
TOWN OF THOMPSON, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2022



KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF THOMPSON, CONNECTICUT
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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Thompson, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Thompson's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Thompson and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Thompson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Thompson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Thompson's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules on pages 4-11, 58-63, and 64-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

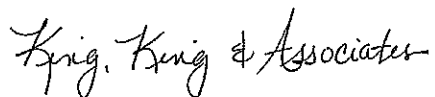
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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 other supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Town of Thompson's internal control over financial reporting and on our test 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'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's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
March 31, 2023

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Thompson, CT, we offer readers of the Town of Thompson, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Thompson, CT for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Thompson, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$36,629,295 (*net position*). Governmental activities reflect an unrestricted net position in the amount of \$2,722,227 which may be used to meet ongoing obligations to citizens and creditors. Restricted Net Position of \$2,845,640 is restricted for trust purposes.
- As of the close of the current fiscal year, the Town of Thompson, CT's governmental funds reported combined ending fund balances of \$7,016,077, a decrease of \$2,973,526 in comparison with the prior year. Of this amount, \$1,432,077 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,466,966 or 4 percent of total General Fund budget basis expenditures. The total fund balance of the General Fund was \$1,609,131 or 5 percent of total General Fund budget basis expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

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

The government-wide financial statements can be found on pages 12-13 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

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

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

The basic governmental fund financial statements can be found on pages 14-17 of this report.

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

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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June 30, 2022

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Thompson, CT's own programs. The accounting used for fiduciary funds is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Thompson, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,629,295 at the close of the most recent fiscal year.

Summary Statement of Net Position

| | 2022 | Restated 2021 | Variance |
|-----------------------------------|----------------------|----------------------|--------------------|
| Current and Other Assets | \$ 12,746,036 | \$ 18,215,351 | \$ (5,469,315) |
| Capital Assets | 39,940,400 | 37,541,794 | 2,398,606 |
| Total Assets | 52,686,436 | 55,757,145 | (3,070,709) |
| Deferred Outflows of Resources | 3,124,711 | 2,998,577 | 126,134 |
| Long-term Liabilities | 12,928,628 | 17,639,284 | (4,710,656) |
| Other Liabilities | 3,571,204 | 3,353,443 | 217,761 |
| Total Liabilities | 16,499,832 | 20,992,727 | (4,492,895) |
| Deferred Inflows of Resources | 2,619,489 | 1,523,038 | 1,096,451 |
| Net Position: | | | |
| Net Investment in Capital Assets: | 31,061,428 | 29,827,918 | 1,233,510 |
| Restricted for Trust Purposes: | | | |
| Nonexpendable | 2,602,881 | 2,602,881 | - |
| Expendable | 242,759 | 768,344 | (525,585) |
| Unrestricted: | 2,722,227 | 3,040,814 | (318,587) |
| Total Net Position | \$ 36,629,295 | \$ 36,239,957 | \$ 389,338 |

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets increased by \$1,233,510 primarily due to fixed asset additions greater than depreciation and the pay down of related debt.

The Town's restricted net position of \$2,845,640 decreased by \$525,585 compared to last years restricted net position of \$3,371,225.

The Town's unrestricted net position of \$2,722,227 decreased by \$318,587 compared to last years unrestricted net position of \$3,040,814.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
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Summary Statement of Changes in Net Position

| | 2022 | 2021 | Variance |
|-------------------------------------|----------------------|----------------------|---------------------|
| REVENUES | | | |
| <i>General Revenues:</i> | | | |
| Property Taxes | \$ 18,374,952 | \$ 17,603,288 | \$ 771,664 |
| Unrestricted Grants & Contributions | 115,597 | 98,948 | 16,649 |
| Unrestricted Investment Income | 81,295 | 428,852 | (347,557) |
| Other General Revenues | 449,806 | 376,650 | 73,156 |
| <i>Program Revenues:</i> | | | |
| Charges for Services | 1,535,687 | 1,342,137 | 193,550 |
| Operating Grants and Contributions | 12,440,540 | 16,304,917 | (3,864,377) |
| Capital Grants and Contributions | 458,999 | 54,248 | 404,751 |
| Total Revenues | <u>33,456,876</u> | <u>36,209,040</u> | <u>(2,752,164)</u> |
| EXPENSES | | | |
| <i>Governmental Activities:</i> | | | |
| General Government | 2,319,834 | 2,422,178 | (102,344) |
| Public Safety | 1,006,939 | 794,541 | 212,398 |
| Public Works | 2,754,499 | 3,518,073 | (763,574) |
| Human Services | 170,665 | 58,983 | 111,682 |
| Civic and Cultural | 1,147,695 | 846,424 | 301,271 |
| Development and Planning | 227,705 | 154,086 | 73,619 |
| Education | 25,151,074 | 27,117,883 | (1,966,809) |
| Interest on Long-Term Debt | 289,127 | 265,431 | 23,696 |
| Total Expenses | <u>33,067,538</u> | <u>35,177,599</u> | <u>(2,110,061)</u> |
| Changes in Net Position | 389,338 | 1,031,441 | <u>\$ (642,103)</u> |
| Beginning Net Position, As Restated | <u>36,239,957</u> | <u>35,397,826</u> | |
| Ending Net Position | <u>\$ 36,629,295</u> | <u>\$ 36,429,267</u> | |

Governmental activities. Governmental activities increased the Town of Thompson, CT's net position by \$389,338.

Key elements of this increase are as follows:

- Decrease in Public Works expenses due to a lower level of road maintenance activities in fiscal 2022.
- Decrease in Educational expenses due primarily to changes in actuarial assumptions related to the teachers' pension and other post-employment benefits.
- Increase in tax revenues collected.

Fifty-four percent (54%) of the revenues of the Town were derived from property taxes, followed by forty percent (40%) from grants and contributions, five percent (5%) from charges for services and one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

TOWN OF THOMPSON, CONNECTICUT
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June 30, 2022

Fifty-six percent (56%) of the expenses of the Town relate to education, twenty percent (20%) relate to debt service, seven percent (7%) relate to capital outlay, five percent (5%) relate to public works, three percent (3%) relate to general government, three percent (3%) relate to public safety and six percent (6%) related to the remainder of the government's expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the Town of Thompson, CT's governmental funds reported combined ending fund balances of \$7,016,077, a decrease of \$2,973,526 in comparison with the prior year. Twenty percent (20%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of Thompson, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,609,131. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 4 percent of total General Fund Budget Basis expenditures.

The fund balance of the Town of Thompson, CT's General Fund decreased by \$171,292 during the current fiscal year. Along with the used of budgeted deficit, key factors in this decrease are as follows:

- Expenditures coming in higher than originally budgeted in Education (Special Education costs) and Public Safety (private ambulance service related costs).

Tourtellotte Trust Fund. The fund balance of the Tourtellotte Trust Fund decreased by \$517,437 during the current fiscal year. This decrease is primarily attributable to the change in fair value of investments.

Other Grants Fund. The fund balance of the Other Grants Fund decreased by \$20,178 during the current fiscal year.

Capital Projects Fund. The fund balance of the Capital Projects Fund decreased by \$2,258,969 during the current fiscal year. This decrease is primarily related the school roof project and road work.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

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

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------------------|-------------------|-------------------|-------------------|
| REVENUES | | | |
| Property Taxes | \$ 18,368,374 | \$ 18,594,259 | \$ 225,885 |
| Intergovernmental | 7,632,923 | 7,641,045 | 8,122 |
| Local Revenues | 956,400 | 1,139,293 | 182,893 |
| Total Revenues | <u>26,957,697</u> | <u>27,374,597</u> | <u>416,900</u> |
| EXPENSES | | | |
| General Government | 1,107,545 | 1,107,597 | (52) |
| Public Safety | 832,990 | 1,114,636 | (281,646) |
| Public Works | 1,749,584 | 1,671,011 | 78,573 |
| Human Services | 177,434 | 170,665 | 6,769 |
| Civic and Cultural | 604,037 | 594,418 | 9,619 |
| Development and Planning | 182,435 | 184,806 | (2,371) |
| Sundry | 1,489,921 | 1,291,729 | 198,192 |
| Board of Education | 19,119,331 | 19,333,837 | (214,506) |
| Capital Outlay | 40,000 | 40,000 | - |
| Debt Service | 1,148,580 | 1,195,067 | (46,487) |
| Total Expenses | <u>26,451,857</u> | <u>26,703,766</u> | <u>(251,909)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Capital Projects Fund Appropriation | (835,000) | (835,000) | - |
| Use of Fund Balance | 15,000 | - | (15,000) |
| Transfers | 314,160 | 313,000 | (1,160) |
| Total Other Financing Sources (Uses) | <u>(505,840)</u> | <u>(522,000)</u> | <u>(16,160)</u> |
| INCREASE (DECREASE) | | | |
| IN FUND BALANCE | <u>\$ -</u> | <u>\$ 148,831</u> | <u>\$ 148,831</u> |

The original approved budget projected a use of fund balance of \$15,000. The Town did not approve additional appropriations from fund balance during the year.

Actual revenues came in \$416,900 over budget. Much of this is due to higher-than-expected revenues from expected tax collections (over budget by \$225,885).

Expenditures were \$251,909 over the final budget with a number of departments coming in over budget.

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Thompson, CT's reported value in capital assets for its governmental activities as of June 30, 2022, amounts to \$39,940,400 (net of accumulated depreciation). This reported value in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,398,606, which consisted of capital additions of \$4,212,201 offset by current year depreciation of \$1,807,386 and disposals of \$6,209.

| | 2022 | 2021 |
|----------------------------|----------------------|----------------------|
| Land | \$ 2,475,200 | \$ 2,475,200 |
| Construction in progress | 5,044,867 | 2,743,626 |
| Buildings and Improvements | 26,142,187 | 27,060,050 |
| Machinery and Equipment | 2,326,478 | 1,835,295 |
| Infrastructure | 3,951,668 | 3,427,623 |
| | <u>\$ 39,940,400</u> | <u>\$ 37,541,794</u> |

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

- Various IT equipment both at the Town and BOE.
- School roof project.
- Replacement of windows at the 1909 Tourtellotte Memorial High School building.
- 2021 Freightliner roll-off truck

Additional information on the Town of Thompson, CT's capital assets can be found in Note 6 on page 34 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Thompson, CT had long-term debt and liabilities outstanding of \$12,928,628.

| | 2022 | 2021 |
|---------------------------|----------------------|----------------------|
| General Obligation Bonds | \$ 8,337,197 | \$ 7,197,273 |
| CWF Bonds | 431,226 | 455,636 |
| Bond Anticipation Note | - | 2,514,957 |
| Equipment Financing Notes | 453,006 | 455,360 |
| Compensated Absences | 241,270 | 274,013 |
| Net Pension Liability | 2,074,169 | 2,342,189 |
| OPEB Liability | 1,391,760 | 3,013,140 |
| | <u>\$ 12,928,628</u> | <u>\$ 16,252,568</u> |

The Town of Thompson, CT's total long-term debt and liabilities decreased by \$3,323,940 (25.7 percent) during the current fiscal year. Additional information on the Town of Thompson, CT's long-term debt can be found in Note 7 on pages 35-37.

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

TOWN OF THOMPSON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

All of these factors were considered in preparing the Town of Thompson, CT's budget for the 2023 fiscal year and the Boards of Selectmen and Finance are preparing a plan of action for the worst-case scenarios.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Thompson, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Finance, Town of Thompson, 815 Riverside Drive, Thompson, CT 06255.

Basic
Financial
Statements

TOWN OF THOMPSON, CONNECTICUT

Statement of Net Position

June 30, 2022

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 7,851,159 |
| Restricted Cash | 171,600 |
| Investments | 2,288,478 |
| Receivables, Net | 2,416,466 |
| Other Assets | 18,333 |
| Capital Assets: | |
| Assets Not Being Depreciated | 7,520,067 |
| Assets Being Depreciated, Net | <u>32,420,333</u> |
| Total Assets | <u>52,686,436</u> |
| Deferred Outflows of Resources | |
| Deferred Amounts on Refunding | 342,457 |
| Deferred Outflows - Pension | 2,120,528 |
| Deferred Outflows - OPEB | <u>599,195</u> |
| Total Deferred Outflows of Resources | <u>3,062,180</u> |
| Liabilities | |
| Accounts Payable and Accrued Items | 1,901,873 |
| Accrued Interest Payable | 43,318 |
| Unearned Revenue | 1,454,413 |
| Performance Bonds Payable | 171,600 |
| Noncurrent Liabilities: | |
| Due Within One Year | 1,367,272 |
| Due In More Than One Year | <u>11,561,356</u> |
| Total Liabilities | <u>16,499,832</u> |
| Deferred Inflows of Resources | |
| Deferred Inflows - Pension | 1,026,664 |
| Deferred Inflows - OPEB | <u>1,592,825</u> |
| Total Deferred Inflows of Resources | <u>2,619,489</u> |
| Net Position | |
| Net Investment in Capital Assets | 31,061,428 |
| Restricted for Purposes of Trust: | |
| Nonexpendable | 2,602,881 |
| Expendable | 242,759 |
| Unrestricted | <u>2,722,227</u> |
| Total Net Position | <u>\$ 36,629,295</u> |

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

TOWN OF THOMPSON, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2022

| 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: | | | | | |
| General Government | \$ 2,319,834 | \$ 281,233 | \$ 330,795 | \$ - | \$ (1,707,806) |
| Public Safety | 1,006,939 | 21,364 | - | - | (985,575) |
| Public Works | 2,754,499 | 957,005 | 417,545 | - | (1,379,949) |
| Human Services | 170,665 | - | - | - | (170,665) |
| Civic and Cultural | 1,147,695 | 127,294 | 58,936 | - | (961,465) |
| Development and Planning | 227,705 | 24,152 | - | - | (203,553) |
| Education | 25,151,074 | 124,639 | 11,633,264 | 458,999 | (12,934,172) |
| Interest on Long-Term Debt | 289,127 | - | - | - | (289,127) |
| Total Governmental Activities | 33,067,538 | 1,535,687 | 12,440,540 | 458,999 | (18,632,312) |

General Revenues:

| | |
|--|---------------|
| Property Taxes, Interest and Lien Fees | 18,374,952 |
| Grants and Contributions not Restricted to Specific Programs | 115,597 |
| Unrestricted Investment Earnings | 81,295 |
| Other | 449,806 |
| Total General Revenues | 19,021,650 |
| Change in Net Position | 389,338 |
| Net Position - Beginning of Year, Restated | 36,239,957 |
| Net Position - End of Year | \$ 36,629,295 |

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

TOWN OF THOMPSON, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2022

| | General Fund | Capital Projects | Tourtellotte Trust Fund | Other Grants Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------------------|-------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 7,085,981 | \$ 7,074 | \$ 198,825 | \$ 10 | \$ 247,174 | \$ 7,539,064 |
| Restricted Cash | 171,600 | - | - | - | - | 171,600 |
| Investments | - | - | 2,288,478 | - | - | 2,288,478 |
| Receivables, Net of Allowance | 1,517,121 | - | - | 30,881 | 868,464 | 2,416,466 |
| Inventory | - | - | - | - | 18,333 | 18,333 |
| Due from Other Funds | 305,620 | 2,142,618 | 41,093 | 1,234,642 | 631,772 | 4,355,745 |
| Total Assets | \$ 9,080,322 | \$ 2,149,692 | \$ 2,528,396 | \$ 1,265,533 | \$ 1,765,743 | \$ 16,789,686 |
| Liabilities | | | | | | |
| Accounts Payable and Accrued Items | \$ 1,738,099 | \$ 782 | \$ - | \$ 88,764 | \$ 64,837 | \$ 1,892,482 |
| Performance Bonds Payable | 171,600 | - | - | - | - | 171,600 |
| Unearned Revenue | - | - | - | 1,176,547 | 277,866 | 1,454,413 |
| Due to Other Funds | 4,128,748 | - | - | - | 305,620 | 4,434,368 |
| Total Liabilities | 6,038,447 | 782 | - | 1,265,311 | 648,323 | 7,952,863 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenues: | | | | | | |
| Property Taxes and Interest | 1,432,744 | - | - | - | - | 1,432,744 |
| Mortgage Loans | - | - | - | - | 55,487 | 55,487 |
| Sewer Use Charges | - | - | - | - | 332,515 | 332,515 |
| Total Deferred Inflows of Resources | 1,432,744 | - | - | - | 388,002 | 1,820,746 |
| Fund Balances | | | | | | |
| Nonspendable | - | - | 2,349,116 | - | 253,765 | 2,602,881 |
| Restricted | - | - | 179,280 | 222 | 166,416 | 345,918 |
| Committed | - | 2,148,910 | - | - | 344,126 | 2,493,036 |
| Assigned | 142,165 | - | - | - | - | 142,165 |
| Unassigned | 1,466,966 | - | - | - | (34,889) | 1,432,077 |
| Total Fund Balances | 1,609,131 | 2,148,910 | 2,528,396 | 222 | 729,418 | 7,016,077 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 9,080,322 | \$ 2,149,692 | \$ 2,528,396 | \$ 1,265,533 | \$ 1,765,743 | \$ 16,789,686 |

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

TOWN OF THOMPSON, CONNECTICUT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

Fund balances reported in governmental funds Balance Sheet **\$ 7,016,077**

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

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

| | |
|-----------------------|--------------|
| <i>Capital Assets</i> | 78,780,530 |
| <i>Depreciation</i> | (38,840,130) |

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

| | |
|---|-----------|
| <i>Property taxes, interest and liens receivable greater than 60 days</i> | 1,432,744 |
| <i>Housing loans</i> | 55,487 |
| <i>Sewer use charges</i> | 332,515 |

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

381,327

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

342,457

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

| | |
|------------------------------------|-------------|
| <i>Deferred Outflows - Pension</i> | 2,183,059 |
| <i>Deferred Outflows - OPEB</i> | 599,195 |
| <i>Deferred Inflows - Pension</i> | (1,026,664) |
| <i>Deferred Inflows - OPEB</i> | (1,592,825) |

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

| | |
|--|--------------------|
| <i>Accrued Interest Payable</i> | (43,318) |
| <i>Bonds Payable</i> | (8,337,197) |
| <i>Equipment Financing Notes Payable</i> | (453,006) |
| <i>Clean Water Fund Payable</i> | (431,226) |
| <i>Compensated Absences</i> | (241,270) |
| <i>Total OPEB Liability</i> | (1,391,760) |
| <i>Net Pension Liability</i> | <u>(2,074,169)</u> |

Net position of governmental activities **\$ 36,691,826**

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

TOWN OF THOMPSON, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

| | General Fund | Capital Projects | Tourtellotte Trust Fund | Other Grants Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------------------|-------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | | |
| Property Taxes, Interest and Lien Fees | \$ 18,594,259 | \$ - | \$ - | \$ - | \$ - | \$ 18,594,259 |
| Intergovernmental Revenues | 9,967,637 | 417,545 | - | 359,742 | 2,912,253 | 13,657,177 |
| Licenses, Permits, and Charges for Services | 953,602 | 3,783 | - | 22,124 | 735,759 | 1,715,268 |
| Investment Income | 8,498 | 6 | 71,946 | - | 845 | 81,295 |
| Other Revenue | 169,761 | 46,188 | - | - | 45,657 | 261,606 |
| Total Revenues | <u>29,693,757</u> | <u>467,522</u> | <u>71,946</u> | <u>381,866</u> | <u>3,694,514</u> | <u>34,309,605</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government | 1,159,721 | - | - | 373,097 | - | 1,532,818 |
| Public Safety | 1,129,349 | - | - | - | 14,809 | 1,144,158 |
| Public Works | 1,703,764 | - | - | - | 439,006 | 2,142,770 |
| Human Services | 170,665 | - | - | - | - | 170,665 |
| Civic and Cultural | 619,630 | - | - | 28,947 | 153,138 | 801,715 |
| Development and Planning | 184,806 | - | - | - | - | 184,806 |
| Sundry | 1,291,729 | - | - | - | - | 1,291,729 |
| Education | 21,848,318 | - | 319,383 | - | 3,016,911 | 25,184,612 |
| Debt Service | 6,375,067 | 2,567,447 | - | - | 33,300 | 8,975,814 |
| Capital Outlay | 217,139 | 2,994,044 | - | - | - | 3,211,183 |
| Total Expenditures | <u>34,700,188</u> | <u>5,561,491</u> | <u>319,383</u> | <u>402,044</u> | <u>3,657,164</u> | <u>44,640,270</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (5,006,431) | (5,093,969) | (247,437) | (20,178) | 37,350 | (10,330,665) |
| Other Financing Sources/(Uses) | | | | | | |
| Issuance of Bonds | - | 2,000,000 | - | - | - | 2,000,000 |
| Issuance of Equipment Financing Notes | 177,139 | - | - | - | - | 177,139 |
| Issuance of Refunding Bonds | 5,180,000 | - | - | - | - | 5,180,000 |
| Transfers In | 313,000 | 835,000 | - | - | 23,618 | 1,171,618 |
| Transfers Out | (835,000) | - | (270,000) | - | (66,618) | (1,171,618) |
| Total Other Financing Sources/(Uses) | <u>4,835,139</u> | <u>2,835,000</u> | <u>(270,000)</u> | <u>-</u> | <u>(43,000)</u> | <u>7,357,139</u> |
| Net Change in Fund Balances | (171,292) | (2,258,969) | (517,437) | (20,178) | (5,650) | (2,973,526) |
| Fund Balances at Beginning of Year, As Restated | <u>1,780,423</u> | <u>4,407,879</u> | <u>3,045,833</u> | <u>20,400</u> | <u>735,068</u> | <u>9,989,603</u> |
| Fund Balances at End of Year | <u>\$ 1,609,131</u> | <u>\$ 2,148,910</u> | <u>\$ 2,528,396</u> | <u>\$ 222</u> | <u>\$ 729,418</u> | <u>\$ 7,016,077</u> |

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

TOWN OF THOMPSON, CONNECTICUT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (2,973,526)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

| | |
|-----------------------------|-------------|
| <i>Capital outlay</i> | 4,212,201 |
| <i>Depreciation expense</i> | (1,807,386) |
| <i>Loss on disposal</i> | (6,209) |

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

| | |
|--|-----------|
| <i>Property taxes, interest and liens collected accrual basis change</i> | (219,307) |
| <i>Sewer use receivable accrual basis change</i> | 50,002 |

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

| | |
|--|-------------|
| <i>Proceeds from long-term debt - general obligation bonds</i> | (2,000,000) |
| <i>Proceeds from long-term debt - general obligation refunding bonds</i> | (5,180,000) |
| <i>Proceeds from long-term debt - equipment financing notes</i> | (177,139) |
| <i>Bonds refunded</i> | 5,140,000 |
| <i>Principal payments on long-term debt - general obligation bonds</i> | 900,076 |
| <i>Principal payments on long-term debt - bond anticipation note</i> | 2,514,957 |
| <i>Principal payments on long-term debt - loans</i> | 24,410 |
| <i>Principal payments on long-term debt - equipment financing notes</i> | 179,493 |
| <i>Amortization of deferred charge on refunding</i> | (451,469) |
| <i>Deferred charge on refunding</i> | 399,533 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--|-------------|
| <i>Accrued Interest</i> | (20,313) |
| <i>Compensated Absences</i> | 32,743 |
| <i>Change in Deferred Outflows - Pension</i> | 242,754 |
| <i>Change in Deferred Outflows - OPEB</i> | (64,684) |
| <i>Change in Deferred Inflows - Pension</i> | 441,523 |
| <i>Change in Deferred Inflows - OPEB</i> | (1,537,974) |
| <i>Net Pension Asset</i> | (1,195,731) |
| <i>Net Pension Liability</i> | 268,020 |
| <i>Total OPEB Liability</i> | 1,621,380 |

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

58,515

Change in net position of governmental activities **\$ 451,869**

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

TOWN OF THOMPSON, CONNECTICUT
Statement of Net Position
Proprietary Funds
June 30, 2022

| | Governmental Activities |
|---------------------------|--------------------------------------|
| | Internal Service Fund |
| Assets | |
| Cash and Cash Equivalents | \$ 312,095 |
| Due from Other Funds | <u> 78,623</u> |
| Total Assets | <u> 390,718</u> |
| Liabilities | |
| Due to Other Funds | - |
| Claims Payable | <u> 9,391</u> |
| Total Liabilities | <u> 9,391</u> |
| Net Position | |
| Unrestricted | <u><u> \$ 381,327</u></u> |

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

TOWN OF THOMPSON, CONNECTICUT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | Governmental Activities Internal Service Fund |
|----------------------------------|--|
| Operating Revenues | |
| Charges for Services | \$ 181,897 |
| Operating Expenses | |
| Claims | 111,490 |
| Administrative Charges | 11,892 |
| Total Operating Expenses | 123,382 |
| Income (Loss) from Operations | 58,515 |
| Non-Operating Revenues | |
| Interest Income | - |
| Change in Net Position | 58,515 |
| Net Position - Beginning of Year | 322,812 |
| Net Position - End of Year | \$ 381,327 |

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

TOWN OF THOMPSON, CONNECTICUTStatement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

| | Governmental Activities |
|--|--------------------------------------|
| | Internal Service Fund |
| Cash Flows from Operating Activities | |
| Cash Received from Charges for Services | \$ 181,897 |
| Cash Paid to Other Funds | (74,029) |
| Cash Paid for Benefits | (106,759) |
| Cash Paid for Administration | (11,892) |
| Net Cash Provided by (Used in) Operating Activities | (10,783) |
| Cash Flows from Investing Activities | |
| Interest Income | - |
| Net Cash from Investing Activities | - |
| Net Increase (Decrease) in Cash and Equivalents | (10,783) |
| Cash and Equivalents - Beginning of Year | 322,878 |
| Cash and Equivalents - End of Year | \$ 312,095 |
| Reconciliation of Income from Operations to Net Cash Provided by (Used in) Operating Activities | |
| Income (Loss) from Operations | \$ 58,515 |
| Adjustments to Reconcile Income to Net Cash Provided by (Used in) Operating Activities: | |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Due from Other Funds | (74,029) |
| Increase (Decrease) in Claims Payable | 4,731 |
| Net Cash Provided by (Used in) Operating Activities | \$ (10,783) |

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

TOWN OF THOMPSON, CONNECTICUT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

| | Pension Trust Fund |
|---------------------------------------|-----------------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 108,976 |
| Investments, at Fair Value | |
| Mutual Funds | <u>6,986,504</u> |
| Total Assets | <u>7,095,480</u> |
| Deferred Outflows of Resources | <u>-</u> |
| Liabilities | |
| Payables | <u>-</u> |
| Total Liabilities | <u>-</u> |
| Deferred Inflows of Resources | <u>-</u> |
| Net Position | |
| Restricted for Pension Benefits | <u><u>\$ 7,095,480</u></u> |

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

TOWN OF THOMPSON, CONNECTICUT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

| | <u>Pension Trust Fund</u> |
|---|-----------------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 117,554 |
| Plan Members | 93,453 |
| Investment Income: | |
| Net Appreciation/(Depreciation) in Fair Value of Investments | (1,594,871) |
| Interest and Dividends | <u>513,414</u> |
| Total Investment Income | (1,081,457) |
| Less: Investment Management Fees | <u>(5,166)</u> |
| Total Additions | <u>(875,616)</u> |
| Deductions | |
| Pension Benefits | 519,842 |
| Administrative Expenses | <u>25,217</u> |
| Total Deductions | <u>545,059</u> |
| Change in Net Position | (1,420,675) |
| Net Position at Beginning of Year | <u>8,516,155</u> |
| Net Position at End of Year | <u>\$ 7,095,480</u> |

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. The Entity adopted the requirements of the guidance effective July, 1, 2021, however, management concluded that they did not have any significant arrangements that met the requirement of this standard.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

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

- The *Pension Trust Fund* accounts for the activities of the Board of Education non-teacher retirement system, which accumulates resources for pension benefit payments to qualified Board of Education employees.

Additionally, the Town reports the following funds types:

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

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

Estimates

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

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

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

Due To/From Other Funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Taxes and Other Receivables - Property taxes are assessed as of October 1 and billed the following July. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1.5% per month. Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue. Liens are filed on real property, which have unpaid property taxes as of June 30. All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$9,000 is equal to 1.0% of outstanding taxes as of June 30, 2022.

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

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statements of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension and OPEB plans. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest and lien fees, and long-term loans and sewer use charges. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

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

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

Fair Value of Financial Instruments

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

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

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

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

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

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

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

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - General Fund

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

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

Additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen. Town meeting approval may be required as determined by State Statute. There were 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 overexpanded the final budget for Public Safety and Board of Education.

NOTE 3 – CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENTS

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

The following is a summary of cash and cash equivalents at June 30, 2022:

| | Governmental Funds | Proprietary Funds | Fiduciary Funds | Total |
|------------------|-----------------------|----------------------|--------------------|---------------------|
| Cash | \$ 6,175,320 | \$ 312,095 | \$ 108,976 | \$ 6,596,391 |
| Cash Equivalents | 1,363,744 | - | - | 1,363,744 |
| Restricted Cash | 171,600 | - | - | 171,600 |
| Total | <u>\$ 7,710,664</u> | <u>\$ 312,095</u> | <u>\$ 108,976</u> | <u>\$ 8,131,735</u> |

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio. The following is a reconciliation of the Town's deposits subject to custodial credit risk:

| | |
|---|---------------------|
| Cash, Cash Equivalents, and Restricted Cash | \$ 8,131,735 |
| Less: Cash Equivalents (STIF) | (1,363,744) |
| | <u>\$ 6,767,991</u> |

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

At year-end, the Town's carrying amount of deposits subject to custodial credit risk was \$6,767,991 and the bank balance was \$6,937,345. Of the bank balance, Federal Depository Insurance Corporation insured \$766,148.

As of June 30, 2022, \$6,171,197 of the Town's bank balance of \$6,937,345 was exposed to custodial credit risk as follows:

| | |
|--|---------------------|
| Uninsured and uncollateralized | \$ 5,503,982 |
| Uninsured and collateral held by pledging bank's Trust department not in the Town's name | <u>667,215</u> |
| Total | <u>\$ 6,171,197</u> |

Cash Equivalents

At June 30, 2022, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$1,363,744. STIF is rated AAAM by Standard and Poor's and has an average maturity of under 60 days.

Investments

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

| Description | June 30, 2022 | Fair Value Measurements Using | | |
|-------------------|---------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasury | \$ 586,845 | \$ - | \$ 586,845 | \$ - |
| Corporate Bonds | 597,360 | - | 597,360 | - |
| Mutual Funds | 7,496,736 | 7,496,736 | - | - |
| Common Stock | 594,041 | 594,041 | - | - |
| Total Investments | <u>\$ 9,274,982</u> | <u>\$ 8,090,777</u> | <u>\$ 1,184,205</u> | <u>\$ -</u> |

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

| Average Rating | Corporate Bonds |
|-------------------|--------------------|
| AAA | \$ 122,592 |
| AA2 | 104,962 |
| A1 | 175,011 |
| A2 | 72,268 |
| BAA1 | 50,074 |
| BAA2 | 47,903 |
| WR | 24,550 |
| | <u>\$ 597,360</u> |

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

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

As of June 30, 2022, the Town had the following investments subject to interest rate risk:

| | Total | Investment Maturities (In Years) | | |
|-----------------|---------------------|----------------------------------|-------------------|-------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 |
| U.S Treasury | \$ 586,845 | \$ - | \$ 586,845 | \$ - |
| Corporate Bonds | 597,360 | 229,937 | 367,423 | - |
| Total | <u>\$ 1,184,205</u> | <u>\$ 229,937</u> | <u>\$ 954,268</u> | <u>\$ -</u> |

NOTE 4 – RECEIVABLES

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

| | General Fund | Other Grants Fund | Nonmajor and Other Funds | Total |
|------------------------------------|---------------------|-------------------------|--------------------------------|---------------------|
| Receivables: | | | | |
| Property taxes | \$ 880,541 | \$ - | \$ - | \$ 880,541 |
| Interest, Liens, and Fees | 645,580 | - | - | 645,580 |
| Usage Charges | - | - | 342,822 | 342,822 |
| Loans | - | - | 34,761 | 34,761 |
| Intergovernmental | - | 30,881 | 490,881 | 521,762 |
| Accounts | - | - | - | - |
| Gross Receivables | <u>1,526,121</u> | <u>30,881</u> | <u>868,464</u> | <u>2,425,466</u> |
| Less allowance for uncollectibles: | | | | |
| Property taxes | (9,000) | - | - | (9,000) |
| Interest, Liens, and Fees | - | - | - | - |
| Total allowance | <u>(9,000)</u> | <u>-</u> | <u>-</u> | <u>(9,000)</u> |
| Net Total Receivables | <u>\$ 1,517,121</u> | <u>\$ 30,881</u> | <u>\$ 868,464</u> | <u>\$ 2,416,466</u> |

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

| | <u>Unavailable</u> | <u>Unearned</u> |
|---|---------------------|---------------------|
| General Fund: | | |
| Property Taxes and Interest | \$ 1,432,744 | \$ - |
| Other Grants Fund: | | |
| Advances on Grants | - | 1,176,547 |
| Other Governmental Funds: | | |
| Advances on Grants | - | 232,038 |
| Fees Collected in Advance | - | 45,828 |
| Mortgage loans | 55,487 | - |
| Sewer use charges | 332,515 | - |
| | <u>332,515</u> | <u>-</u> |
| Total Unavailable/Unearned Revenue for Governmental Funds | <u>\$ 1,820,746</u> | <u>\$ 1,454,413</u> |

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2022 were as follows:

| <u>Transfer Out:</u> | <u>Transfer In:</u> | <u>Total</u> |
|-------------------------|-----------------------|---------------------|
| General Fund | Capital Projects Fund | \$ 835,000 |
| Nonmajor Funds | Nonmajor Funds | 23,618 |
| Nonmajor Funds | General Fund | 43,000 |
| Tourtellotte Trust Fund | General Fund | 270,000 |
| | | <u>\$ 1,171,618</u> |

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. Interfund receivables and payables during the year ended June 30, 2022 were as follows:

| <u>Receivable Fund:</u> | <u>Payable Fund:</u> | <u>Total</u> |
|-----------------------------|-----------------------------|------------------|
| Governmental Funds: | | |
| ISF- Dental Insurance | General Fund | \$ 78,623 |
| Other Grants Fund | General Fund | 1,234,642 |
| Nonmajor Governmental Funds | General Fund | 631,772 |
| Tourtellotte Trust Fund | General Fund | 41,093 |
| Capital Nonrecurring Fund | General Fund | 2,142,618 |
| General Fund | Nonmajor Governmental Funds | 305,620 |
| | | <u>4,434,368</u> |
| | Total Governmental Funds | <u>4,434,368</u> |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2022:

| <i>Governmental Activities</i> | Beginning Balance | Increases | Decreases | Ending Balances |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,475,200 | \$ - | \$ - | \$ 2,475,200 |
| Construction in Progress | 2,743,626 | 2,301,241 | - | 5,044,867 |
| Total capital assets, not being depreciated | <u>5,218,826</u> | <u>2,301,241</u> | <u>-</u> | <u>7,520,067</u> |
| Capital assets, being depreciated | | | | |
| Buildings and Improvements | 54,922,026 | 138,697 | - | 55,060,723 |
| Machinery & Equipment | 4,617,269 | 911,457 | (95,271) | 5,433,455 |
| Infrastructure | 9,905,479 | 860,806 | - | 10,766,285 |
| Total capital assets, being depreciated | <u>69,444,774</u> | <u>1,910,960</u> | <u>(95,271)</u> | <u>71,260,463</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 27,861,976 | 1,056,560 | - | 28,918,536 |
| Machinery & Equipment | 2,781,974 | 414,065 | (89,062) | 3,106,977 |
| Infrastructure | 6,477,856 | 336,761 | - | 6,814,617 |
| Total accumulated depreciation | <u>37,121,806</u> | <u>1,807,386</u> | <u>(89,062)</u> | <u>38,840,130</u> |
| Total capital assets, being depreciated | <u>32,322,968</u> | <u>103,574</u> | <u>(6,209)</u> | <u>32,420,333</u> |
| <i>Governmental Activities capital assets, net</i> | <u>\$ 37,541,794</u> | <u>\$ 2,404,815</u> | <u>\$ (6,209)</u> | <u>\$ 39,940,400</u> |

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

| | |
|----------------------------|---------------------|
| Governmental Activities: | |
| General Government | \$ 2,481 |
| Public Works | 397,905 |
| Civic and Cultural | 137,290 |
| Education | <u>1,269,710</u> |
| Total Depreciation Expense | |
| Governmental Activities | <u>\$ 1,807,386</u> |

Construction Commitments

The Town has one active construction project as of June 30, 2022. At year-end, the Town's commitments are as follows:

| | Spent to Date | Remaining Commitment |
|------------------------------------|------------------|-------------------------|
| Tourtellotte Trust Windows Project | \$ 779,456 | \$ 40,544 |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

The trust is carrying out an ongoing project to replace all windows in the 1909 Tourtellotte Memorial High School Building. Phase 2 of the project will start and hope to be completed in 2023. It is paid for via funds appropriated through the Tourtellotte Trust under the governance of the board of trustees, Board of Finance, and Board of Education.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|----------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$ 7,197,273 | \$ 7,180,000 | \$ 6,040,076 | \$ 8,337,197 | \$ 1,076,304 |
| CWF Bonds | 455,636 | - | 24,410 | 431,226 | 24,902 |
| Bond Anticipation Notes | 2,514,957 | - | 2,514,957 | - | - |
| Equipment Financing Notes | 455,360 | 177,139 | 179,493 | 453,006 | 142,018 |
| Net Pension Liability | 2,342,189 | 515,157 | 783,177 | 2,074,169 | N/A |
| OPEB Liability | 3,013,140 | - | 1,621,380 | 1,391,760 | N/A |
| Compensated Absences | 274,013 | 578 | 33,321 | 241,270 | 124,048 |
| Total Governmental Activities Long-Term Liabilities | \$ 16,252,568 | \$ 7,872,874 | \$ 11,196,814 | \$ 12,928,628 | \$ 1,367,272 |

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

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds outstanding as of June 30, 2022 consisted of the following:

| Purpose | Year of Issue | Original Amount | Interest Rates | Final Maturity | Principal Outstanding June 30, 2022 |
|--------------------------|------------------|--------------------|-------------------|-------------------|---|
| School bonds- Refunding | 2022 | \$ 5,180,000 | 1.420% | 2027 | \$ 5,180,000 |
| School bonds | 2022 | \$ 2,000,000 | 1.860% | 2030 | 2,000,000 |
| Sewers | 2016 | \$ 1,268,000 | 1.375% | 2056 | 1,141,622 |
| Sewers | 2016 | \$ 913,000 | 1.835% | 2056 | 15,575 |
| Total Outstanding | | | | | \$ 8,337,197 |

Bonds Authorized and Unissued

At June 30, 2022, the Town has debt authorized but unissued of \$1,132,000 and \$246,312 for the Marianapolis Sewer Extension, and Phosphorus Removal Project, respectively.

TOWN OF THOMPSON, CONNECTICUT**Notes to the Financial Statements**

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

| <u>Year(s)</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|----------------|---------------------|-------------------|---------------------|
| 2023 | \$ 1,076,304 | \$ 119,008 | \$ 1,195,312 |
| 2024 | 1,071,082 | 102,829 | 1,173,911 |
| 2025 | 1,086,441 | 86,608 | 1,173,049 |
| 2026 | 1,091,805 | 70,240 | 1,162,045 |
| 2027 | 1,107,173 | 53,726 | 1,160,899 |
| 2028-2032 | 2,036,573 | 118,430 | 2,155,003 |
| 2033-2037 | 151,578 | 55,552 | 207,130 |
| 2038-2042 | 162,289 | 44,840 | 207,129 |
| 2043-2047 | 173,758 | 33,372 | 207,130 |
| 2048-2052 | 186,037 | 21,092 | 207,129 |
| 2053-2057 | 194,157 | 7,643 | 201,800 |
| | <u>\$ 8,337,197</u> | <u>\$ 713,340</u> | <u>\$ 9,050,537</u> |

Interest paid and expensed on general obligation bonds for the year ended June 30, 2022 totaled \$145,132.

Clean Water Fund Loan

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

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

| <u>Year(s)</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|----------------|-------------------|------------------|-------------------|
| 2023 | \$ 24,902 | \$ 8,397 | \$ 33,299 |
| 2024 | 25,405 | 7,894 | 33,299 |
| 2025 | 25,918 | 7,382 | 33,300 |
| 2026 | 26,441 | 6,858 | 33,299 |
| 2027 | 26,975 | 6,325 | 33,300 |
| 2028-2032 | 143,263 | 23,233 | 166,496 |
| 2033-2037 | 158,322 | 8,181 | 166,503 |
| | <u>\$ 431,226</u> | <u>\$ 68,270</u> | <u>\$ 499,496</u> |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Equipment Financing Notes

The Town has equipment financing notes for the acquisition of various equipment.

| Equipment | Year of Issue | Original Amount | Interest Rate | Final Maturity | Principal Outstanding June 30, 2022 |
|--------------------------------|---------------|-----------------|---------------|----------------|-------------------------------------|
| Governmental Activities | | | | | |
| Rolloff Truck | 2022 | \$ 177,139 | 1.420% | 6/18/2026 | \$ 144,482 |
| Ford F550 | 2018 | 65,005 | 4.13% | 8/31/2022 | 13,815 |
| HO Penn Paving Dump Truck | 2019 | 369,751 | 3.89% | 7/11/2025 | 193,954 |
| Ford F350 2 Pick up Trucks | 2020 | 107,186 | 3.59% | 1/28/2024 | 44,354 |
| John Deer Backhoe | 2020 | 136,377 | 3.54% | 5/7/2024 | 56,401 |
| | | | | | <u>\$ 453,006</u> |

Annual debt service requirements on equipment financing notes as of June 30, 2022 are as follows:

| Year(s) | Principal | Interest | Total |
|---------|-------------------|------------------|-------------------|
| 2023 | \$ 142,018 | \$ 21,206 | \$ 163,224 |
| 2024 | 134,189 | 14,380 | 148,569 |
| 2025 | 86,418 | 8,112 | 94,530 |
| 2026 | 90,381 | 4,148 | 94,529 |
| Total | <u>\$ 453,006</u> | <u>\$ 47,846</u> | <u>\$ 500,852</u> |

Compensated Absences

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

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 8 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

| | General Fund | Capital Projects Fund | Tourtellotte Trust Fund | Other Grants Fund | Nonmajor Governmental Funds | Total |
|----------------------------|---------------------|-----------------------------|-------------------------------|-------------------------|-----------------------------------|---------------------|
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Permanent fund principal | \$ - | \$ - | \$ 2,349,116 | \$ - | \$ 253,765 | \$ 2,602,881 |
| Total Nonspendable | \$ - | \$ - | \$ 2,349,116 | \$ - | \$ 253,765 | \$ 2,602,881 |
| Restricted for: | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ 222 | \$ - | \$ 222 |
| Civic and cultural | - | - | - | - | 48,809 | 48,809 |
| Education | - | - | 179,280 | - | 117,607 | 296,887 |
| Total Restricted | \$ - | \$ - | \$ 179,280 | \$ 222 | \$ 166,416 | \$ 345,918 |
| Committed to: | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ 104,711 | \$ 104,711 |
| Public safety | - | - | - | - | 44,021 | 44,021 |
| Public works | - | - | - | - | 117,934 | 117,934 |
| Civic and cultural | - | - | - | - | 53,485 | 53,485 |
| Education | - | - | - | - | 23,975 | 23,975 |
| Capital projects | - | 2,148,910 | - | - | - | 2,148,910 |
| Total Committed | \$ - | \$ 2,148,910 | \$ - | \$ - | \$ 344,126 | \$ 2,493,036 |
| Assigned: | | | | | | |
| Future year's budget | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Purchases on order | 142,165 | - | - | - | - | 142,165 |
| Total Assigned | \$ 142,165 | \$ - | \$ - | \$ - | \$ - | \$ 142,165 |
| Unassigned: | \$ 1,466,966 | \$ - | \$ - | \$ - | \$ (34,889) | \$ 1,432,077 |
| Total Fund Balances | \$ 1,609,131 | \$ 2,148,910 | \$ 2,528,396 | \$ 222 | \$ 729,418 | \$ 7,016,077 |

Encumbrances of \$142,165, \$322,488, \$4,849 and \$105,743 at June 30, 2022 are contained in the above table in the assigned category of the General Fund, the committed category of the Capital Projects Fund, the restricted category of the Other Grants Fund, and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

Fund Deficit

The following funds had a fund deficit as of June 30, 2022:

| | |
|-----------------------------|------------------|
| Nonmajor Governmental Funds | |
| Educational Grants Fund | \$ 34,564 |
| Cemetery Trust | 325 |
| Total | \$ 34,889 |

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

NOTE 9 – RETIREMENT BENEFITS

Connecticut State Teacher's Retirement System

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

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

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

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

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

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

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2022, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$509,738. Covered payroll for the town for the year ended June 30, 2022 was approximately \$7,281,971.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

| | | |
|---|----|---|
| Town's proportionate share of the net pension liability | \$ | - |
|---|----|---|

| | | |
|---|--|-------------------|
| State's proportionate share of the net pension liability associated with the Town | | <u>27,146,693</u> |
|---|--|-------------------|

| | | |
|-------|----|-------------------|
| Total | \$ | <u>27,146,693</u> |
|-------|----|-------------------|

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2022, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$2,273,102 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,752,382 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|--|-------------------|
| Inflation | 2.50 Percent |
| Salary increases, including inflation | 3.00-6.50 Percent |
| Long-term investment rate of return, net of pension investment expense, including inflation. | 6.90 Percent |

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Domestic Equity Fund | 20.00% | 5.60% |
| Developed Market Intl. Stock Fund | 11.00% | 6.00% |
| Emerging Market Intl. Stock Fund | 9.00% | 7.90% |
| Core Fixed Income Fund | 16.00% | 2.10% |
| Inflation Linked Bond Fund | 5.00% | 1.10% |
| Emerging Market Debt Fund | 5.00% | 2.70% |
| High Yield Bond Fund | 6.00% | 4.00% |
| Real Estate Fund | 10.00% | 4.50% |
| Private Equity | 10.00% | 7.30% |
| Alternative Investments | 7.00% | 2.90% |
| Liquidity Fund | 1.00% | 0.40% |

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

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

Connecticut Municipal Employees' Retirement System

Plan Description: All Town employees not covered by the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions: The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

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

Contributions - Member: Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports a total liability of \$1,559,012 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the Town's proportion was 0.6587%.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2022, the Town recognized pension expense of \$559,795. As of June 30, 2022, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Town contributions subsequent to the measurement date | \$ 265,424 | \$ - |
| Difference between projected and actual earnings | - | 667,900 |
| Difference between expected and actual experience | 135,712 | 227,859 |
| Change of assumptions | 209,711 | - |
| Change in proportional share | 698,288 | 21,259 |
| Total | <u>\$ 1,309,135</u> | <u>\$ 917,018</u> |

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

Year ended June 30:

| | |
|------|-------------------|
| 2023 | \$ 301,768 |
| 2024 | 13,488 |
| 2025 | 5,189 |
| 2026 | <u>(193,752)</u> |
| | <u>\$ 126,693</u> |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|------------------------|--------------------------------------|------------------------|
| | <u>6.0%</u> | <u>7.0%</u> | <u>8.0%</u> |
| Net Pension Liability as of June 30, 2022 | <u>\$ 2,602,055</u> | <u>\$ 1,559,012</u> | <u>\$ 660,925</u> |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

BOE Noncertified Plan

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

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

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

Plan Membership - Membership of the Plan consisted of the following as of July 1, 2021, the date of the latest actuarial valuation:

| | |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 33 |
| Inactive plan members entitled to but not yet receiving benefits | 14 |
| Active plan members | 42 |
| | <u>89</u> |

Summary of Significant Accounting Policies

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

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

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of July 1, 2021:

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Target Allocation and Expected Rate of Return

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

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

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

Funding Policy – The contribution requirements of plan members are established and may be amended by the Board of Education, subject to union contract negotiation. Plan members are required to contribute a variable rate equal to one-half of the ratio of normal cost to covered payroll, with no contributions required after 20 years of service. Plan members' contributions are 7.32% of annual covered payroll. The Board is required to contribute at an actuarially determined rate; the current rate is 32.08% of annual covered payroll.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Town at June 30, 2022, were as follows:

| | |
|--|-------------------|
| Total pension liability | \$ 7,610,637 |
| Plan fiduciary net position | <u>7,095,480</u> |
| Net pension liability (asset) | <u>\$ 515,157</u> |
| Plan fiduciary net position as a percentage of total pension liability | 93.23% |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2021 valuation and projected forward to a measurement date of June 30, 2022:

| | |
|----------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent of salary |
| Inflation | 2.60% |
| Payroll growth | 4.6% at age 20, graded down to 2.6% at age 60, including inflation |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |
| Post-retirement mortality | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021. |

Changes of assumptions include a change in the mortality projection table.

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

The components of the changes in the net pension asset for the Plan for the year ended June 30, 2022 was as follows:

| | Increase (Decrease) | | |
|--|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2021 | \$ 7,320,424 | \$ 8,516,155 | \$ (1,195,731) |
| Changes for the year: | | | |
| Service Cost | 196,687 | - | 196,687 |
| Interest | 490,201 | - | 490,201 |
| Differences Between Expected and Actual Experience | 103,739 | - | 103,739 |
| Changes in Assumptions | 17,810 | - | 17,810 |
| Employer Contributions | - | 117,554 | (117,554) |
| Member Contributions | - | 93,453 | (93,453) |
| Net Investment Income | - | (1,098,362) | 1,098,362 |
| Benefit Payments | (518,224) | (518,224) | - |
| Administrative Expenses | - | (15,096) | 15,096 |
| Net Changes | 290,213 | (1,420,675) | 1,710,888 |
| Balance at June 30, 2022 | \$ 7,610,637 | \$ 7,095,480 | \$ 515,157 |

Plan fiduciary net position as a percentage of the total pension liability 93.23%

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|-------------------------------|-------------------------|-----------------------------------|-------------------------|
| Net Pension Liability/(Asset) | \$ 1,349,330 | \$ 515,157 | \$ (196,838) |

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

For the year ended June 30, 2022, the Town recognized pension expense of \$183,145. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net differences between projected and actual earnings | \$ 200,366 | \$ 28,664 |
| Differences between expected and actual experience | 596,577 | - |
| Changes of assumptions | 14,450 | 80,982 |
| Total | <u>\$ 811,393</u> | <u>\$ 109,646</u> |

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

| | |
|---------------------|-------------------|
| Year ended June 30: | |
| 2023 | \$ 128,062 |
| 2024 | 136,142 |
| 2025 | 69,390 |
| 2026 | 361,269 |
| 2027 | 6,884 |
| Thereafter | - |
| | <u>\$ 701,747</u> |

Other Post-Employment Benefits

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

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

Employees Covered by Benefit Terms: As of January 1, 2022, the following employees are covered by the benefit terms:

| | |
|---|------------|
| Retirees and beneficiaries receiving benefits | 3 |
| Active plan members | 158 |
| | <u>161</u> |

Total OPEB Liability: The Town's total OPEB liability of \$1,391,760 was measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined based upon a January 1, 2022 actuarial valuation for the Town using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.4% |
| Salary increases | 2.4%, average, including inflation |
| Discount rate | 3.54% |
| Healthcare cost trend rates | 6.5% for 2022, decreasing 0.2% per year to an ultimate rate of 4.4% for 2033 and later years |
| Retirees' share of benefit-related costs | 100% of projected health insurance premiums for retirees |

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

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

Mortality rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the January 1, 2022 valuation were based on industry surveys, plan experience and plan provisions.

Changes in the Total OPEB Liability:

| | Total OPEB Liability |
|---|-------------------------|
| Balance at 6/30/21 | \$ 3,013,140 |
| Changes for the year: | |
| Service Cost | 65,635 |
| Interest | 65,726 |
| Changes of Benefit Terms | - |
| Difference Between Expected and Actual Experience | (1,536,758) |
| Changes in Assumptions | (143,763) |
| Benefit Payments | (72,220) |
| Net Changes | (1,621,380) |
| Balance at 6/30/22 | <u>\$ 1,391,760</u> |

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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

| | 1% Decrease 2.54% | Current Discount Rate 3.54% | 1% Increase 4.54% |
|----------------------|-------------------------|-----------------------------------|-------------------------|
| Total OPEB Liability | \$ 1,531,206 | \$ 1,391,760 | \$ 1,268,919 |

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

| | 1% Decrease | Current Trend Rates | 1% Increase |
|----------------------|--------------|------------------------|--------------|
| Total OPEB Liability | \$ 1,244,193 | \$ 1,391,760 | \$ 1,563,856 |

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$42,655. As of June 30, 2022, the Town reported deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 50,270 | \$ (1,416,471) |
| Change of assumptions | 548,925 | (176,354) |
| Total | <u>\$ 599,195</u> | <u>\$ (1,592,825)</u> |

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

Year ended June 30:

| | |
|------------|---------------------|
| 2023 | \$ (77,863) |
| 2024 | (77,863) |
| 2025 | (77,863) |
| 2026 | (77,863) |
| 2027 | (77,863) |
| Thereafter | <u>(604,315)</u> |
| | <u>\$ (993,630)</u> |

Connecticut Teachers' Retirement System - OPEB

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

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

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

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$53,490.

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

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

| | |
|-------------------------------------|---|
| Inflation | 2.50% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.00% |
| Salary increases | 3.00-6.50%, including inflation |
| Long-term investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |

Municipal bond index rate:

| | |
|------------------------|-------|
| Measurement Date | 2.17% |
| Prior Measurement Date | 2.21% |

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

| | |
|------------------------|---|
| Measurement Date | 2.17%, net of OPEB plan investment expense, including price inflation |
| Prior Measurement Date | 2.21%, net of OPEB plan investment expense, Including price inflation |

Healthcare cost trend rates:

| | |
|----------|---|
| Medicare | 5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023 |
|----------|---|

Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

TOWN OF THOMPSON, CONNECTICUT

Notes to the Financial Statements

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

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

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

| Asset Class | Target Allocation | Expected 10-Year Geometric Real Rate of Return | Standard Deviation |
|---|-------------------|--|--------------------|
| U.S. Treasuries (Cash Equivalents) | 100.0% | -0.42% | 1.78% |
| Price inflation | | 2.50% | |
| Expected rate of return (Rounded nearest 0.25%) | | 2.00% | |

Discount Rate - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

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

| | 1% Lower Trend Rates | Current Trend Rates | 1% Higher Trend Rates |
|-------------------------------------|-------------------------|------------------------|--------------------------|
| Initial Healthcare Cost Trend Rate | 4.125% | 5.125% | 6.125% |
| Ultimate Healthcare Cost Trend Rate | 3.50% | 4.50% | 5.50% |
| Total OPEB Liability | \$ 2,477,134 | \$ 2,957,582 | \$ 3,614,582 |

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

| | 1% Decrease (1.17%) | Current Discount Rate (2.17%) | 1% Increase (3.17%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability | \$ 3,619,978 | \$ 2,957,582 | \$ 2,441,262 |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

| | |
|--|---------------------|
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>2,957,582</u> |
| Total | <u>\$ 2,957,582</u> |

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$53,490 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$109,214) for OPEB expense and revenue related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 10 – RISK MANAGEMENT

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

Dental Insurance Internal Service Fund

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

| | Claims Payable July 1 | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 |
|-----------|-----------------------------|---------------------------------------|----------------|------------------------------|
| 2019-2020 | \$ 4,728 | \$ 75,516 | \$ 76,470 | \$ 3,774 |
| 2020-2021 | 3,774 | 100,337 | 99,451 | 4,660 |
| 2021-2022 | 4,660 | 111,490 | 106,759 | 9,391 |

NOTE 11 – LITIGATION AND CONTINGENCIES

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

NOTE 12 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

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

GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2024.

TOWN OF THOMPSON, CONNECTICUT
Notes to the Financial Statements

NOTE 13 – PRIOR PERIOD RESTATEMENT

The Town corrected errors which were identified related to prior years. The effect of these corrections on the fund balances and net position are as follows:

| | <u>Governmental Activities</u> | <u>General Fund</u> |
|--|------------------------------------|-------------------------|
| Net position/fund balance as reported at June 30, 2021 | \$ 36,429,267 | \$ 1,969,733 |
| Adjustment for prior period | <u>(189,310)</u> | <u>(189,310)</u> |
| Net position/fund balance as restated at July 1, 2021 | <u>\$ 36,239,957</u> | <u>\$ 1,780,423</u> |

Required Supplementary Information

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 1 of 3

| | Budgeted Amounts | | Actual | |
|---------------------------------|-------------------|-------------------|-------------------|-----------------|
| | Original | Amended | Budgetary | Variance |
| | | | Basis | |
| Property Taxes | | | | |
| Current | \$ 17,588,374 | \$ 17,588,374 | \$ 17,454,759 | \$ (133,615) |
| Back Taxes | 400,000 | 400,000 | 531,818 | 131,818 |
| Interest and Lien Fees | 180,000 | 180,000 | 298,794 | 118,794 |
| Motor Vehicle Supplement | 200,000 | 200,000 | 308,888 | 108,888 |
| Total Property Taxes | 18,368,374 | 18,368,374 | 18,594,259 | 225,885 |
| Intergovernmental | | | | |
| General Government: | | | | |
| Disability Exemption | 2,593 | 2,593 | 2,141 | (452) |
| Grant in Lieu of Tax | 7,960 | 7,960 | 11,159 | 3,199 |
| In Lieu of Taxes - Federal | 4,900 | 4,900 | 5,188 | 288 |
| Veteran Reimbursement | 20,000 | 20,000 | 13,817 | (6,183) |
| Pequot Indian Grant | 38,307 | 38,307 | 38,307 | - |
| Municipal Stabilization | 4,459 | 4,459 | 4,459 | - |
| Miscellaneous | 10,000 | 10,000 | 40,526 | 30,526 |
| Total General Government | 88,219 | 88,219 | 115,597 | 27,378 |
| Education: | | | | |
| Education Cost Sharing | 7,534,704 | 7,534,704 | 7,525,448 | (9,256) |
| Special Health Grant | 5,000 | 5,000 | - | (5,000) |
| Magnet School Transportation | 5,000 | 5,000 | - | (5,000) |
| Total Education | 7,544,704 | 7,544,704 | 7,525,448 | (19,256) |
| Total Intergovernmental | 7,632,923 | 7,632,923 | 7,641,045 | 8,122 |
| Local Revenues | | | | |
| Finance: | | | | |
| Telephone Access Line | 13,000 | 13,000 | 11,058 | (1,942) |
| Investment Income | 15,000 | 15,000 | 8,498 | (6,502) |
| Cell Tower Rent | 34,000 | 34,000 | 33,606 | (394) |
| Miscellaneous | 15,000 | 15,000 | 122,771 | 107,771 |
| Fuel Reimbursement Income | 80,000 | 80,000 | 87,527 | 7,527 |
| Housing Authority | 16,000 | 16,000 | 16,625 | 625 |
| Three Rows PILOT | 45,000 | 45,000 | 37,041 | (7,959) |
| Rental Income- Garage | 24,000 | 24,000 | 24,000 | - |
| PILOT - Justice Institute | 30,000 | 30,000 | 24,000 | (6,000) |
| Total Finance | 272,000 | 272,000 | 365,126 | 93,126 |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 2 of 3

| | Budgeted Amounts | | Actual Budgetary Basis | Variance |
|-----------------------------------|-------------------|-------------------|------------------------------|----------------|
| | Original | Amended | | |
| Town Clerk and Treasurer: | | | | |
| Licenses and Permits | \$ 26,700 | \$ 26,700 | \$ 17,031 | \$ (9,669) |
| Conveyance Tax | 130,000 | 130,000 | 175,661 | 45,661 |
| Town Clerk Fees | 72,500 | 72,500 | 67,617 | (4,883) |
| Driveways | 800 | 800 | 850 | 50 |
| Total Town Clerk and Treasurer | 230,000 | 230,000 | 261,159 | 31,159 |
| Education: | | | | |
| Tuition Payments | 30,000 | 30,000 | 17,982 | (12,018) |
| Library: | | | | |
| Fines and Lost Books | 500 | 500 | 173 | (327) |
| Copier | 400 | 400 | 405 | 5 |
| Total Library | 900 | 900 | 578 | (322) |
| Development and Planning: | | | | |
| Planning Hearings | 17,000 | 17,000 | 28,521 | 11,521 |
| Conservation | 1,500 | 1,500 | 1,201 | (299) |
| Building Fees | 140,000 | 140,000 | 117,977 | (22,023) |
| Total Development and Planning | 158,500 | 158,500 | 147,699 | (10,801) |
| Recycling | 20,000 | 20,000 | 53,624 | 33,624 |
| Tipping Fees | 35,000 | 35,000 | 39,183 | 4,183 |
| Transfer Station Permits | 210,000 | 210,000 | 199,520 | (10,480) |
| Prior Year Encumbrances Cancelled | - | - | 54,422 | 54,422 |
| Total Local Revenues | 956,400 | 956,400 | 1,139,293 | 182,893 |
| Total Budgeted Revenues | 26,957,697 | 26,957,697 | 27,374,597 | 416,900 |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Revenues and Other Financing Sources
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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| | Budgeted Amounts | | Actual | |
|---|----------------------|----------------------|-------------------|-------------------|
| | Original | Amended | Budgetary | Variance |
| | | | Basis | |
| Other Financing Sources | | | | |
| Use of Fund Balance | \$ 15,000 | \$ 15,000 | \$ - | \$ (15,000) |
| Transfers from Other Funds: | | | | |
| Dog Fund | 8,160 | 8,160 | 7,000 | (1,160) |
| Tourtellotte Trust Fund | 270,000 | 270,000 | 270,000 | - |
| Sewer Operating Fund | 36,000 | 36,000 | 36,000 | - |
| Total Other Financing Sources | 329,160 | 329,160 | 313,000 | (16,160) |
| Total Revenues and Other Financing Sources | \$ 27,286,857 | \$ 27,286,857 | 27,687,597 | \$ 400,740 |

Budgetary revenues are different than GAAP revenues because:

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

| | |
|--|-----------|
| State of Connecticut on-behalf pension contributions | 2,273,102 |
| State of Connecticut on-behalf OPEB contributions | 53,490 |

Issuance of Refunding Bonds not Recorded on a Budgetary Basis:

| | |
|-------------------------------------|-----------|
| Proceeds Premium on Refunding Bonds | 5,180,000 |
|-------------------------------------|-----------|

Other Financing Sources - Difference in Treatment of Lease Financing:

| | |
|-------------------------------|---------|
| Proceeds from Lease Financing | 177,139 |
|-------------------------------|---------|

| | |
|---|----------|
| Cancellation of prior year encumbrances are recognized as budgetary revenue | (54,422) |
|---|----------|

| | |
|--|--------|
| Use of Fund Balance for Capital Projects | 46,990 |
|--|--------|

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

\$ 35,363,896

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 1 of 3

| | Budgeted Amounts | | Actual | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Original | Amended | Budgetary | Variance |
| | | | Basis | |
| General Government | | | | |
| Board of Finance | \$ 36,347 | \$ 36,347 | \$ 31,235 | \$ 5,112 |
| Board of Selectmen | 27,612 | 27,612 | 26,216 | 1,396 |
| First Selectman | 154,659 | 154,659 | 127,631 | 27,028 |
| Data Processing | 90,335 | 90,335 | 77,828 | 12,507 |
| Finance and Treasurer | 141,761 | 141,761 | 162,908 | (21,147) |
| Tax Collector | 168,186 | 168,186 | 169,305 | (1,119) |
| Assessors | 139,524 | 139,524 | 138,513 | 1,011 |
| Board of Tax Review | 5,430 | 5,430 | 4,490 | 940 |
| Elections and Registrations | 50,249 | 50,249 | 44,827 | 5,422 |
| Town Clerk | 139,239 | 139,239 | 138,230 | 1,009 |
| Town Counsel | 36,000 | 36,000 | 67,958 | (31,958) |
| Probate Court | 10,595 | 10,595 | 10,595 | - |
| Maintenance of Municipal Buildings | 107,608 | 107,608 | 107,861 | (253) |
| Total General Government | 1,107,545 | 1,107,545 | 1,107,597 | (52) |
| Public Safety | | | | |
| Fire Marshal | 47,493 | 47,493 | 45,078 | 2,415 |
| Fire Departments | 691,025 | 691,025 | 963,850 | (272,825) |
| Civil Defense | 2,020 | 2,020 | 603 | 1,417 |
| Security | 60,000 | 60,000 | 60,000 | - |
| Canine Control | 32,452 | 32,452 | 45,105 | (12,653) |
| Total Public Safety | 832,990 | 832,990 | 1,114,636 | (281,646) |
| Public Works | | | | |
| Public Works | 1,023,011 | 1,023,011 | 974,622 | 48,389 |
| Grounds | 17,700 | 17,700 | 7,088 | 10,612 |
| Transfer Station | 340,611 | 340,611 | 324,299 | 16,312 |
| Cemeteries | 1,500 | 1,500 | - | 1,500 |
| Snow Removal | 226,000 | 226,000 | 226,142 | (142) |
| Building Official | 94,757 | 94,757 | 101,625 | (6,868) |
| Building Board of Appeals | 5 | 5 | - | 5 |
| Town Garage | 46,000 | 46,000 | 37,235 | 8,765 |
| Total Public Works | 1,749,584 | 1,749,584 | 1,671,011 | 78,573 |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 2 of 3

| | <u>Budgeted Amounts</u> | | <u>Actual Budgetary Basis</u> | <u>Variance</u> |
|---|-------------------------|-------------------|---------------------------------------|------------------|
| | <u>Original</u> | <u>Amended</u> | | |
| Human Services | | | | |
| General Assistance | \$ 107,958 | \$ 107,958 | \$ 101,952 | \$ 6,006 |
| Veterans Service | 3,823 | 3,823 | 3,060 | 763 |
| Public Health Nursing | 65,653 | 65,653 | 65,653 | - |
| Total Human Services | 177,434 | 177,434 | 170,665 | 6,769 |
| Civic and Cultural | | | | |
| Library Administration | 386,020 | 386,020 | 377,333 | 8,687 |
| Celebrations | 2,365 | 2,365 | 2,365 | - |
| Recreation Commission | 88,067 | 88,067 | 88,354 | (287) |
| Community Center Building | 127,585 | 127,585 | 126,366 | 1,219 |
| Total Civic and Cultural | 604,037 | 604,037 | 594,418 | 9,619 |
| Development and Planning | | | | |
| Zoning and Wetlands Enforcement Officer | 34,071 | 34,071 | 34,764 | (693) |
| Zoning Board of Appeals | 3,218 | 3,218 | 2,975 | 243 |
| Conservation Commission | 20,003 | 20,003 | 24,327 | (4,324) |
| Historical Society | 5,000 | 5,000 | 5,000 | - |
| Economic and Community Development | 67,423 | 67,423 | 66,427 | 996 |
| Inland Wetland Commission | 26,359 | 26,359 | 26,441 | (82) |
| Economic Development | 23,519 | 23,519 | 22,706 | 813 |
| Building Committee | 2,842 | 2,842 | 2,166 | 676 |
| Total Development and Planning | 182,435 | 182,435 | 184,806 | (2,371) |
| Sundry | | | | |
| Fringe Benefits | 1,371,403 | 1,371,403 | 1,203,321 | 168,082 |
| Municipal Insurance | 88,518 | 88,518 | 88,408 | 110 |
| Contingency | 30,000 | 30,000 | - | 30,000 |
| Total Sundry | 1,489,921 | 1,489,921 | 1,291,729 | 198,192 |
| Board of Education | 19,119,331 | 19,119,331 | 19,333,837 | (214,506) |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 3 of 3

| | Budgeted Amounts | | Actual | |
|--|----------------------|----------------------|-----------------------------|---------------------|
| | Original | Amended | Budgetary | Variance |
| | | | Basis | |
| Capital Outlay | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ -</u> |
| Debt Service | <u>1,148,580</u> | <u>1,148,580</u> | <u>1,195,067</u> | <u>(46,487)</u> |
| Total Expenditures | <u>26,451,857</u> | <u>26,451,857</u> | <u>26,703,766</u> | <u>(251,909)</u> |
| Other Financing Uses | | | | |
| Capital Projects Fund Appropriation | <u>835,000</u> | <u>835,000</u> | <u>835,000</u> | <u>-</u> |
| Total Expenditures and Other Financing Uses | <u>\$ 27,286,857</u> | <u>\$ 27,286,857</u> | <u>27,538,766</u> | <u>\$ (251,909)</u> |
| Budgetary expenditures are different than GAAP expenditures because: | | | | |
| Payments on-behalf of the Town are not recorded on a Budgetary Basis: | | | | |
| State of Connecticut on-behalf pension contributions | | | 2,273,102 | |
| State of Connecticut on-behalf OPEB contributions | | | 53,490 | |
| Accrued payroll is reported for GAAP and not budgetary basis. | | | 143,332 | |
| 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 | | | (39,200) | |
| 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 | | | 208,559 | |
| Issuance of Refunding Bonds not Recorded on a Budgetary Basis: | | | | |
| Payment on Refunding Bonds | | | 5,140,000 | |
| Issuance Costs on Bond Refunding | | | 40,000 | |
| Other Financing Sources - Difference in Treatment of Lease Financing: | | | | |
| Purchase of Equipment with Lease Financing | | | 177,139 | |
| Other reclassifications for GAAP purposes | | | - | |
| Total Expenditures and Other Financing Uses (GAAP Basis) as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds | | | <u>\$ 35,535,188</u> | |

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Actuarially Determined Employer Contribution (ADEC) | \$ 117,554 | \$ 124,944 | \$ 135,439 | \$ 144,825 | \$ 137,188 | \$ 138,070 | \$ 138,070 | \$ 120,797 | \$ 144,788 | \$ 170,931 |
| Contributions in Relation to the ADEC | 117,554 | 124,944 | 135,439 | 144,825 | 137,188 | 138,070 | 138,070 | 120,797 | 144,788 | 170,931 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | 1,605,700 | 1,788,871 | 1,790,157 | 1,899,882 | 1,937,822 | 1,854,289 | 1,717,557 | 1,583,805 | 1,554,058 | 1,435,768 |
| Contributions as a Percentage of Covered Payroll | 7.32% | 6.98% | 7.57% | 7.62% | 7.08% | 7.45% | 8.04% | 7.63% | 9.32% | 11.91% |

Notes to Schedule

Valuation Date:

July 1, 2021

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Salary, Closed |
| Asset valuation method | Market Value |
| Inflation | 2.60% |
| Salary increases | Graded scale from 4.6% at age 20 down to 2.6% at age 60 and beyond, subject to IRC Sec. 401(a)17 limitation. |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation. |
| Retirement Age | 4% for ages 55-64, 50% for age 65, 40% for age 66, 30% for age 67, 20% for age 68, 10% for age 69, and 100% for age 70. |
| Mortality | Current: Projected to date if decrement using Scale MP-2021. |

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 196,687 | \$ 184,216 | \$ 203,671 | \$ 211,690 | \$ 205,160 | \$ 201,901 | \$ 195,715 | \$ 190,015 | \$ 178,768 |
| Interest | 490,201 | 477,640 | 458,052 | 443,288 | 415,448 | 399,540 | 381,251 | 346,650 | 328,620 |
| Differences Between Expected and Actual Experience | 103,739 | 44,038 | 50,912 | (56,848) | 159,044 | (20,314) | 56,468 | 187,003 | - |
| Changes of Assumptions | 17,810 | (31,292) | (6,971) | (17,498) | (38,765) | (81,837) | (156,744) | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (518,224) | (484,301) | (306,617) | (399,034) | (273,568) | (229,261) | (224,313) | (212,878) | (285,512) |
| Net Change in Total Pension Liability | 290,213 | 190,301 | 397,047 | 181,576 | 467,319 | 269,029 | 232,377 | 510,790 | 221,876 |
| Total Pension Liability - Beginning | 7,320,424 | 7,130,123 | 6,733,076 | 6,551,498 | 6,084,179 | 5,815,150 | 5,562,773 | 5,051,983 | 4,830,107 |
| Total Pension Liability - Ending (a) | <u>\$ 7,610,637</u> | <u>\$ 7,320,424</u> | <u>\$ 7,130,123</u> | <u>\$ 6,733,076</u> | <u>\$ 6,551,498</u> | <u>\$ 6,084,179</u> | <u>\$ 5,815,150</u> | <u>\$ 5,562,773</u> | <u>\$ 5,051,983</u> |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - Employer | \$ 117,564 | \$ 124,944 | \$ 135,439 | \$ 144,825 | \$ 137,188 | \$ 138,070 | \$ 138,070 | \$ 120,797 | \$ 144,788 |
| Contributions - Member | 93,453 | 87,130 | 93,949 | 84,713 | 94,400 | 94,256 | 87,893 | 81,842 | 92,031 |
| Net Investment Income (Loss) | (1,086,623) | 1,911,747 | 141,733 | 376,503 | 480,992 | 754,190 | (24,482) | 149,521 | 788,770 |
| Benefit Payments, Including Refunds of Member Contributions | (519,842) | (484,300) | (306,618) | (399,034) | (273,568) | (229,261) | (224,313) | (212,878) | (285,512) |
| Administrative Expenses | (25,217) | (17,587) | (7,648) | (11,701) | (10,964) | (5,404) | (8,975) | (14,627) | (5,731) |
| Net Change in Pension Fiduciary Net Position | (1,420,675) | 1,621,934 | 56,855 | 197,306 | 428,048 | 751,851 | (31,807) | 124,655 | 714,346 |
| Plan Fiduciary Net Position - Beginning | 8,516,155 | 6,894,221 | 6,837,366 | 6,640,060 | 6,212,012 | 5,460,161 | 5,491,968 | 5,367,313 | 4,652,967 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 7,095,480</u> | <u>\$ 8,516,155</u> | <u>\$ 6,894,221</u> | <u>\$ 6,837,366</u> | <u>\$ 6,640,060</u> | <u>\$ 6,212,012</u> | <u>\$ 5,460,161</u> | <u>\$ 5,491,968</u> | <u>\$ 5,367,313</u> |
| Net Pension Liability (Asset) - Ending: (a) - (b) | <u>\$ 515,157</u> | <u>\$ (1,195,731)</u> | <u>\$ 235,902</u> | <u>\$ (104,290)</u> | <u>\$ (88,562)</u> | <u>\$ (127,833)</u> | <u>\$ 354,989</u> | <u>\$ 70,805</u> | <u>\$ (315,330)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | | | | | | | | |
| Covered Payroll | 93.23% | 116.33% | 96.69% | 101.55% | 101.35% | 102.10% | 93.90% | 98.73% | 106.24% |
| Net Pension Liability/ (Asset) as a Percentage of Covered Payroll | | | | | | | | | |
| Covered Payroll | \$ 1,605,700 | \$ 1,788,871 | \$ 1,790,157 | \$ 1,899,882 | \$ 1,937,822 | \$ 1,854,289 | \$ 1,717,557 | \$ 1,583,805 | \$ 1,554,058 |
| Net Pension Liability/ (Asset) | 32.08% | -66.84% | 13.18% | -5.49% | -4.57% | -6.69% | 20.67% | 4.47% | -20.29% |

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

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------------------|---------|--------|-------|-------|-------|--------|--------|-------|--------|
| Annual Money-Weighted Rate of Return, | | | | | | | | | |
| Net of Investment Expense | -13.13% | 28.62% | 2.16% | 5.83% | 7.80% | 13.89% | -0.45% | 2.80% | 16.76% |

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

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Town's Percentage of Collective Net Pension Liability | 0.659% | 0.596% | 0.350% | 0.357% | 0.290% | 0.254% | 0.491% | 0.298% |
| Town's Portion of Net Pension Liability | <u>\$ 1,559,012</u> | <u>\$ 2,342,189</u> | <u>\$ 1,292,142</u> | <u>\$ 1,366,349</u> | <u>\$ 710,807</u> | <u>\$ 844,009</u> | <u>\$ 945,615</u> | <u>\$ 670,375</u> |
| Town's Covered Payroll | <u>\$ 1,783,689</u> | <u>\$ 1,527,461</u> | <u>\$ 900,000</u> | <u>\$ 900,000</u> | <u>\$ 958,880</u> | <u>\$ 1,023,619</u> | <u>\$ 1,532,658</u> | <u>\$ 1,298,730</u> |
| Town's Portion of Net Pension Liability as a Percentage of Covered Payroll | 87.40% | 153.34% | 143.57% | 151.82% | 74.13% | 82.45% | 61.70% | 51.62% |
| Plan Fiduciary Net Position as a Percentage of Covered Payroll | 82.59% | 71.18% | 72.69% | 73.60% | 91.68% | 88.29% | 92.72% | 90.48% |

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

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Town's Contractually Required Contribution | \$ 265,424 | \$ 211,427 | \$ 109,556 | \$ 20,250 | \$ 116,488 | \$ 113,710 | \$ 122,031 | \$ 155,588 | \$ 183,612 | \$ 206,680 |
| Town's Contributions in Relation to the Contractually Required Contribution | <u>265,424</u> | <u>211,427</u> | <u>109,556</u> | <u>20,250</u> | <u>116,488</u> | <u>113,710</u> | <u>122,031</u> | <u>155,588</u> | <u>183,612</u> | <u>206,680</u> |
| Town's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's Covered Payroll | 1,783,669 | 1,527,461 | 900,000 | 900,000 | 958,880 | 1,023,619 | 1,532,658 | 1,298,730 | 1,532,658 | 1,599,796 |
| Town's Contributions as a Percentage of Covered Payroll | 14.88% | 13.84% | 12.17% | 2.25% | 12.15% | 11.11% | 7.96% | 11.98% | 11.98% | 12.92% |

Notes to Schedule

Actuarial valuation Date:

June 30, 2021

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, closed |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | 5-years smoothed market |
| Inflation | 2.50% |
| Salary Increases | 3.50%-10.00%, including inflation |
| Investment rate of return | 7.00%, net of investment related expense |

See accountant's report.

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

| Schedule of Proportionate Share of Net Pension Liability | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Town's percentage of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net pension liability associated with the Town | 27,146,693 | 34,275,761 | 30,939,852 | 23,856,423 | 23,825,821 | 19,618,342 | 25,136,424 | 18,133,226 |
| Total | \$ 27,146,693 | \$ 34,275,761 | \$ 30,939,852 | \$ 23,856,423 | \$ 23,825,821 | \$ 19,618,342 | \$ 25,136,424 | \$ 18,133,226 |
| Town's covered payroll | \$ 7,281,971 | \$ 7,617,472 | \$ 7,769,865 | \$ 7,596,612 | \$ 7,104,840 | \$ 6,878,417 | \$ 6,790,223 | \$ 6,461,151 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |

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

| | |
|---------------------------------------|---|
| Notes to Schedule | Entry Age |
| Actuarial cost method | Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation. |
| Amortization method | 30 years |
| Single equivalent amortization period | 4-year smoothed market |
| Asset valuation method | 2.50% |
| Inflation | 3.25% - 6.50% average, including inflation |
| Salary increases | 6.90% net of investment related expense |
| Investment rate of return | |

See accountant's report.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 65,635 | \$ 62,201 | \$ 73,874 | \$ 70,040 | \$ 72,791 |
| Interest | 65,726 | 65,672 | 80,098 | 80,603 | 74,330 |
| Changes in Benefit Terms | - | - | - | - | - |
| Differences Between Expected and Actual Experience | (1,536,758) | (5,557) | 5,935 | 48,464 | 19,600 |
| Changes of Assumptions and Other Inputs | (143,763) | 19,157 | 621,488 | 90,659 | (71,614) |
| Benefit Payments | (72,220) | (74,987) | (84,986) | (103,489) | (68,634) |
| Net Change in Total OPEB Liability | (1,621,380) | 66,486 | 696,409 | 186,277 | 26,473 |
| Total OPEB Liability - Beginning | 3,013,140 | 2,946,654 | 2,250,245 | 2,063,968 | 2,037,495 |
| Total OPEB Liability - Ending | \$ 1,391,760 | \$ 3,013,140 | \$ 2,946,654 | \$ 2,250,245 | \$ 2,063,968 |
| Covered Employee Payroll | \$ 9,942,120 | \$ 10,654,524 | \$ 10,404,809 | \$ 10,951,934 | \$ 11,567,923 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 14.00% | 28.28% | 28.32% | 20.55% | 17.84% |

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

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

Notes to Schedule

| | |
|-----------------------------|---|
| Measurement Date | June 30, 2021 |
| Valuation Date | January 1, 2022 |
| Inflation Rate | 2.40% |
| Actuarial Cost Method | Entry Age Normal |
| Salary Increases | 2.40% |
| Healthcare Cost Trend Rates | 6.50% in 2020, reducing by 0.20% each year to an ultimate rate of 4.4% per year for 2033 and later. |

See accountant's report.

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

| Schedule of Proportionate Share of Net OPEB Liability | | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--|--------------|--------------|--------------|--------------|--------------|
| Town's percentage of the net OPEB liability | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net OPEB liability | | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net OPEB liability associated with the Town | | 2,957,582 | 5,112,231 | 4,825,244 | 4,769,034 | 6,132,488 |
| Total | | \$ 2,957,582 | \$ 5,112,231 | \$ 4,825,244 | \$ 4,769,034 | \$ 6,132,488 |
| Town's covered payroll | | \$ 7,281,971 | \$ 7,617,472 | \$ 7,769,865 | \$ 7,596,612 | \$ 7,104,840 |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll. | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 6.11% | 2.50% | 2.08% | 1.49% | 1.79% |

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

Notes to Schedule

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percent of payroll over a closed period |
| Amortization Period | 30 years |
| Asset Valuation Method | Market value of assets |
| Investment Rate of Return | 3.00%, net of investment related expense including price inflation |
| Price Inflation | 2.50% |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

| SPECIAL REVENUE FUNDS | | | | | | |
|--|--------------------|------------------|---------------------|-----------------------|-------------------|-------------------|
| | Sewer Operating | Dog License | School Cafeteria | Educational Grants | Open Space | Recreation |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 118,733 | \$ - | \$ 25,417 | \$ - | \$ - | \$ - |
| Receivables, Net | 342,822 | - | 104,587 | 386,294 | - | - |
| Inventory | - | - | 18,333 | - | - | - |
| Due from Other Funds | - | 51,048 | - | - | 104,711 | 138,455 |
| Total Assets | \$ 461,555 | \$ 51,048 | \$ 148,337 | \$ 386,294 | \$ 104,711 | \$ 138,455 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable and Accrued Items | \$ 6,671 | \$ 7,027 | \$ - | \$ 39,972 | \$ - | \$ 11,167 |
| Unearned Revenue | - | - | - | 204,063 | - | 73,803 |
| Due to Other Funds | 4,435 | - | 124,362 | 176,823 | - | - |
| Total Liabilities | 11,106 | 7,027 | 124,362 | 420,858 | - | 84,970 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable Revenue - Mortgage Loans | - | - | - | - | - | - |
| Unavailable Revenue - Sewer Use Charges | 332,515 | - | - | - | - | - |
| Total Deferred Inflows of Resources | 332,515 | - | - | - | - | - |
| Fund Balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - |
| Committed | 117,934 | 44,021 | 23,975 | - | 104,711 | 53,485 |
| Unassigned | - | - | - | (34,564) | - | - |
| Total Fund Balances | 117,934 | 44,021 | 23,975 | (34,564) | 104,711 | 53,485 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 461,555 | \$ 51,048 | \$ 148,337 | \$ 386,294 | \$ 104,711 | \$ 138,455 |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

| | SPECIAL REVENUE FUNDS | | | | PERMANENT FUNDS | | | |
|--|------------------------------|-----------------------|------------------|-------------------|------------------------|---------------------|--|--|
| | Small Cities | Student Activities | Library Trust | Cemetery Trust | Scholarship | Total | | |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 91 | \$ 102,933 | \$ - | \$ - | \$ - | \$ 247,174 | | |
| Receivables, Net | 34,761 | - | - | - | - | 868,464 | | |
| Inventory | - | - | - | - | - | 18,333 | | |
| Due from Other Funds | 20,639 | - | 82,724 | 7,862 | 226,333 | 631,772 | | |
| Total Assets | \$ 55,491 | \$ 102,933 | \$ 82,724 | \$ 7,862 | \$ 226,333 | \$ 1,765,743 | | |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable and Accrued Items | \$ - | \$ - | \$ - | \$ - | \$ - | 64,837 | | |
| Unearned Revenue | - | - | - | - | - | 277,866 | | |
| Due to Other Funds | - | - | - | - | - | 305,620 | | |
| Total Liabilities | - | - | - | - | - | 648,323 | | |
| Deferred Inflows of Resources: | | | | | | | | |
| Unavailable Revenue - Mortgage Loans | 55,487 | - | - | - | - | 55,487 | | |
| Unavailable Revenue - Sewer Use Charges | - | - | - | - | - | 332,515 | | |
| Total Deferred Inflows of Resources | 55,487 | - | - | - | - | 388,002 | | |
| Fund Balances: | | | | | | | | |
| Nonspendable | - | - | 33,919 | 8,187 | 211,659 | 253,765 | | |
| Restricted | 4 | 102,933 | 48,805 | - | 14,674 | 166,416 | | |
| Committed | - | - | - | - | - | 344,126 | | |
| Unassigned | - | - | - | (325) | - | (34,889) | | |
| Total Fund Balances | 4 | 102,933 | 82,724 | 7,862 | 226,333 | 729,418 | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 55,491 | \$ 102,933 | \$ 82,724 | \$ 7,862 | \$ 226,333 | \$ 1,765,743 | | |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT

Page 1 of 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

SPECIAL REVENUE FUNDS

| | Sewer Operating | Dog License | School Cafeteria | Educational Grants | Open Space | Recreation |
|--|--------------------|----------------|---------------------|-----------------------|---------------|------------|
| Revenues | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 672,223 | \$ 2,218,325 | \$ - | \$ 21,705 |
| Licenses, Permits, and Charges for Services | 488,066 | 14,594 | 26,366 | - | - | 126,442 |
| Investment Income | 233 | - | 18 | - | 146 | - |
| Other Revenues | 4,000 | - | - | 32,849 | - | 274 |
| Total Revenues | 492,299 | 14,594 | 698,607 | 2,251,174 | 146 | 148,421 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | 14,809 | - | - | - | - |
| Public Works | 439,006 | - | - | - | - | - |
| Civic and Cultural | - | - | - | - | - | 143,154 |
| Education | - | - | 582,135 | 2,342,336 | - | - |
| Debt Service | 33,300 | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | 472,306 | 14,809 | 582,135 | 2,342,336 | - | 143,154 |
| Excess/(Deficiency) of Revenues Over Expenditures | 19,993 | (215) | 116,472 | (91,162) | 146 | 5,267 |
| Other Financing Sources/(Uses) | | | | | | |
| Transfers In | - | - | - | - | - | - |
| Transfers Out | (36,000) | (7,000) | - | - | - | - |
| Total Other Financing Sources/(Uses) | (36,000) | (7,000) | - | - | - | - |
| Net Change in Fund Balances | (16,007) | (7,215) | 116,472 | (91,162) | 146 | 5,267 |
| Fund Balances at Beginning of Year, Restated | 133,941 | 51,236 | (92,497) | 56,598 | 104,565 | 48,218 |
| Fund Balances at End of Year | \$ 117,934 | \$ 44,021 | \$ 23,975 | \$ (34,564) | \$ 104,711 | \$ 53,485 |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

| | SPECIAL REVENUE FUNDS | | | | PERMANENT FUNDS | | | |
|--|------------------------------|-----------------------|------------------|-------------------|------------------------|--------------|--|--|
| | Small Cities | Student Activities | Library Trust | Cemetery Trust | Scholarship | Total | | |
| Revenues | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,912,253 | | |
| Licenses, Permits, and Charges for Services | - | 80,291 | - | - | - | 735,759 | | |
| Investment Income | - | - | 116 | 14 | 318 | 845 | | |
| Other Revenues | - | - | 8,284 | - | 250 | 45,657 | | |
| Total Revenues | - | 80,291 | 8,400 | 14 | 568 | 3,694,514 | | |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General Government | - | - | - | - | - | - | | |
| Public Safety | - | - | - | - | - | 14,809 | | |
| Public Works | - | - | - | - | - | 439,006 | | |
| Civic and Cultural | - | - | 7,604 | 2,380 | - | 153,138 | | |
| Education | - | 90,190 | - | - | 2,250 | 3,016,911 | | |
| Debt Service | - | - | - | - | - | 33,300 | | |
| Capital Outlay | - | - | - | - | - | - | | |
| Total Expenditures | - | 90,190 | 7,604 | 2,380 | 2,250 | 3,657,164 | | |
| Excess/(Deficiency) of Revenues Over Expenditures | - | (9,899) | 796 | (2,366) | (1,682) | 37,350 | | |
| Other Financing Sources/(Uses) | | | | | | | | |
| Transfers In | - | - | - | 4,899 | 18,719 | 23,618 | | |
| Transfers Out | - | - | (23,618) | - | - | (66,618) | | |
| Total Other Financing Sources/(Uses) | - | - | (23,618) | 4,899 | 18,719 | (43,000) | | |
| Net Change in Fund Balances | - | (9,899) | (22,822) | 2,533 | 17,037 | (5,650) | | |
| Fund Balances at Beginning of Year, Restated | 4 | 112,832 | 105,546 | 5,329 | 209,296 | 735,068 | | |
| Fund Balances at End of Year | 4 | 102,933 | 82,724 | 7,862 | 226,333 | 729,418 | | |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2022

| List of 10/1: | Outstanding July 1, 2021 | Current Levy | Lawful Corrections | | Collectible Taxes | Collections During the Year | | | Transfers to Suspense | Outstanding June 30, 2022 | |
|----------------------------------|-----------------------------|----------------------|--------------------|-------------------|----------------------|-----------------------------|-------------------|------------------|-----------------------------|------------------------------|-------------------|
| | | | Additions | Deductions | | Taxes | Interest | Liens | | | Total |
| 2020 | | \$ 18,291,151 | \$ 33,827 | \$ 78,580 | \$ 18,246,398 | \$ 17,830,579 | \$ 289,297 | \$ 6,750 | \$ 18,126,626 | \$ 178,626 | \$ 237,193 |
| 2019 | \$ 356,822 | - | 3,390 | 38,175 | 322,037 | 190,530 | 43,378 | 2,463 | 236,371 | 270 | 131,237 |
| 2018 | 195,794 | - | 546 | - | 196,340 | 112,281 | 41,417 | 1,392 | 155,090 | 159 | 83,900 |
| 2017 | 135,143 | - | 748 | - | 135,891 | 64,513 | 35,096 | 816 | 100,425 | - | 71,378 |
| 2016 | 97,976 | - | 303 | - | 98,279 | 36,225 | 23,883 | 504 | 60,612 | - | 62,054 |
| 2015 | 72,867 | - | - | 1 | 72,866 | 15,309 | 16,982 | 312 | 32,603 | - | 57,557 |
| 2014 | 59,860 | - | - | - | 59,860 | 11,787 | 14,747 | 231 | 26,765 | - | 48,073 |
| 2013 | 56,510 | - | - | - | 56,510 | 11,342 | 11,372 | 192 | 22,906 | - | 45,168 |
| 2012 | 49,314 | - | 1 | - | 49,315 | 6,616 | 10,051 | 120 | 16,787 | - | 42,699 |
| 2011 | 44,591 | - | - | - | 44,591 | 5,722 | 7,202 | 120 | 13,044 | - | 38,869 |
| 2010 | 34,188 | - | - | - | 34,188 | 2,247 | 2,470 | 96 | 4,813 | - | 31,941 |
| 2009 | 9,429 | - | - | - | 9,429 | 844 | 1,710 | 48 | 2,602 | - | 8,585 |
| 2008 | 9,165 | - | - | 1 | 9,164 | 935 | 1,678 | 48 | 2,661 | - | 8,229 |
| 2007 | 8,025 | - | - | - | 8,025 | 16 | 4,120 | 24 | 4,160 | - | 8,009 |
| 2006 | 7,494 | - | - | - | 7,494 | 1,845 | 708 | 48 | 2,601 | - | 5,649 |
| | <u>\$ 1,137,178</u> | <u>\$ 18,291,151</u> | <u>\$ 38,815</u> | <u>\$ 116,757</u> | <u>\$ 19,350,387</u> | <u>18,290,791</u> | <u>504,111</u> | <u>13,164</u> | <u>18,808,066</u> | <u>\$ 179,055</u> | <u>\$ 880,541</u> |
| Net Grand List - October 1, 2020 | | | | | | | | | | | |
| Total Suspense Collections | | | | | | 72,569 | 20,015 | - | 92,584 | | |
| Total Collections | | | | | | <u>\$ 18,363,360</u> | <u>\$ 524,126</u> | <u>\$ 13,164</u> | <u>\$ 18,900,650</u> | | |
| Tax Rate: 24.95 mills | | | | | | | | | | | |

See accountant's report.

TOWN OF THOMPSON, CONNECTICUT

Schedule of Debt Limitation

June 30, 2022

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 17,420,680

Reimbursement for Revenue Loss on:

Tax Relief for Elderly and Disabled - Prior Fiscal Year 2,137

Base \$ 17,422,817

| | General Purposes (2.25 x base) | Schools (4.50 x base) | Sewers (3.75 x base) | Urban Renewal (3.25 x base) | Pension Deficit (3.00 x base) |
|------------------------------------|--------------------------------------|--------------------------|-------------------------|-----------------------------------|-------------------------------------|
| Debt Limitation: | | | | | |
| Statutory Debt Limits by Function | <u>\$ 39,201,338</u> | <u>\$ 78,402,677</u> | <u>\$ 65,335,564</u> | <u>\$ 56,624,155</u> | <u>\$ 52,268,451</u> |
| Indebtedness: | | | | | |
| Bonds Payable | <u>-</u> | <u>7,180,000</u> | <u>1,588,423</u> | <u>-</u> | <u>-</u> |
| Total Indebtedness | <u>-</u> | <u>7,180,000</u> | <u>1,588,423</u> | <u>-</u> | <u>-</u> |
| Debt Limitation in Excess of Debt* | <u>\$ 39,201,338</u> | <u>\$ 71,222,677</u> | <u>\$ 63,747,141</u> | <u>\$ 56,624,155</u> | <u>\$ 52,268,451</u> |

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$121,959,719.

See accountant's report.



