer station permits | \$ 147,000 | \$ 147,000 | \$ 149,394 | \$ 2,394 |
| Prior year encumbrances cancelled | | | 8,759 | 8,759 |
| Total local revenues | 734,000 | 734,000 | 911,006 | 177,006 |
| Total budgeted revenues | 24,956,289 | 24,956,289 | 25,070,890 | 114,601 |
| Other financing sources: | | | | |
| Transfers from other funds: | | | | |
| Surplus | 675,000 | 675,000 | | |
| Tourtellotte Trust Fund | 50,000 | 50,000 | 200,000 | 150,000 |
| Sewer Operating Fund | 21,120 | 21,120 | 21,780 | 660 |
| Total other financing sources | 746,120 | 746,120 | 221,780 | 150,660 |
| Total | \$ 25,702,409 | \$ 25,702,409 | 25,292,670 | \$ 265,261 |

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 | 2,755,952 |
| State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted | 284,210 |
| Transfers from the Medicaid fund are budgeted as credits to expenditures but are recorded as transfers in, in accordance with GAAP | |
| The Town does not budget for the proceeds on capital lease issuance | 207,996 |
| Cancellation of prior year encumbrances are recognized as budgetary revenue | (8,759) |

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 28,532,069

**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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Total Budgetary Expenditures</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------------|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| General government: | | | | |
| Board of Finance | \$ 26,161 | \$ 28,161 | \$ 23,994 | \$ 4,167 |
| Board of Selectmen | 25,841 | 25,841 | 23,458 | 2,383 |
| First Selectman | 128,414 | 128,414 | 118,971 | 9,443 |
| Data processing | 59,916 | 75,416 | 54,389 | 21,027 |
| Finance and Treasurer | 132,460 | 134,210 | 133,747 | 463 |
| Tax Collector | 152,807 | 156,408 | 157,154 | (746) |
| Assessors | 112,513 | 112,513 | 109,916 | 2,597 |
| Board of Tax Review | 5,153 | 5,153 | 4,326 | 827 |
| Elections and registrations | 56,166 | 56,166 | 50,516 | 5,650 |
| Town Clerk | 126,367 | 126,367 | 125,510 | 857 |
| Town Counsel | 56,500 | 64,500 | 56,377 | 8,123 |
| Probate Court | 10,810 | 10,810 | 10,810 | - |
| Maintenance of municipal buildings | 127,836 | 142,186 | 124,306 | 17,880 |
| Total | <u>1,020,944</u> | <u>1,066,145</u> | <u>993,474</u> | <u>72,671</u> |
| Public safety: | | | | |
| Fire Marshal | 14,175 | 14,175 | 12,000 | 2,175 |
| Fire Departments | 523,018 | 498,480 | 486,600 | 11,880 |
| Civil Defense | 2,020 | 2,020 | 2,416 | (396) |
| Canine Control | 29,419 | 29,419 | 7,476 | 21,943 |
| Total | <u>568,632</u> | <u>544,094</u> | <u>508,492</u> | <u>35,602</u> |
| Public works: | | | | |
| Public works | 914,563 | 914,563 | 849,268 | 65,295 |
| Grounds | 14,325 | 14,325 | 6,329 | 7,996 |
| Transfer station | 308,958 | 328,462 | 323,527 | 4,935 |
| Cemeteries | 500 | 500 | 341 | 159 |
| Snow removal | 241,718 | 287,039 | 284,983 | 2,056 |
| Building official | 94,284 | 94,284 | 72,771 | 21,513 |
| Building board of appeals | 5 | 5 | - | 5 |
| Town Garage | 32,625 | 37,985 | 30,214 | 7,771 |
| Total | <u>1,606,978</u> | <u>1,677,163</u> | <u>1,567,433</u> | <u>109,730</u> |

(Continued on next page)

**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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Total Budgetary Expenditures</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Human services: | | | | |
| General assistance | \$ 89,395 | \$ 89,395 | \$ 78,632 | \$ 10,763 |
| Veterans service | 4,500 | 4,500 | 3,882 | 618 |
| Public Health Nursing | 42,827 | 42,827 | 42,827 | - |
| Total | <u>136,722</u> | <u>136,722</u> | <u>125,341</u> | <u>11,381</u> |
| Civic and cultural: | | | | |
| Library administration | 364,575 | 364,575 | 357,158 | 7,417 |
| Celebrations | 2,365 | 2,365 | 2,365 | - |
| Recreation Commission | 81,534 | 83,017 | 82,703 | 314 |
| Community Center Building | 132,998 | 132,998 | 124,623 | 8,375 |
| Total | <u>581,472</u> | <u>582,955</u> | <u>566,849</u> | <u>16,106</u> |
| Development and planning: | | | | |
| Zoning and Wetlands | | | | |
| Enforcement officer | 29,541 | 29,541 | 18,805 | 10,736 |
| Zoning Board of Appeals | 3,746 | 3,746 | 3,069 | 677 |
| Conservation Commission | 18,879 | 18,879 | 17,666 | 1,213 |
| Historical society | 2,175 | 2,175 | 2,175 | - |
| Economic and community development | 64,520 | 65,620 | 65,809 | (189) |
| Inland Wetland Commission | 25,201 | 25,201 | 23,936 | 1,265 |
| Economic development | 52,751 | 29,251 | 5,541 | 23,710 |
| Building committee | 2,000 | 2,000 | 1,977 | 23 |
| Total | <u>198,813</u> | <u>176,413</u> | <u>137,001</u> | <u>37,412</u> |
| Sundry: | | | | |
| Fringe benefits | 1,117,355 | 993,005 | 912,580 | 80,425 |
| Municipal insurance | 67,400 | 67,400 | 66,787 | 613 |
| Contingency | 138,798 | 118,898 | - | 118,898 |
| Total | <u>1,323,553</u> | <u>1,179,303</u> | <u>979,367</u> | <u>199,936</u> |
| Board of Education | 18,251,766 | 18,251,766 | 18,243,889 | 7,877 |

(Continued on next page)

**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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Total Budgetary Expenditures</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------|-------------------------|----------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Capital outlay | \$ 114,000 | \$ 72,000 | \$ 222,651 | \$ (150,651) |
| Debt Service | 1,056,081 | 1,102,500 | 1,128,990 | (26,490) |
| Total expenditures | <u>24,858,961</u> | <u>24,789,061</u> | <u>24,473,487</u> | <u>315,574</u> |
| Other financing uses: | | | | |
| Capital Projects Fund | <u>843,448</u> | <u>913,348</u> | <u>1,068,009</u> | <u>(154,661)</u> |
| Total | \$ <u>25,702,409</u> | \$ <u>25,702,409</u> | 25,541,496 | \$ <u>160,913</u> |

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 | 2,755,952 |
| State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted | 284,210 |
| 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 | (282,682) |
| 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 | 312,006 |
| The Town does not budget for the issuance of capital leases | <u>207,996</u> |

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

\$ 28,818,978

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|---------------------|-------------------|------------------|---------------------|
| Total pension liability: | | | | | |
| Service cost | \$ 205,160 | \$ 201,901 | \$ 195,715 | \$ 190,015 | \$ 178,788 |
| Interest | 415,448 | 398,540 | 381,251 | 346,650 | 328,620 |
| Differences between expected and actual experience | 159,044 | (20,314) | 56,468 | 187,003 | |
| Changes of assumptions | (38,765) | (81,837) | (156,744) | | |
| Benefit payments, including refunds of member contributions | <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 | 467,319 | 269,029 | 252,377 | 510,790 | 221,876 |
| Total pension liability - beginning | <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>6,551,498</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 | 137,188 | 138,070 | 138,070 | 120,797 | 144,788 |
| Contributions - member | 94,400 | 94,256 | 87,893 | 81,842 | 92,031 |
| Net investment income (loss) | 480,992 | 754,190 | (24,482) | 149,521 | 768,770 |
| Benefit payments, including refunds of member contributions | (273,568) | (229,261) | (224,313) | (212,878) | (285,512) |
| Administrative expense | <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 | 428,048 | 751,851 | (31,807) | 124,655 | 714,346 |
| Plan fiduciary net position - beginning | <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>6,640,060</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>\$ (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 | 101.35% | 102.10% | 93.90% | 98.73% | 106.24% |
| Covered-employee payroll | \$ 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 | -4.57% | -6.89% | 20.67% | 4.47% | -20.29% |

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 195,065 | \$ 217,089 | \$ 206,774 | \$ 156,172 | \$ 170,931 | \$ 144,788 | \$ 120,797 | \$ 138,070 | \$ 138,070 | \$ 137,188 |
| Contributions in relation to the actuarially determined contribution | 195,065 | 217,089 | 206,774 | 156,172 | 170,931 | 144,788 | 120,797 | 138,070 | 138,070 | 137,188 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 1,336,086 | \$ 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 |
| Contributions as a percentage of covered-employee payroll | 14.60% | 14.73% | 14.07% | 11.45% | 11.91% | 9.32% | 7.63% | 8.04% | 7.45% | 7.08% |

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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 | Current: 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 Prior: 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 | Age 65 or immediately, if age 65 or older. |
| Mortality | Current: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016. |

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 7.80% | 13.89% | -0.45% | 2.80% | 16.76% |

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

| | <u>2018</u> | <u>2016</u> | <u>2017</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Town's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the Town | <u>23,825,821</u> | <u>19,618,342</u> | <u>25,136,424</u> | <u>18,133,226</u> |
| Total | <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 | \$ 7,104,840 | \$ 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% |
| Plan fiduciary net position as a percentage of the total pension liability | 55.93% | 52.26% | 59.50% | 61.51% |

Notes to Schedule

| | |
|-------------------------------|--|
| Changes in benefit terms | None |
| Changes of assumptions | <p>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.</p> <p>During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.</p> |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of salary, closed |
| Remaining amortization period | 20.4 years |
| Asset valuation method | 4-year smoothed market |
| Investment rate of return | 8.50%, 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 FOUR FISCAL YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|--------------|--------------|--------------|
| Town's proportion of the net pension liability | 0.290% | 0.254% | 0.491% | 0.298% |
| Town's proportionate share of the net pension liability | \$ 710,807 | \$ 844,009 | \$ 945,615 | \$ 670,375 |
| Town's covered-employee payroll | \$ 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 | 74.13% | 82.45% | 61.70% | 51.62% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.68% | 88.29% | 92.72% | 90.48% |

Notes to Schedule

| | |
|-------------------------------|---|
| Changes in benefit terms | None |
| Changes of assumptions | During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012. |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 24 years |
| Asset valuation method | 5-year smoothed market |

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 128,430 | \$ 137,859 | \$ 170,212 | \$ 203,003 | \$ 206,680 | \$ 183,612 | \$ 155,588 | \$ 122,031 | \$ 113,710 | \$ 116,488 |
| Contributions in relation to the actuarially determined contribution | <u>128,430</u> | <u>137,859</u> | <u>170,212</u> | <u>203,003</u> | <u>206,680</u> | <u>183,612</u> | <u>155,588</u> | <u>122,031</u> | <u>113,710</u> | <u>116,488</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> |
| Covered-employee payroll | \$ 1,603,047 | \$ 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 |
| Contributions as a percentage of covered-employee payroll | 8.01% | 8.48% | 10.54% | 12.59% | 12.92% | 11.98% | 11.98% | 7.96% | 11.11% | 12.15% |

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2017
Actuarially determined contribution rates 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: 25 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.

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

| | <u>2018</u> |
|--|---------------------|
| Total OPEB liability: | |
| Service cost | \$ 72,791 |
| Interest | 74,330 |
| Differences between expected and actual experience | 19,600 |
| Changes of assumptions and other inputs | (71,614) |
| Benefit payments | <u>(68,634)</u> |
| Net change in total OPEB liability | 26,473 |
| Total OPEB liability - beginning | <u>2,037,495</u> |
| Total OPEB Liability - Ending | <u>\$ 2,063,968</u> |
| Covered-employee payroll | \$ 11,567,923 |
| Total OPEB liability as a percentage of covered-employee payroll | 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
Changes of assumptions

None

The discount rate was increased from 3.75% to 3.87% to reflect the change in the Municipal Bond Index Rate.

Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.

As a result of the experience study for the five-year period ended June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

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

Entry age
Level percent of payroll
30 years, open
Market value of assets
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 FISCAL YEAR***

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

Notes to Schedule

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

* 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, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,478,603 | \$ 4,140,533 |
| Property taxes receivable, net of allowance of \$10,000 for 2018 and 2017 | 909,836 | 810,646 |
| Grants and other receivables | 443,977 | 403,575 |
| Due from other funds | <u>39,854</u> | <u>774,104</u> |
| Total Assets | <u>\$ 6,872,270</u> | <u>\$ 6,128,858</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 157,290 | \$ 167,589 |
| Due to other funds | <u>2,541,883</u> | <u>1,589,262</u> |
| Total liabilities | <u>2,699,173</u> | <u>1,756,851</u> |
| Deferred inflows of resources: | | |
| Unavailable revenue - property taxes | 744,436 | 697,472 |
| Unavailable revenue - accrued interest on delinquent taxes | <u>443,977</u> | <u>402,942</u> |
| Total deferred inflows of resources | <u>1,188,413</u> | <u>1,100,414</u> |
| Fund balance: | | |
| Restricted | 26,490 | 26,490 |
| Assigned | 563,196 | 947,189 |
| Unassigned | <u>2,394,998</u> | <u>2,297,914</u> |
| Total fund balance | <u>2,984,684</u> | <u>3,271,593</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 6,872,270</u> | <u>\$ 6,128,858</u> |

**TOWN OF THOMPSON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018**

| Grand List | Uncollected Taxes July 1, 2017 | Current Year Levy | Assessor's Changes | Net Amount Collectible | Suspended Accounts | Collections | | | Uncollected Taxes June 30, 2018 | | | | | | |
|---|--------------------------------|-------------------|--------------------|------------------------|--------------------|------------------|--------------------------------|-------------------|---------------------------------|---------------|-------------------|----------------|-------------------|-----------|----------------|
| | | | | | | Taxes | Interest, Liens and Other Fees | Total | | | | | | | |
| 2016 | \$ | \$ 16,318,245 | \$ (196,229) | \$ 16,122,016 | \$ 36,608 | \$ 15,772,786 | \$ 56,715 | \$ 15,829,501 | \$ 312,622 | | | | | | |
| 2015 | | 276,605 | | 276,605 | 3,772 | 91,664 | 21,658 | 113,322 | 181,169 | | | | | | |
| 2014 | | 141,159 | | 141,159 | 1,951 | 23,323 | 11,317 | 34,640 | 115,885 | | | | | | |
| 2013 | | 107,233 | 344 | 107,577 | | 23,199 | 15,228 | 38,427 | 84,378 | | | | | | |
| 2012 | | 82,552 | | 82,552 | | 13,805 | 10,542 | 24,347 | 68,747 | | | | | | |
| 2011 | | 69,659 | | 69,659 | | 10,829 | 14,797 | 25,626 | 58,830 | | | | | | |
| 2010 | | 53,939 | | 53,939 | | 14,234 | 10,117 | 24,351 | 39,705 | | | | | | |
| 2009 | | 17,937 | | 17,937 | | 6,388 | 7,185 | 13,573 | 11,549 | | | | | | |
| 2008 | | 15,456 | | 15,456 | | 5,352 | 7,606 | 12,958 | 10,104 | | | | | | |
| 2007 | | 14,951 | | 14,951 | | 5,093 | 8,121 | 13,214 | 9,858 | | | | | | |
| 2006 | | 14,417 | | 14,417 | | 4,809 | 9,262 | 14,071 | 9,608 | | | | | | |
| 2005 | | 12,815 | | 12,815 | | 4,711 | 3,813 | 8,524 | 8,104 | | | | | | |
| 2004 | | 7,114 | | 7,114 | | | 2,709 | 2,709 | 7,114 | | | | | | |
| 2003 | | 5,631 | | 5,631 | | 4,646 | 3,490 | 8,136 | 985 | | | | | | |
| 2002 | | 615 | | 615 | | | | - | 615 | | | | | | |
| 2001 and prior | | 563 | | 563 | | | | - | 563 | | | | | | |
| Total | \$ | 820,646 | \$ | 16,318,245 | \$ | (195,885) | \$ | 16,943,006 | \$ | 42,331 | 15,980,839 | 182,560 | 16,163,399 | \$ | 919,836 |
| Suspense collections: | | | | | | | | | | | | | | | |
| 2001-2015 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| Property taxes receivable considered available: | | | | | | | | | | | | | | | |
| June 30, 2017 | | | | | | | | | | | | | | | |
| June 30, 2018 | | | | | | | | | | | | | | | |
| Total Taxes | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

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

| | Special Revenue Funds | | | | | | |
|---|-----------------------|------------------|---------------------|-----------------------|------------------|-----------------|-------------------|
| | Sewer Operating | Dog License | School Cafeteria | Educational Grants | Open Space | Youth Center | Recreation |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 257,289 | \$ | \$ 430 | \$ | \$ | \$ | \$ |
| Accounts receivable | 125,426 | | | | | | |
| Due from other governments | | | 50,827 | 47,664 | | | |
| Inventory | | | 4,804 | | | | |
| Due from other funds | 20,785 | 67,625 | | 22,022 | 99,049 | | 109,154 |
| Total Assets | <u>\$ 403,500</u> | <u>\$ 67,625</u> | <u>\$ 56,061</u> | <u>\$ 69,686</u> | <u>\$ 99,049</u> | <u>\$ -</u> | <u>\$ 109,154</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 12,320 | \$ 8,280 | \$ 14,891 | \$ | \$ | \$ | \$ 8,054 |
| Due to other funds | | | 47,573 | | | 6,041 | |
| Unearned revenue | | | 29,943 | 61,012 | | | 56,708 |
| Total liabilities | <u>12,320</u> | <u>8,280</u> | <u>92,407</u> | <u>61,012</u> | <u>-</u> | <u>6,041</u> | <u>64,762</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable revenue - mortgage loans | | | | | | | |
| Unavailable revenue - sewer use charges | 123,373 | | | | | | |
| Total deferred inflows of resources | <u>123,373</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | | | |
| Nonspendable | | | 4,804 | | | | |
| Restricted | | | | 43,052 | | | |
| Committed | 267,807 | 59,345 | | | 99,049 | | 44,392 |
| Unassigned | | | (41,150) | (34,378) | | (6,041) | |
| Total fund balances | <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> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 403,500</u> | <u>\$ 67,625</u> | <u>\$ 56,061</u> | <u>\$ 69,686</u> | <u>\$ 99,049</u> | <u>\$ -</u> | <u>\$ 109,154</u> |

(Continued on next page)

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

| | Special Revenue Funds | | | Permanent Funds | | | | Total Nonmajor Funds |
|---|-----------------------|-----------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------------|
| | Small Cities | Phosphorus Removal | Total | Library Trust | Cemetery Trust | Scholarship | Total | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 1,252 | \$ | \$ 258,971 | \$ | \$ | \$ | \$ - | \$ 258,971 |
| Accounts receivable | 54,238 | | 179,664 | | | | - | 179,664 |
| Due from other governments | | | 98,491 | | | | - | 98,491 |
| Inventory | | | 4,804 | | | | - | 4,804 |
| Due from other funds | | | 318,635 | 98,532 | 10,442 | 208,229 | 317,203 | 635,838 |
| Total Assets | <u>\$ 55,490</u> | <u>\$ -</u> | <u>\$ 860,565</u> | <u>\$ 98,532</u> | <u>\$ 10,442</u> | <u>\$ 208,229</u> | <u>\$ 317,203</u> | <u>\$ 1,177,768</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ | \$ | \$ 43,545 | \$ | \$ | \$ | \$ - | \$ 43,545 |
| Due to other funds | | | 53,614 | | | | - | 53,614 |
| Unearned revenue | | | 147,663 | | | | - | 147,663 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>244,822</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>244,822</u> |
| Deferred Inflows of Resources: | | | | | | | | |
| Unavailable revenue - mortgage loans | 55,488 | | 55,488 | | | | - | 55,488 |
| Unavailable revenue - sewer use charges | | | 123,373 | | | | - | 123,373 |
| Total deferred inflows of resources | <u>55,488</u> | <u>-</u> | <u>178,861</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>178,861</u> |
| Fund Balances: | | | | | | | | |
| Nonspendable | | | 4,804 | 33,919 | 10,442 | 211,659 | 256,020 | 260,824 |
| Restricted | 2 | | 43,054 | 64,613 | | | 64,613 | 107,667 |
| Committed | | | 470,593 | | | | - | 470,593 |
| Unassigned | | | (81,569) | | | (3,430) | (3,430) | (84,999) |
| Total fund balances | <u>2</u> | <u>-</u> | <u>436,882</u> | <u>98,532</u> | <u>10,442</u> | <u>208,229</u> | <u>317,203</u> | <u>754,085</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 55,490</u> | <u>\$ -</u> | <u>\$ 860,565</u> | <u>\$ 98,532</u> | <u>\$ 10,442</u> | <u>\$ 208,229</u> | <u>\$ 317,203</u> | <u>\$ 1,177,768</u> |

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|------------------|---------------------|-----------------------|------------------|-------------------|------------------|
| | Sewer Operating | Dog License | School Cafeteria | Educational Grants | Open Space | Youth Center | Recreation |
| Revenues: | | | | | | | |
| Intergovernmental | \$ | \$ | \$ 262,199 | \$ 1,200,626 | \$ | \$ | \$ |
| Charges for services | 469,100 | 13,030 | 171,771 | | | | 253,533 |
| Income on investments | 1,422 | | 16 | | 1,147 | | 164 |
| Miscellaneous | | | 1,077 | 8,994 | | | 1,545 |
| Total revenues | <u>470,522</u> | <u>13,030</u> | <u>435,063</u> | <u>1,209,620</u> | <u>1,147</u> | <u>-</u> | <u>255,242</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Public safety | | 8,280 | | | | | |
| Public works | 426,438 | | | | | | |
| Civic and cultural | | | | | | | 246,566 |
| Education | | | 408,414 | 1,184,317 | | | |
| Total expenditures | <u>426,438</u> | <u>8,280</u> | <u>408,414</u> | <u>1,184,317</u> | <u>-</u> | <u>-</u> | <u>246,566</u> |
| Excess (Deficiency) of Revenues over Expenditures | 44,084 | 4,750 | 26,649 | 25,303 | 1,147 | | 8,676 |
| Other Financing Sources (Uses): | | | | | | | |
| Clean water fund proceeds | | | | | | | |
| Transfers out | (21,780) | | | | | | |
| Net other financing sources (uses) | <u>(21,780)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 22,304 | 4,750 | 26,649 | 25,303 | 1,147 | - | 8,676 |
| Fund Balances - Beginning of Year | <u>245,503</u> | <u>54,595</u> | <u>(62,995)</u> | <u>(16,629)</u> | <u>97,902</u> | <u>(6,041)</u> | <u>35,716</u> |
| Fund Balances - End 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> |

(Continued on next page)

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

| | Special Revenue Funds | | | Permanent Funds | | | | Total Nonmajor Governmental Funds |
|--|-----------------------|-----------------------|-------------------|------------------|-------------------|-------------------|-------------------|--|
| | Small Cities | Phosphorus Removal | Total | Library Trust | Cemetery Trust | Scholarship | Total | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ | \$ | \$ 1,462,825 | \$ | \$ | \$ | \$ - | \$ 1,462,825 |
| Charges for services | | | 907,434 | | | | - | 907,434 |
| Income on investments | 2 | | 2,751 | 1,016 | 119 | 2,460 | 3,595 | 6,346 |
| Miscellaneous | | | 11,616 | 4,717 | | | 4,717 | 16,333 |
| Total revenues | <u>2</u> | | <u>2,384,626</u> | <u>5,733</u> | <u>119</u> | <u>2,460</u> | <u>8,312</u> | <u>2,392,938</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | | | 8,280 | | | | - | 8,280 |
| Public works | | 61,119 | 487,557 | | | | - | 487,557 |
| Civic and cultural | | | 246,566 | 2,676 | | | 2,676 | 249,242 |
| Education | | | 1,592,731 | | | 2,323 | 2,323 | 1,595,054 |
| Total expenditures | <u>-</u> | <u>61,119</u> | <u>2,335,134</u> | <u>2,676</u> | <u>-</u> | <u>2,323</u> | <u>4,999</u> | <u>2,340,133</u> |
| Excess (Deficiency) of Revenues over Expenditures | 2 | (61,119) | 49,492 | 3,057 | 119 | 137 | 3,313 | 52,805 |
| Other Financing Sources (Uses): | | | | | | | | |
| Clean water fund proceeds | | 553,687 | 553,687 | | | | | 553,687 |
| Transfers out | | | (21,780) | | | | - | (21,780) |
| Net other financing sources (uses) | <u>-</u> | <u>553,687</u> | <u>531,907</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>531,907</u> |
| Net Change in Fund Balance | 2 | 492,568 | 581,399 | 3,057 | 119 | 137 | 3,313 | 584,712 |
| Fund Balances - Beginning of Year | - | (492,568) | (144,517) | 95,475 | 10,323 | 208,092 | 313,890 | 169,373 |
| Fund Balances - End of Year | \$ <u>2</u> | \$ <u>-</u> | \$ <u>436,882</u> | \$ <u>98,532</u> | \$ <u>10,442</u> | \$ <u>208,229</u> | \$ <u>317,203</u> | \$ <u>754,085</u> |

**TOWN OF THOMPSON, CONNECTICUT
CAPITAL PROJECTS FUNDS
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Appropriations | | | Expenditures | | | Uncommitted Balance |
|---|-------------------------|---------------------|--------------------------|-------------------------|---------------------|--------------------------|------------------------|
| | Balance July 1, 2017 | Current Year | Balance June 30, 2018 | Balance July 1, 2017 | Current Year | Balance June 30, 2018 | |
| Capital Projects Funds: | | | | | | | |
| Paving mat/resurfacing | \$ 4,050,739 | \$ 923,118 | \$ 4,973,857 | \$ 3,874,726 | \$ 332,112 | \$ 4,206,838 | \$ 767,019 |
| Revaluation - prior years | 519,771 | 30,748 | 550,519 | 528,187 | 30,748 | 558,935 | (8,416) |
| Little League Complex | 79,900 | 6,000 | 85,900 | 57,950 | | 57,950 | 27,950 |
| Skateboard park renovations | 6,000 | | 6,000 | 1,142 | | 1,142 | 4,858 |
| Soccer fields | 12,000 | | 12,000 | | | - | 12,000 |
| Trails expense | 44,009 | 5,875 | 49,884 | 31,705 | 4,313 | 36,018 | 13,866 |
| 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 | 420,000 | 50,000 | 470,000 | 383,470 | 84,836 | 468,306 | 1,694 |
| Tourtellotte Windows Fund | | 150,000 | 150,000 | 17,039 | 222,881 | 239,920 | (89,920) |
| Library repairs | 233,734 | | 233,734 | 69,504 | 116,469 | 185,973 | 47,761 |
| Library roof repairs | 75,000 | | 75,000 | | | - | 75,000 |
| Rolling stock | 298,000 | 88,900 | 386,900 | 264,398 | 36,141 | 300,539 | 86,361 |
| Fuel tank replacement | 270,000 | | 270,000 | 348,294 | | 348,294 | (78,294) |
| School oil spill remediation bond | 540,000 | | 540,000 | 766,691 | 64,380 | 831,071 | (291,071) |
| School oil spill remediation not funded by bond | | 124,911 | 124,911 | | | - | 124,911 |
| School oil spill remediation replacement | | 22,650 | 22,650 | | | - | 22,650 |
| Phone system | 10,000 | | 10,000 | 7,940 | | 7,940 | 2,060 |
| Marianapolis sewer project | 2,400,000 | | 2,400,000 | 1,709,760 | 389,038 | 2,098,798 | 301,202 |
| Quaddick road bridge | 247,247 | | 247,247 | 247,248 | 2,231 | 249,479 | (2,232) |
| Eversource mower system | 80,806 | 26,735 | 107,541 | 52,143 | 25,728 | 77,871 | 29,670 |
| Sand Dam Road project | | | - | 6,613 | 1,500 | 8,113 | (8,113) |
| Loan proceeds | 1,068,000 | 540,000 | 1,608,000 | | | - | 1,608,000 |
| MERS | | 111,500 | 111,500 | | | - | 111,500 |
| T&B school project study | | 173,300 | 173,300 | | 43,325 | 43,325 | 129,975 |
| Town Hall Roof | | 29,000 | 29,000 | | | - | 29,000 |
| Other | | 718 | 718 | 986 | | 986 | (268) |
| Total | \$ 10,417,130 | \$ 2,283,455 | \$ 12,700,585 | \$ 8,413,513 | \$ 1,353,702 | \$ 9,767,215 | \$ 2,933,370 |

**TOWN OF THOMPSON, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2018</u> |
|--|---------------------------------|------------------|-------------------|----------------------------------|
| TOURTELLOTTE MEMORIAL HIGH SCHOOL | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>57,423</u> | \$ <u>74,211</u> | \$ <u>73,254</u> | \$ <u>58,380</u> |
| Liabilities: | | | | |
| Due to student groups | \$ <u>57,423</u> | \$ <u>74,211</u> | \$ <u>73,254</u> | \$ <u>58,380</u> |
| THOMPSON MIDDLE SCHOOL | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>10,173</u> | \$ <u>61,424</u> | \$ <u>49,514</u> | \$ <u>22,083</u> |
| Liabilities: | | | | |
| Due to student groups | \$ <u>10,173</u> | \$ <u>61,424</u> | \$ <u>49,514</u> | \$ <u>22,083</u> |
| MARY R FISHER ELEMENTARY SCHOOL | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>10,889</u> | \$ <u>27,771</u> | \$ <u>25,023</u> | \$ <u>13,637</u> |
| Liabilities: | | | | |
| Due to student groups | \$ <u>10,889</u> | \$ <u>27,771</u> | \$ <u>25,023</u> | \$ <u>13,637</u> |
| ATHLETIC | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>8,760</u> | \$ <u>9,453</u> | \$ <u>6,989</u> | \$ <u>11,224</u> |
| Liabilities: | | | | |
| Due to student groups | \$ <u>8,760</u> | \$ <u>9,453</u> | \$ <u>6,989</u> | \$ <u>11,224</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, 2018**

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2018</u> |
|-------------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| ESCROW | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 77,100 | \$ 1,157 | \$ 1,000 | \$ 77,257 |
| Due from other funds | <u>15,100</u> | | <u>1,000</u> | <u>14,100</u> |
| Total Assets | <u>\$ 92,200</u> | <u>\$ 1,157</u> | <u>\$ 2,000</u> | <u>\$ 91,357</u> |
| Liabilities: | | | | |
| Due to others | <u>\$ 92,200</u> | <u>\$ 1,157</u> | <u>\$ 2,000</u> | <u>\$ 91,357</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 164,345 | \$ 174,016 | \$ 155,780 | \$ 182,581 |
| Due from other funds | <u>15,100</u> | | <u>1,000</u> | <u>14,100</u> |
| Total Assets | <u>\$ 179,445</u> | <u>\$ 174,016</u> | <u>\$ 156,780</u> | <u>\$ 196,681</u> |
| Liabilities: | | | | |
| Due to student groups | \$ 87,245 | \$ 172,859 | \$ 154,780 | \$ 105,324 |
| Due to others | <u>92,200</u> | <u>1,157</u> | <u>2,000</u> | <u>91,357</u> |
| Total Liabilities | <u>\$ 179,445</u> | <u>\$ 174,016</u> | <u>\$ 156,780</u> | <u>\$ 196,681</u> |

TOWN OF THOMPSON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2018
(In Thousands)

| | <u>General Purpose</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> | <u>Pension Deficit</u> |
|---|------------------------|------------------|------------------|----------------------|------------------------|
| Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2017 | | | | | \$ <u>15,898</u> |
| Debt limitation: | | | | | |
| 2-1/4 times base | \$ 35,771 | \$ | \$ | \$ | \$ |
| 4-1/2 times base | | 71,541 | | | |
| 3-3/4 times base | | | 59,618 | | |
| 3-1/4 times base | | | | 51,669 | |
| 3 times base | | | | | 47,694 |
| Total debt limitation | <u>35,771</u> | <u>71,541</u> | <u>59,618</u> | <u>51,669</u> | <u>47,694</u> |
| Indebtedness: | | | | | |
| Bonds payable | <u>820</u> | <u>8,180</u> | <u>1,767</u> | | |
| Total indebtedness | <u>820</u> | <u>8,180</u> | <u>1,767</u> | <u>-</u> | <u>-</u> |
| Debt Limitation in Excess of Outstanding and Authorized Indebtedness | <u>\$ 34,951</u> | <u>\$ 63,361</u> | <u>\$ 57,851</u> | <u>\$ 51,669</u> | <u>\$ 47,694</u> |

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$111.3 million).