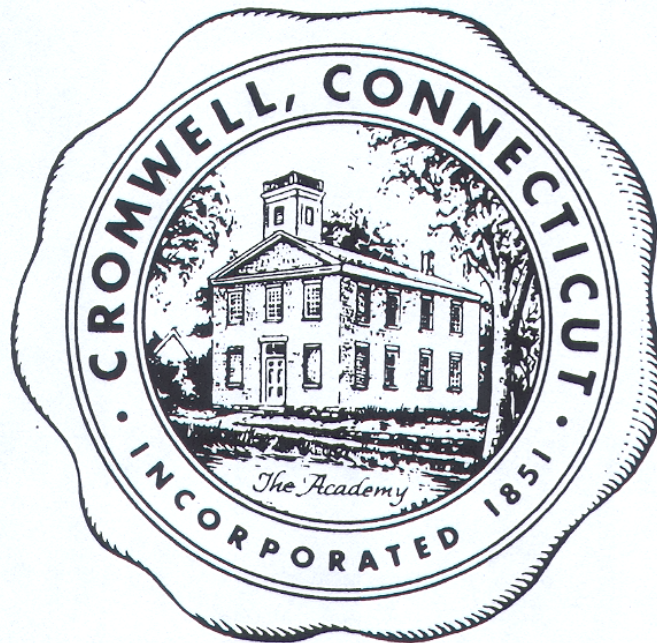


# **Town of Cromwell, Connecticut**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**TOWN OF CROMWELL,  
CONNECTICUT**

**Fiscal Year Ended June 30, 2018**

**Prepared by:**

**Finance Department  
Marianne Sylvester  
Finance Director**



## Contents

<b>I. Introductory Section - unaudited</b>		
	Letter of Transmittal	i-vi
	GFOA Certificate of Achievement	vii
	Organizational Chart	viii
	Principal Elected Officials	ix
<b>II. Financial Section</b>		
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis - Unaudited	3-10
<b>Basic Financial Statements</b>		
<u>Exhibit</u>	Government-Wide Financial Statements:	
I.	Statement of net position	11
II.	Statement of activities	12
	Fund Financial Statements:	
III.	Balance sheet – governmental funds	13
IV.	Statement of revenues, expenditures and changes in fund balances – governmental funds	14
V.	Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	15
VI.	Statement of net position – proprietary funds	16
VII.	Statement of revenues, expenses and changes in fund net position – proprietary funds	17
VIII.	Statement of cash flows – proprietary funds	18
IX.	Statement of fiduciary net position – fiduciary funds	19
X.	Statement of changes in fiduciary net position – pension trust fund	20
	Notes to financial statements	21-63

## Contents

### Required Supplementary Information - Unaudited

#### Exhibit

RSI-1	Schedule of employer contributions – OPEB	65
RSI-2	Schedule of investment returns – defined benefit plan and OPEB	66
RSI-3	Schedule of employer contributions – defined benefit plan	67
RSI-4	Schedule of changes in the Town's net pension liability and related ratios – defined benefit plan	68
RSI-5	Schedule of changes in the Town's net OPEB liability and related ratios	69
RSI-6	Schedule of contributions – MERS pension plan and schedule of the Town's proportionate share of the net pension liability – MERS	70
RSI-7	Schedule of the Town's proportionate share of the net pension liability – teachers' retirement plan	71
RSI-8	Schedule of the Town's Proportionate Share of the Net OPEB liability - teachers retiree health plan	72
RSI-9	Schedule of revenues and other financing sources – budgetary basis – budget and actual – general fund	73-75
RSI-10	Schedule of expenditures, encumbrances and other financing uses – budgetary basis – budget and actual – general fund	76-86
RSI-11	Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer usage fund	87
RSI-12	Note to required supplementary information	88

### Supplemental Combining and Individual Fund Financial Statements and Other Schedules

#### General Fund

Balance sheet	89
Report of the tax collector	90

#### Nonmajor Governmental Funds

Combining balance sheet	92-95
Combining statement of revenues, expenditures and changes in fund balances	96-99
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sidewalk fund	100
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – dog license fund	101
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer assessment fund	102

#### Other Schedules

Public Donations Grant Fund:	
Schedule of revenues, expenditures and changes in fund balance	103
Sidewalk Fund:	
Schedule of expenditures compared with appropriations	104
Dog License Fund:	
Schedule of expenditures compared with appropriations	105

#### Fiduciary Fund

Combining statement of changes in assets and liabilities – agency funds	107
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## Contents

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### III. Statistical Section – Unaudited

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#### Table

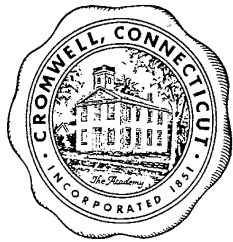
1	Net position by component	109
2	Changes in net position	110
3	Fund balances, governmental funds	111
4	Changes in fund balances, governmental funds	112
5	Assessed value and estimated actual value of taxable property	113
6	Direct and overlapping property tax rates	114
7	Principal property taxpayers	115
8	Property tax levies and collections	116
9	Ratios of outstanding debt by type	117
10	Direct and overlapping governmental activities debt	118
11	Schedule of debt limitation	119
12	Legal debt margin information	120
13	Demographic and economic statistics	121
14	Principal employers	122
15	Full-time equivalent town government employees by function/program	123
16	Operating indicators by function/program	124
	Capital asset statistics by function/program	125





## **Introductory Section**





# Town of Cromwell

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NATHANIEL WHITE BUILDING  
41 WEST STREET  
CROMWELL, CONNECTICUT 06416

December 14, 2018

Mr. Anthony J. Salvatore, Sr.  
Town Manager  
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell for the fiscal year ended June 30, 2018 is hereby submitted. The purpose of this report is to provide citizens, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Cromwell. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The intent is to provide reasonable assurance that the financial statements are free of any material misstatements.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and the Uniform Guidance, Audits of State, Local Governments and Non-Profit Organizations. The Town is also required to undergo a Single Audit under Public Act 91-401 of the State of Connecticut. Information related to these single audits will be issued separately.

RSM, LLP, have issued an unqualified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative overview of the basic financial statements. The MD&A is intended to complement this transmittal letter and should be read in conjunction with it.

This report includes all of the funds and accounts of the Town. It includes all activities controlled or dependent on the Town, which are identified as general, special revenue, capital project, trust and agency fund, and general capital asset and general long-term debt account. The Cromwell Board of Education (grades K through 12) and the Cromwell Water Pollution Control Authority are considered departments of the Town and therefore, these activities are included in this report. The Cromwell Fire/Water District and the Mattabassett District are governmental entities having operations within the Town, but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

The Town provides a full range of municipal services including public safety (police, animal control and civil preparedness), public works (roads, building and grounds, solid waste management, engineering, motor pool and building inspections), health, sanitation, zoning compliance, senior citizen services, youth services, social services, recreation, library, education and schools and general government administrative service. As a separate legal entity, the Cromwell Fire District provides fire, ambulance and water services.

## **Economic Condition and Outlook**

The Town comprises 13.5 square miles in the approximate geographical center of the State. It is 14 miles south of Hartford and 28 miles northeast of New Haven. The Connecticut River forms the eastern boundary of the Town. A major north/south highway, Interstate 91, with two Cromwell exits, runs through the Town. Also, Connecticut Routes 99, 372 and 3 bisect the Town. The Central Connecticut Expressway (Route 9) also enhances the Town's location as it connects I-95 in Old Saybrook, I-91 in Cromwell and I-84, the State's major east/west highway, in New Britain. Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. On June 30, 2018, 96.0% of the Town's available labor force was employed. This compares favorably to the Hartford labor market area rate of 96.0% and the State rate of 95.5%. The Town's per capita income was \$43,171 and its median household income was \$83,739, as reported by in the Connecticut Economic Resource Center (CERC).

The Town's position as a residential community is illustrated by the fact that approximately 65.0% of the October 2016 grand list was residential. The percentage of the 2015 grand list was 66.2%. Permits for twelve new residential units were issued this year compared to sixteen in 2017. In the last ten years, the average number of new units per year is 23. The Town has eight subdivisions that are 50% or more complete and an additional two subdivisions completed during the past fiscal year. The scale and variety of new residential development continues to enhance Cromwell's reputation as a great place to live. New residential development includes:

- The Arbors, a new residential development of 75 single family homes, located on Field Road near the Tournament Players Club golf course and country club;
- Cromwell Village, a new multi-family development containing 160 residential units, located at the former NIKE Site on Country Squire Drive;
- Covenant Village's Retirement facility continues to grow and expand with the presentation of a Master Plan showing 54 new residential units, new dining and recreation facilities and a new entrance.

As a percentage of the grand list, industrial and commercial property values are at 23.2% compared to 17.0% the previous year. Cromwell was excited to see the dramatic pace of development in the area known as the "northern tier" and considered the center for future commercial/industrial development in Cromwell. Scannell Properties purchased 31 acres at 120 County Line Drive and began construction on a 403,000 square foot warehouse. Space for additional commercial development is available in this area. Renovation and expansion of existing commercial facilities continue. The largest of these projects is taking place at the Kmart Shopping Center at 45 Shunpike Road. The former Kmart and Expect stores have been demolished and, in their place, will be a new 60,000 square foot Shop Rite Grocery Store and a new 25,000 square foot Marshall's store. Another 40,000 square feet of commercial development is to follow at this site. More renovation is taking place at 35 Berlin Road with many improvements to the site and the empty spaces being filled by three new restaurants. The PGA Traveler's Championship Tournament is one of the premier and most successful events on the PGA tour. The 2019 event will be even better with the construction of the new 40,000 square foot club house at the TPC River Highlands Golf Course.

Cromwell is a great place to grow a small business and new businesses this year include The Cage Gym at 14 Alcap Ridge and a Dollar General store starting construction in the fall 2018.

Regulatory boards and commissions, to the extent possible, continue to evaluate the impact their decisions have on the grand list. Diversification of the grand list is considered as part of the Town's economic development initiatives.

## Major Initiatives

### **For the Year:**

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

### **Programs and Services:**

#### Finance Department:

Awarded the Town's twenty-seventh consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. Refunded 2008 and 2010 bond issues, resulting in over \$360,000 in net present value savings. Retained AAA rating with Standard and Poor's Rating Agency.

#### Police:

Continued participation in State grant programs for drug enforcement and education, specialized traffic control, and community policing projects.

#### Health Department:

Participated in Public Health Emergency Preparedness (PHEP) to protect the citizens in the event of a biological emergency. The free radon-testing program provided carbon monoxide test kits on a cost-share/donation basis to town residents. Continued to monitor a mosquito control program.

#### Library:

The library expansion and renovation project continues to move forward, partially funded by a State grant. A Town Meeting unanimously approved the \$3.6 million appropriation and State funding was approved by the State Bond commission. Bids for the construction were due August 2018.

#### Recreation:

Implemented an on-line registration and facility use management software. Improved program offerings for pre-school, adult fitness, and special needs individuals.

#### Planning and Development Department:

Successfully coordinated the tax abatement process and Planning & Zoning approvals for the 403,000 square foot warehouse building (largest in Town) being constructed at 120 County Line Drive.

#### Human Services:

Continued all services to the seniors and youth of the Town. Support services and referrals to citizens of Cromwell were provided as needed. Partnered with the CT Food Bank to offer perishable food items to the needy. Increased transportation services to the Town's senior and handicapped citizens supported by State grant for eleventh year.

**Capital Projects:****Public Works:**

Construction continued on Town-wide infrastructure improvements. Began work on three infrastructure projects, funded primarily through Federal/State grant funds.

**Education:**

Worked with consultant to perfect education specifications and cost estimates for a new PreK-Grade 2 school to replace the Edna C. Stevens School for submission to the State Department of Education.

**Financial Information**

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from losses, theft, or misuse to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit**

As a recipient of Federal financial assistance both directly and as passed through the State, the Town is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. The same applies to financial assistance provided directly by the State.

As a part of the Town's single audits, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The single audits for the fiscal year ended June 30, 2018 will be issued as separate reports. They will be filed with the Town Clerk for public inspection and will be filed with appropriate Federal and State agencies.

**Budgeting Controls**

In addition to internal accounting controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual referendum and as may be amended by the Town Council and Board of Finance, or a Special Town Meeting during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level. The Town maintains annual budgets for other funds, such as the Sewer Usage Fund, Sewer Assessment Fund, Sidewalk Fund, and the Dog License Fund, as approved by State Statute or Special Town Meeting. The Town also maintains project length budgets for all capital projects.

To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item for all budgets. Verification of funds availability is required prior to the issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Those encumbrances for goods and services that have not been received on June 30 of each year are reported as reservations of fund balance. Valid charges in the next fiscal year are paid from these encumbrances.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

### **General Fund Balance**

The unassigned, or available, General Fund fund balance increased by \$2,224,295, or 23.6%, during the fiscal year. This amount, \$11,641,051, is equivalent to about 85 days of operating expenditures and is 23.4% of the adopted 2019 budget. Favorable results from budgetary operations resulted in an operating surplus. Unanticipated revenue from tax collections resulted in approximately \$616,000 in excess of budget, specifically current year collections and the supplemental motor vehicle billing. Revenue from building permits also exceeded the Town's estimate due to major remodeling for a new Shop Rite grocery store and a new club house at the home of the Travelers' Championship, TPC River Highlands golf course. Salaries and staffing changes, special education tuition and transportation, and a milder-than-anticipated winter resulted in lower than anticipated expenditures.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and prefund reimbursement-type grant opportunities.

The Board of Finance also committed \$519,000 toward the 2019 budget to fund the Capital/Nonrecurring Fund for 2018-19 requests and \$110,000 toward the Willowbrook Road reconstruction. This is in keeping with the Board of Finance's historical practices and philosophy.

### **Debt Administration**

On June 30, 2018, the Town had five debt issues outstanding. Bonded indebtedness was \$20,275,000 with a final maturity date of June 2036. All the bonds are general obligations of the Town. Bonds that are authorized but unissued total \$5,191,000. The Willowbrook Road Improvement and North Road Ext. Bridge projects account for 95% of this amount; however these projects are primarily grant-funded. It is anticipated that the Town's portion of these projects (roughly \$650,000) will be self-funded.

On December 6, 2017, Standard & Poor's credit rating agency reaffirmed the Town of Cromwell's AAA credit rating with a stable outlook. On December 28, 2017, the Town issued bonds to refund the 2008 and 2010 bond issues resulting in a net present value savings of over \$360,000.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$323,300,411 on June 30, 2018. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2018 was 8.2% of statutory capacity.

On June 30, 2018, the ratio of bonded indebtedness to assessed value was 1.50%. The amount of bonded indebtedness per capita was \$1,443.

### **Relevant Policies and Practices**

The Town of Cromwell has formally adopted key financial policies. Several years ago, the Town Council adopted policies including Fund Balance, Debt Management and Capital Planning, and Economic Development Incentives.

The Fund Balance Policy provides guidelines for budgeting decisions and to insure adequate reserves to fund operations by providing sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The policy also addresses use of fund balance.

The Town's Debt Management and Capital Planning policy is used in assessing and planning the Town's capital needs, the determination of appropriate funding methods, and the management of debt and capital assets at a portfolio level.

Cromwell Town Council also approved an Economic Development Incentive Guideline to encourage strategic growth and expansion of business, consistent with the Town's Plan of Conservation and Development. The Town Council, upon the recommendation of the Town Manager, must approve all incentives to new and existing businesses.

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. There were no developments at the State level that impacted the current year financial statements.

### **Independent Audit**

The Town Charter requires an annual audit of books of account, financial records and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the auditor's report has been included in this report.

### **Certificate of Achievement**

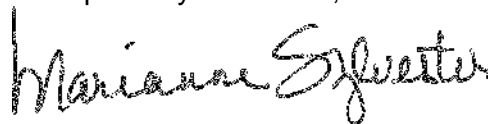
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department, to whom I extend my sincere appreciation. I also thank you, the Town Council, and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Marianne Sylvester". The signature is written in a cursive, flowing style.

Marianne Sylvester  
Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Cromwell  
Connecticut**

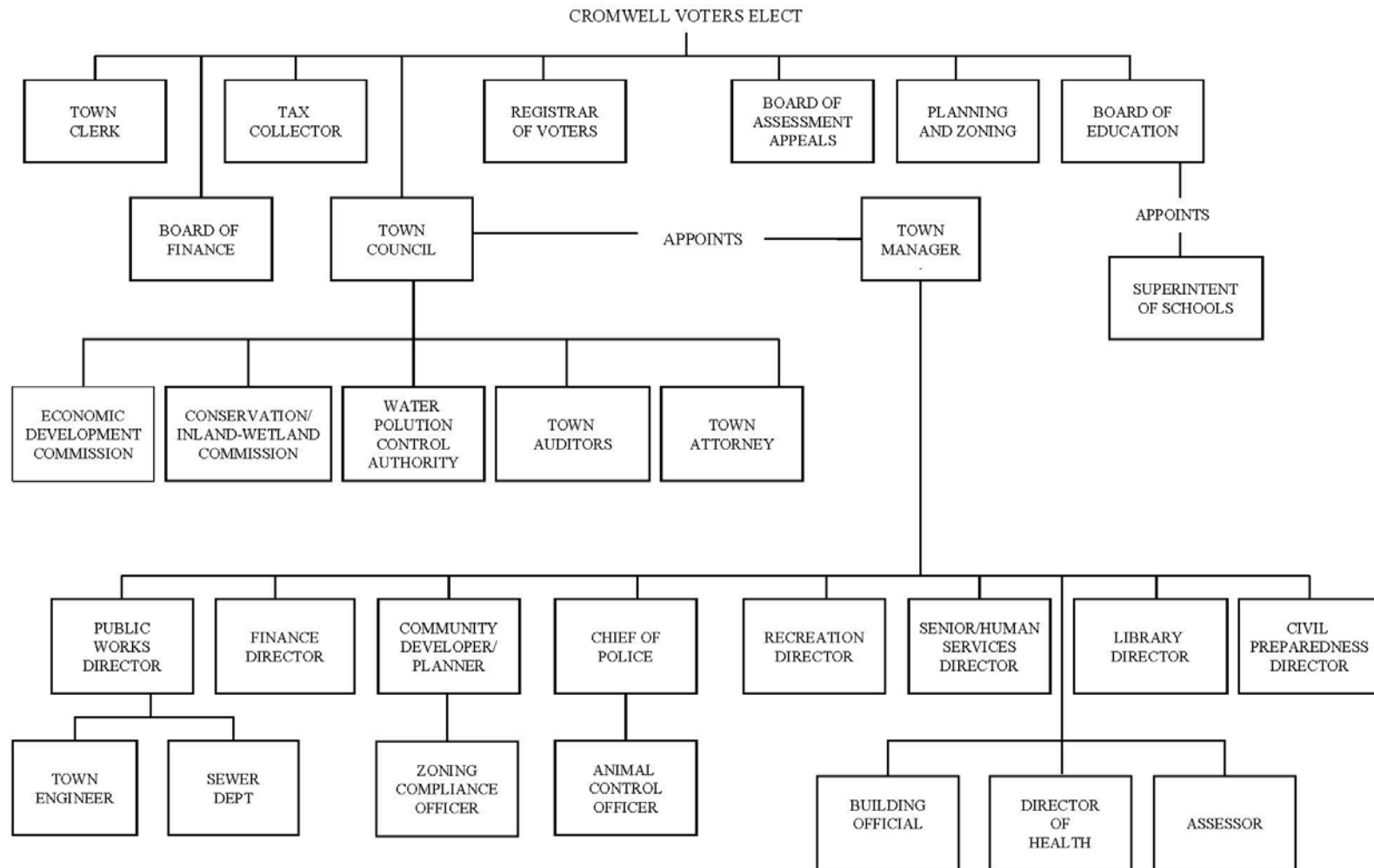
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

# ORGANIZATIONAL CHART



**PRINCIPAL ELECTED OFFICIALS  
AND ADMINISTRATORS  
AS OF JUNE 30, 2018**

Mayor  
Town Clerk  
Tax Collector

Enzo Faienza  
Joan Ahlquist  
Douglas Sienna

**TOWN COUNCIL**

Richard R. Newton  
Samantha Slade  
Al Waters

Frank C. Emanuele Jr.  
Myron Johnson  
James Demetriades

**BOARD OF FINANCE**

John Henahan, Chairman  
Julius Neto, Vice-Chairman  
Steve Wygonowski

Bob Milardo  
Amanda Drew  
Edwin Maley Jr.

**BOARD OF EDUCATION**

Michael J. Camilleri, Chairman  
Paul M. Sousa  
Jeffrey Matrulo  
Megan Midgley  
John Flanders

Lindsey Merli  
Celine Kelleher  
Jay V. Fletcher  
Laurie Cantwell

Superintendent of Schools

John T. Maloney Jr.

**ADMINISTRATION**

Town Manager  
Animal Control Officer  
Assessor  
Building Official  
Chief of Police  
Developer/Planner  
Director of Finance  
Director of Human Services/Senior Ctr.  
Director of Public Works  
Director of Recreation  
Library Director  
Town Engineer  
Zoning Officer

Anthony J. Salvatore  
Cheryl Gagnon  
Shawna Baron  
David Jolley  
Denise LaMontagne  
Stuart Popper  
Marianne Sylvester  
Amy Saada  
Louis Spina  
Scott Kieras  
Kara Canney  
Jonathan Harriman  
Bruce Driska

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**Financial Section**



## **Independent Auditor's Report**

To the Town Council  
Town of Cromwell, Connecticut

RSM US LLP

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Cromwell, Connecticut (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cromwell, Connecticut as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the Town restating net position for recognition of the Town's OPEB related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the related pension and other postemployment benefit schedules as listed in the table of contents, the General fund budgetary comparison information and the Sewer Usage fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and other schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
December 14, 2018



**TOWN OF CROMWELL, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

This discussion and analysis of the Town of Cromwell, Connecticut's (the Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to X.

**Financial Highlights**

- The General Fund reported a fund balance this year of \$12.3 million, or 24.7% of budgeted fiscal year 2019 General Fund revenues, with unassigned General Fund fund balance at \$11.6 million or 23.4% of revenues.
- The Town's General Fund budget revenues received for the fiscal year exceeded the budget operating expenses by \$2.15 million.
- Net position of our governmental activities increased by \$2.7 million over the prior year (see Table 1).
- Total liabilities decreased by \$4.4 million since long-term debt outstanding decreased due to a decrease in the outstanding G.O. bonds and the Town's net OPEB liability.
- Total cost of all of the Town's programs was \$58.4 million with no program changes this year.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

In the statement of net position and the statement of activities, the Town reports governmental activities as the Town's basic services, including education, public safety, public works, culture and recreation, human services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

### **Fund Financial Statements**

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

- *Governmental Funds (Exhibits III, IV and V)* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are greater or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits VI, VII and VIII)* – The Town's activities related to the internal service fund for employee dental insurance are reported in these exhibits. This fund receives payments from the Town, including the Board of Education, and the Fire District, as well as employee and retiree contributions to pay claims made for dental procedures.
- *Fiduciary Funds (Exhibits IX and X)* – The Town is the trustee, or fiduciary, for its employees' pension plans. The Town also holds funds as the agent for the School Activity Fund and for contractor bonds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the

Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Government-Wide Financial Analysis**

The Town's combined net position increased from a year ago, from \$100.6 million to \$103.4 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1**  
**Summary Statement of Net Position**

	Governmental Activities	
	June 30, 2018	June 30 , 2017
Current and other assets	\$ 26,738,982	\$ 26,585,371
Capital assets, net of accumulated depreciation	114,867,360	113,337,797
<b>Total assets</b>	<b>141,606,342</b>	<b>139,923,168</b>
Deferred Outflows of Resources:		
Deferred pension expense	3,067,980	4,180,992
Deferred charge on refunding	361,273	166,843
	<b>3,429,253</b>	<b>4,347,835</b>
Long-term debt outstanding	32,391,201	38,590,538
Other liabilities	4,109,762	4,100,946
<b>Total liabilities</b>	<b>36,500,963</b>	<b>42,691,484</b>
Deferred Inflows of Resources:		
Deferred pension credit	2,224,338	2,754,257
Deferred OPEB credit	2,931,241	-
	<b>5,155,579</b>	<b>2,754,257</b>
Net Position:		
Net investment in capital assets	92,647,243	90,614,975
Restricted for:		
Perpetual care:		
Expendable	5,801	5,287
Nonexpendable	56,237	56,237
Unrestricted	10,669,772	8,148,763
<b>Total net position</b>	<b>\$ 103,379,053</b>	<b>\$ 98,825,262</b>

The Town's total net position for governmental activities increased by \$4,553,791. The unrestricted portion of the Town's net position – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – shows an increase from \$10 million at June 30, 2017 to \$10.7 million at the end of this fiscal year. Total assets increased by \$1.7 million, primarily due to an increase in capital assets, including facility and infrastructure improvements and land acquisitions. Deferred outflows of resources decreased also, primarily due to a decrease in deferred pension expenses. A decrease in total liabilities of \$4.4 million, due to paying down outstanding debt, and a decrease in deferred inflows of resources, primary due to an OPEB adjustment, also impacted the total net position. Net investment in capital assets increased year-over-year by just

over \$1.5 million reflecting the infrastructure and facility improvements being undertaken net of the associated debt and depreciation and the acquisition of property.

**Table 2**  
**Summary Statement of Activities Year Ended June 30,**

	Governmental Activities	
	2018	2017
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 4,402,581	\$ 4,213,497
Operating grants and contributions	12,033,737	12,263,848
Capital grants and contributions	338,128	147,340
General Revenues:		
Property taxes	43,490,210	42,288,843
Grants and contributions not restricted to specific purposes	77,996	144,436
Unrestricted investment earnings	371,990	150,791
<b>Capital Contributions</b>	1,856,522	-
Other general revenues	392,924	474,310
<b>Total revenues</b>	<b>62,964,088</b>	<b>59,683,065</b>
<b>Program expenses</b>		
General government	5,467,135	6,018,788
Public Safety	3,869,319	3,578,942
Public Works	8,439,623	8,312,654
Culture and Recreation	1,103,036	1,086,816
Human Services	606,146	683,617
Education	38,257,417	37,792,620
Interest on long-term debt	667,621	680,936
<b>Total program expenses</b>	<b>58,410,297</b>	<b>58,154,373</b>
<b>Increase in net position</b>	<b>4,553,791</b>	<b>1,528,692</b>
<b>Net position, beginning, restated*</b>	<b>98,825,262</b>	<b>99,115,817</b>
<b>Restatement for GASB No. 75*</b>	<b>-</b>	<b>(1,819,247)</b>
<b>Net position, ending</b>	<b>\$ 103,379,053</b>	<b>\$ 98,825,262</b>

\*2017 restated for GASB No. 75. Additional information on GASB Statement No. 75 can be found in Note 1 under □ accounting standards adopted in the current year

The Town's total revenue was \$62.9 million. The total cost of all programs and services was \$58.4 million. Our analysis below considers the operations of governmental activities.

### **Governmental Activities**

On the revenue side, income from property taxes, which comprises 69% of Town revenues, exceeded the original budget by over \$616,000 and surpassed fiscal year 2017 collections by \$1.2 million. Another significant increase impacting revenue was the capital contribution of roads (Bucks Crossing and Fawn Run). There was a slight increase in charges for services and a slight decrease in operating grants and contributions. Year over year, total expenditures for

governmental activities decreased by less than 1%. According to the Town's Charter, all Departments must finish the year within budget and this was accomplished. Comparing total General Fund expenditures (actual) to budget resulted in a savings of \$1.5. Some of the savings in comparing operating expenditures to the original budget were in General Government (\$592,101), including Employee Benefits (\$376,957), Public Safety (\$250,053), Public Works (\$96,609), and Education (\$505,850). The savings were primarily a result of salaries/staffing changes, a milder-than-anticipated winter, and special education costs.

Table 3 presents the cost of each of the Town's five largest programs – education, general government, public works, public safety and culture and recreation – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2018	2017	2018	2017
Education	\$ 38,257,417	\$ 37,792,620	\$ 26,136,804	\$ 25,643,632
General Government	5,467,135	6,018,788	4,654,269	4,992,370
Public Works	8,439,623	8,312,654	5,191,386	5,589,542
Public Safety	3,869,319	3,578,942	3,375,591	2,954,051
Culture and Recreation	1,103,036	1,086,816	1,039,202	1,017,994
All Others	1,273,767	1,364,553	1,238,599	1,332,099
<b>Total</b>	<b>\$ 58,410,297</b>	<b>\$ 58,154,373</b>	<b>\$ 41,635,851</b>	<b>\$ 41,529,688</b>

## **Town Funds Financial Analysis**

### **Governmental Funds**

The Board of Finance presented the fiscal 2018 budget to the Annual Town Referendum in three parts. The Town budget was \$16,221,102 or 1.4% more than the approved budget for 2017. Bonded Debt budget of \$3,687,524 represented an increase of \$99,412 or 2.8%. The Education budget was \$29,343,702, an increase of 2.0%. In total, the total proposed budget, \$49,252,328, was 1.87% more than the previous year. The increase in the overall budget was primarily due to increased contractual obligations. Taxpayers in the Town of Cromwell voted at the Annual Town Referendum on the 1<sup>st</sup> Tuesday in May, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 31.68, increasing the rate from the previous year by less than 1%. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles was \$55,586,560. Expenditures and encumbrances on the same basis were \$53,403,291. The difference of \$2,183,269 increased fund balance at fiscal year end to \$12.4 million. Although State municipal aid came in less than anticipated by almost \$175,000, current year tax collections exceeded budgeted by over \$587,000, with prior year's levies, interest, liens, and supplemental motor vehicle taxes exceeding budget by over \$380,000. In addition, building permits exceeded anticipated levels by \$269,383. Staffing changes (wages and benefits), savings in utilities, gasoline, and special education costs resulted in over \$1,550,296 savings in expenditures.

The Town's General Fund Balance of \$12.4 million reported on Exhibit III in the Basic Financial Statements consists of \$11.7 million as Unassigned Fund Balance. The Board of Finance committed \$629,000 for capital items in the 2018-19 budget. The Capital Projects Fund fund balance, shown in Exhibit III, reflects a decrease as infrastructure and facility projects are progressing and completed. The Sewer Usage saw an increase due to an increase in collections and lower than anticipated costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the Town had \$114.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and sewer lines (see Table 4). This amount is increased from the previous year, reflecting the completion various projects and the shift in the allocation from Construction in Progress to the appropriate asset classifications.

**Table 4**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities (in millions)			
	2018		2017	
	Net	Acquisition	Net	Acquisition
Land	\$ 8.5	\$ 8.5	\$ 8.5	\$ 8.5
Buildings	50.1	80.0	51.5	79.6
Furniture, equipment and improvements	2.7	9.6	2.2	8.6
Infrastructure	46.3	104.1	45.6	101.5
Construction in progress	7.3	7.3	5.6	5.6
<b>Total</b>	<b>\$ 114.9</b>	<b>\$ 209.5</b>	<b>\$ 113.4</b>	<b>\$ 203.8</b>

For the year, the major changes include:

**Land** – No change.

**Buildings** – Net amount decreased due to depreciation.

**Furniture, equipment, and improvements** – Net amount increased due to acquisitions and improvements.

**Infrastructure** – Improvements to Town roads, offset by depreciation, resulted in a net increase in the value.

**Construction in progress** – Town infrastructure projects are the primary assets in this classification. New infrastructures, to be funded primarily through the State and Federal grants, were included as Construction in Progress. A library expansion and renovation project is also included.

The Town's fiscal year 2018-19 capital/non-recurring requests include items such as the cost for a roadside mower, replacement plow attachments, road improvements, refurbishing the Little League fields, park maintenance equipment, a wheelchair accessible bus, and a police vehicle. Other larger capital items, such as infrastructure and major facility improvements, are considered as part of the Town's Long Range Capital Improvement program for inclusion in possible future bond issues. The Town approved a major renovation/expansion project for the Cromwell Belden Public Library, to be offset by a \$1 million State Library grant, and is considering the construction of a public works/transfer station facility within the next year. Major school facility projects continue to be discussed.

More detailed information about the Town's capital assets is presented in Note 1 and Note 4 to the financial statements.

### ***Long-Term Debt***

At June 30, 2018, the Town had \$20.3 million in bonds and notes outstanding versus \$23.5 million last year – a decrease of 13.9% or \$3.2 million (see Table 5).

**Table 5**  
**Outstanding Debt**

	Governmental Activities (in millions)	
	2018	2017
General Obligation Bonds	\$ 20.3	\$ 23.5

The Town did not issue new debt during fiscal year 2017-2018; however, an advance refunding of 2008 and 2010 bonds was issued in December 2017. The Town of Cromwell's AAA general obligation bond rating with Standard & Poor's rating agency was affirmed on December 6, 2017.

The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town's outstanding general obligation debt is calculated in accordance with this formula it is significantly below this \$323 million State imposed limit.

Other long-term obligations include other post-employment benefits (OPEB) and compensated absences (accrued vacation pay and sick leave). More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The Town's Board of Finance considered many factors when setting the fiscal year 2019 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2018 stands at 4.0% versus 4.7% one year ago. This compares favorably with the State's and the Hartford Labor Market area's unemployment rates of 4.5% and 4.5%, respectively.

According to the Connecticut Economic Resource Center (CERC), the most recently reported (2016) Per Capita Income in Cromwell was \$43,171 compared to Hartford County rate of

\$36,570 and the State rate of \$39,906. Median Household Income was \$83,739 for Cromwell versus \$72,559 for Hartford County and \$73,433 for the State.

The 2018-2019 General Fund budget of \$49,736,821 was approved by referendum on May 1, 2018. This budget was \$484,493, or 0.98% higher than the 2018 adopted budget. Debt service remained level, year over year, due to an advance refunding of the 2008 and 2010 bonds and pay down of existing debt. The General Government budget increased by \$104,205 or 0.6%. The Education portion increased by \$380,512, or 2.0%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%, and a 5.8% increase in the grand list. They also used \$629,000 of available fund balance to offset capital and non-recurring requests included in the budget process this fiscal year and a portion of the Willowbrook Road project not funded by State and Federal grants. The Board of Finance set the mill rate at 30.33 mills. This reflects a 4.3% decrease in the mill rate. There were no new programs added for fiscal year 2018-19 and all existing programs were funded.

### **Contacting the Town's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Cromwell, 41 West Street, Cromwell, Connecticut 06416 or visit [www.cromwellet.com](http://www.cromwellet.com).



## **Basic Financial Statements**



**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 24,240,830
Receivables, net of allowances for collection losses:	
Property taxes	1,177,345
Assessments/user charges	502,987
Intergovernmental	52,030
Other	219,149
Inventories	16,153
Restricted cash	530,488
Capital assets not being depreciated	15,727,847
Capital assets being depreciated, net	99,139,513
<b>Total assets</b>	<b>141,606,342</b>
Deferred outflows of resources:	
Deferred pension expense	3,067,980
Deferred charge on refunding	361,273
<b>Total deferred outflows of resources</b>	<b>3,429,253</b>
<b>Liabilities</b>	
Accounts payable and other payables	2,403,440
Accrued interest payable	82,635
Unearned revenue	1,623,687
Long-term liabilities:	
Due within one year	3,690,607
Due in more than one year	28,700,594
<b>Total liabilities</b>	<b>36,500,963</b>
Deferred inflows of resources:	
Deferred pension credit	2,224,338
Deferred OPEB credit	2,931,241
<b>Total deferred inflows of resources</b>	<b>5,155,579</b>
Net position:	
Net investment in capital assets	92,647,243
Restricted for:	
Perpetual care:	
Expendable	5,801
Nonexpendable	56,237
Unrestricted	10,669,772
<b>Total net position</b>	<b>\$ 103,379,053</b>

See notes to financial statements.

Town of Cromwell, Connecticut

Exhibit II

Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ (5,467,135)	\$ 716,693	\$ 96,173	\$ -	\$ (4,654,269)
Public Safety	(3,869,319)	465,612	28,116	-	(3,375,591)
Public Works	(8,439,623)	2,633,822	276,287	338,128	(5,191,386)
Culture and Recreation	(1,103,036)	49,834	14,000	-	(1,039,202)
Human Services	(606,146)	17,188	17,980	-	(570,978)
Education	(38,257,417)	519,432	11,601,181	-	(26,136,804)
Interest on long-term debt	(667,621)	-	-	-	(667,621)
	<u>\$ (58,410,297)</u>	<u>\$ 4,402,581</u>	<u>\$ 12,033,737</u>	<u>\$ 338,128</u>	<u>(41,635,851)</u>
General revenues					
Property taxes					43,490,210
Grants and contributions not restricted to specific programs					77,996
Unrestricted investment earnings					371,990
Other					392,924
<b>Total general revenues</b>					<u>44,333,120</u>
Capital contributions					1,856,522
<b>Change in net position</b>					4,553,791
Net position - beginning- restated (Note 1)					<u>98,825,262</u>
Net position - ending					<u>\$ 103,379,053</u>

See notes to financial statements.

**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 13,101,785	\$ 2,984,753	\$ 6,373,712	\$ 2,183,890	\$ 24,644,140
Receivables, net:					
Property taxes	1,177,345	-	-	-	1,177,345
Assessments/user charges	-	315,846	187,141	-	502,987
Intergovernmental	-	-	-	52,030	52,030
Other	201,106	-	8,274	9,769	219,149
Prepays/inventories	-	-	-	16,153	16,153
<b>Total assets</b>	<b>\$ 14,480,236</b>	<b>\$ 3,300,599</b>	<b>\$ 6,569,127</b>	<b>\$ 2,261,842</b>	<b>\$ 26,611,804</b>
<b>Liabilities</b>					
Accounts and other payables	1,223,006	36,603	890,505	240,326	\$ 2,390,440
Due to other funds	-	-	-	1,000	1,000
Unearned revenue	-	1,535,884	-	87,803	1,623,687
<b>Total liabilities</b>	<b>1,223,006</b>	<b>1,572,487</b>	<b>890,505</b>	<b>329,129</b>	<b>4,015,127</b>
Deferred inflows of resources:					
Unavailable resources - other	965,584	265,083	187,141	-	1,417,808
<b>Total deferred inflows of resources</b>	<b>965,584</b>	<b>265,083</b>	<b>187,141</b>	<b>-</b>	<b>1,417,808</b>
Fund balances:					
Nonspendable	-	-	-	72,390	72,390
Restricted	-	-	2,155,902	947,736	3,103,638
Committed	629,000	1,457,184	2,649,505	912,587	5,648,276
Assigned	21,595	5,845	686,074	-	713,514
Unassigned	11,641,051	-	-	-	11,641,051
<b>Total fund balances</b>	<b>12,291,646</b>	<b>1,463,029</b>	<b>5,491,481</b>	<b>1,932,713</b>	<b>21,178,869</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 14,480,236</b>	<b>\$ 3,300,599</b>	<b>\$ 6,569,127</b>	<b>\$ 2,261,842</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	114,867,360
Assets that are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds.	1,417,808
Deferred amounts on refunding	361,273
Net deferred inflows/outflows due to pension liabilities	843,642
Net deferred inflows/outflows due to OPEB liabilities	(2,931,241)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(32,391,201)
Internal Service funds are used by management to charge the costs of risk management to individual funds are included in governmental activities in the statement of net position	115,178
Accrued interest payable not recorded in the funds.	(82,635)

**Net position of governmental activities**

**\$ 103,379,053**

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2018**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 43,419,649	\$ -	\$ -	\$ -	\$ 43,419,649
Intergovernmental	10,263,506	-	338,128	1,973,878	12,575,512
Charges for services	1,385,881	2,098,951	50,933	453,859	3,989,624
Income on investments	295,701	17,445	48,390	10,454	371,990
Other	320,627	1,350	9,849	381,725	713,551
<b>Total revenues</b>	<b>55,685,364</b>	<b>2,117,746</b>	<b>447,300</b>	<b>2,819,916</b>	<b>61,070,326</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	5,447,494	-	-	-	5,447,494
Public Safety	3,513,368	-	-	95,780	3,609,148
Public Works	4,257,708	1,779,011	2,162	770	6,039,651
Culture and Recreation	800,443	-	-	250,112	1,050,555
Human Services	588,894	-	-	17,014	605,908
Education	34,700,021	-	-	2,104,140	36,804,161
Debt Service	3,774,236	-	19,000	-	3,793,236
Capital Outlay	-	-	3,732,424	3,000	3,735,424
<b>Total expenditures</b>	<b>53,082,164</b>	<b>1,779,011</b>	<b>3,753,586</b>	<b>2,470,816</b>	<b>61,085,577</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,603,200</b>	<b>338,735</b>	<b>(3,306,286)</b>	<b>349,100</b>	<b>(15,251)</b>
<b>Other financing sources (uses):</b>					
Transfers in	449,223	-	931,000	35,524	1,415,747
Transfers out	(960,497)	(121,000)	(43,963)	(290,287)	(1,415,747)
Issuance of debt	6,540,000	-	-	-	6,540,000
Payment to escrow	(7,235,849)	-	-	-	(7,235,849)
Bond Premium	787,192	-	-	-	787,192
<b>Total other financing sources (uses)</b>	<b>(419,931)</b>	<b>(121,000)</b>	<b>887,037</b>	<b>(254,763)</b>	<b>91,343</b>
<b>Change in fund balances</b>	<b>2,183,269</b>	<b>217,735</b>	<b>(2,419,249)</b>	<b>94,337</b>	<b>76,092</b>
Fund balances, beginning of year	10,108,377	1,245,294	7,910,730	1,838,376	21,102,777
Fund balances, end of year	<u>\$ 12,291,646</u>	<u>\$ 1,463,029</u>	<u>\$ 5,491,481</u>	<u>\$ 1,932,713</u>	<u>\$ 21,178,869</u>

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ 76,092
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital Outlay	4,033,514
Donated assets	1,856,522
Depreciation expense	(4,360,473)
	<u>1,529,563</u>
Changes in receivables that impact revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in these receivables are as follows:	
Property taxes receivable	70,561
Special assessments and collections	(57,556)
Sewer assessment and usage charges	24,235
	<u>37,240</u>
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:	
Issuance of general obligation refunding bonds	(6,540,000)
Bond premium	(787,192)
Deferred charge on refunding	240,850
Principal repayments:	
Bond principal payments	9,810,000
Amortization of bond premiums	331,774
Amortization of deferred charge on refunding	(46,420)
	<u>3,009,012</u>
Net income of certain activities of internal service funds is reported with governmental activities	<u>6,202</u>
Change in net deferred inflows/outflows relating to the net pension liabilities	<u>(583,093)</u>
Change in net deferred inflows/outflows relating to the net OPEB liabilities	<u>(2,931,241)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The change in these expenses are as follows:	
Net pension liability- MERS	838,084
Net pension liability	(639,256)
Other post-employment benefits	3,201,126
Compensated absences	(15,214)
Accrued interest	25,276
	<u>3,410,016</u>
Change in net position of governmental activities	<u>\$ 4,553,791</u>

See notes to financial statements.

**Statement of Net Position - Proprietary Funds**  
**June 30, 2018**

	Governmental Activities
	<u>Internal Service Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	<u>\$ 127,178</u>
<b>Liabilities</b>	
Current liabilities:	
Claims payable	<u>12,000</u>
Net position:	
Unrestricted	<u><u>\$ 115,178</u></u>

See notes to financial statements.



**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Governmental Activities <u>Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 321,800
<b>Total operating revenues</b>	<u>321,800</u>
Operating expenses:	
Benefits provided	<u>315,598</u>
<b>Total operating expenses</b>	<u>315,598</u>
<b>Net income</b>	6,202
Net position, beginning	<u>108,976</u>
Net position, ending	<u><u>\$ 115,178</u></u>

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Governmental Activities <u>Internal Service Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 321,800
Payments to suppliers	<u>(316,598)</u>
<b>Net cash provided by operating activities</b>	<u>5,202</u>
 <b>Increase in cash and cash equivalents</b>	 5,202
Cash and cash equivalents, beginning	<u>121,976</u>
Cash and cash equivalents, ending	<u><u>\$ 127,178</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,202
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in claims payable	<u>(1,000)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 5,202</u></u>

See notes to financial statements.

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2018**

	Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,462,243	\$ 817,166
Accrued interest	47,676	-
Investments:		
Asset and mortgage backed securities	97,507	-
Corporate bonds	1,548,800	-
Government bonds	4,288,772	-
Real estate investment trusts	1,240,373	-
Mutual Funds	222,950	-
Pooled fixed income	178,251	-
Common stock	15,799,533	-
Due from other funds	-	1,000
<b>Total investments</b>	<b>23,376,186</b>	<b>1,000</b>
<b>Total assets</b>	<b>24,886,105</b>	<b>818,166</b>
<b>Liabilities</b>		
Due to student groups and others	-	818,166
<b>Net position restricted for benefits</b>	<b>\$ 24,886,105</b>	<b>\$ -</b>

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund  
For the Year Ended June 30, 2018**

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 964,271
Plan members	235,765
<b>Total contributions</b>	<u>1,200,036</u>
Investment gain:	
Net appreciation in fair value of investments	<u>1,522,559</u>
Less investment expense	<u>(185,459)</u>
<b>Net investment gain</b>	<u>1,337,100</u>
	<u>2,537,136</u>
Deductions:	
Benefits	1,103,352
Administrative expenses	6,253
<b>Total deductions</b>	<u>1,109,605</u>
<b>Change in net position</b>	1,427,531
Net position restricted for benefits, beginning of year	<u>23,458,574</u>
Net position restricted for benefits, end of year	<u><u>\$ 24,886,105</u></u>

See notes to financial statements.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

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

**Reporting entity:** The Town implemented the revised Charter that was approved by voters in 2011. The changes were effective November 2013, and resulted in a change in the form of government to Town Council/Mayor, with a Town Manager as the chief administrative officer, and a Board of Finance. The legislative power of the Town is vested in the Town Council, except as otherwise provided in the Town Charter. The Town Council must approve ordinances after a public hearing. The Board of Finance is responsible for presenting fiscal operating budgets for approval by referendum.

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

The Town provides the following services: general government, public safety, public works and highways, parks, recreation, library, health and human services and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and there are no agencies or entities which should be presented by the Town.

**Accounting standards adopted in the current year:** GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, Statement No. 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. 2) Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$1,819,247, a net OPEB liability of \$6,043,632 was added, a net OPEB obligation of \$4,224,385 was removed. Details can be found in Note 9.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**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. Interfund services provided and used are not eliminated in the process of consolidation. 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 services.

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

Separate financial statements are provided for governmental 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.

The various funds included in the financial statements are described below:

**Governmental funds:** Governmental funds are those through which most governmental functions typically are financed.

**The General Fund:** is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

**Special Revenue Funds:** are used to account for and report the proceeds of specific revenue sources that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

**Capital Project Funds:** account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

**Permanent Funds:** are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

**Fiduciary funds:** 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/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

**Trust Funds:** accounts for the Town of Cromwell Retirement System and its OPEB plan.

**Agency Funds:** are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Activity Fund, the Contractor Bond Fund, and Health Reimbursement Account are the Town's agency funds.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Proprietary fund:** Proprietary funds are used to account for activities that are similar to those found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

**Internal Service Fund:** is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost-reimbursement basis.

**Measurement focus, basis of accounting and financial statement presentation:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, employee pension benefits and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services, licenses and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

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

**The Sewer Usage Fund:** accounts for and reports the revenues restricted and committed to expenditures for the operations and maintenance of the Town's sewer system. Revenue is derived primarily from sewer use charges to residents of the Town.

**The Capital Projects Fund:** accounts for and reports financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities and or infrastructure. Legal authorization for expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements.

Additionally, the Town reports the following fund types:

**Internal Service Fund:** is used to account for the dental self-insured activities of the Town, and Cromwell Fire and Water District employees.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**The Trust Funds:** accounts for the activities of the Town employees, which accumulates resources for pension and OPEB benefit payments to qualified Town employees.

**The Agency Funds:** account for resources held by the Town in a purely custodial capacity. The Town maintains three agency funds, the School Activity Fund, the Contractor Bond Fund, and Health Reimbursement Account.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**Accounting estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows/inflows of resources and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

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

**Investments:** State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 2.

Investments for the Town are reported at fair value.

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

**Fair value:** The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.



## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 2 for additional information regarding fair value.

**Property taxes:** Property taxes are assessed as of October 1 and are levied the following July 1. Property tax bills are payable in two installments, July 1 and January 1, except for motor vehicles, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of the market value.

Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue in the fund financial statements. Interest on delinquent taxes accrues at a rate of 1.5% per month.

Liens are placed upon delinquent real estate accounts on June 30th in accordance with the provisions of the Connecticut General Statutes.

At the time the annual budget is adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

**Allowance for doubtful accounts:** Accounts receivable including property taxes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$53,222 has been established as an allowance for uncollectible taxes.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Inventories and prepaid items:** All inventories are stated at the lower of cost or market, determined on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital assets:** Capital assets, which includes property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items are reported at acquisition value.

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.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Improvements other than buildings	3-20
Infrastructure	10-65
Furniture and equipment	3-20

Capital outlay (assets) are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

**Compensated absences:** Employees are paid by prescribed formula for absence due to vacation or sickness. Employees are generally not paid for vacation leave not taken, and vacation leave must be taken not later than the end of the next calendar year. Sick leave may be accumulated up to 120 days.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net position. The vesting method using current pay rates was used to calculate the liability.

**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.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Restricted assets:** At June 30, 2018, the Town had \$530,488 in restricted assets. The amount relates to unspent bond proceeds. The restricted assets are offset with general obligation bonds leaving no effect on fund balance in the governmental activities.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner. 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 property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

**Long-term obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount.

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

#### **Pension accounting:**

**Pension Trust Funds:** Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Governmental funds/governmental activities:** In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Funding policy:** The Town funds the contributions to its defined benefit pension plan based on an actuarial valuation, which amount is included in the budget.

**Other post-employment obligations (OPEB) accounting:** Employer contributions are recognized in the period in which the contributions are due, and the Town provides the contributions.

**Net OPEB liability:** The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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. The net OPEB liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

The OPEB liability (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

**Funding policy:** The Town makes annual contributions based on management's decisions. The General Fund is typically used to pay these obligations.

**Net position:** 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:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Unrestricted net position:** This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Fund balance:** In the fund financial statements, the Town reported the following governmental fund balances:

**Nonspendable fund balance:** These amounts cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

**Restricted fund balance:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Committed fund balance:** This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Board of Finance) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken to remove or revise the limitation.

**Assigned fund balance:** Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's adopted policy, the Finance Director has the authority to assign amounts for a specific purpose.

**Unassigned fund balance:** The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

**Related organizations:** The Cromwell Fire District and its Water Division is a self-sustaining, non-profit, quasi-municipal water utility operating under legislative sanction from the State. As such, it issues bonds in its own name to finance its expansion programs and must retire these bonds, as well as pay all operating and maintenance costs, from the revenues obtained from the sale of water and from its tax assessing powers. The Fire District also provides firefighting service to the Town of Cromwell.

Cromwell, along with the Town of Berlin, the City of New Britain, and the City of Middletown, is a member of the Mattabassett District, which was organized under a special act of the 1961 session of the Connecticut General Assembly with separate and distinct powers. The City of Middletown was accepted as the fourth member in March 2014. The sole function of the District is to provide sewer treatment services. A fifteen person Board of Directors is appointed by the member towns with New Britain appointing the majority of members, five (5); Middletown appoints four (4); and Berlin and Cromwell appoint three (3). The Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The District levies its annual assessment, which the Town is obligated to pay. The Town is responsible for pro-rata share of the debt, should the District default on its bonds and notes, although the moral obligation to pay these debts will remain with the District. The possibility of the District defaulting on its debt liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents and Investments

**Deposits:** The Town's deposit policy and custodial credit risk policy follows State Statutes. 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.

**Investments:** The Town's custodial credit risk policy for investments is to follow State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund. These investments are carried at amortized cost.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

**Interest rate risk:** The Town and the Pension Plan have a policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The Town and the Pension Plan structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Concentrations:** The Town does have a policy that limits the amounts invested in any one issuer. The Town maintains a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

#### **Custodial credit risk:**

**Deposits:** This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2018, approximately \$12,615,000 of the Town's bank balance of approximately \$16,592,000 was uninsured and uncollateralized.

**Investments:** Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2018:

Cash and cash equivalents:

Deposits with financial institutions	\$ 15,816,409
State of Connecticut Short-Term Investment Fund	11,234,318
Total cash and cash equivalents	<u>27,050,727</u>

Investments:

Trust funds:

Asset and mortgage backed securities	97,507
Corporate bonds	1,548,800
Government bonds	4,288,772
Real estate investment trusts	1,240,373
Pooled fixed income	178,251
Mutual Funds	222,950
Common stock	15,799,533
Total pension investments	<u>23,376,186</u>
Total cash, cash equivalents and investments	<u>\$ 50,426,913</u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 24,240,830
Restricted cash	530,488
	<u>24,771,318</u>

Fiduciary funds:

Cash and cash equivalents	2,279,409
Investments	23,376,186
	<u>25,655,595</u>
Total cash, cash equivalents and investments	<u>\$ 50,426,913</u>

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 2. Cash, Cash Equivalents and Investments (Continued)

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The interest rate applies primarily to the Town's Pension and OPEB Trust Funds. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5 Years	5-10 Years	Over 10 Years
Asset and mortgage backed	\$ 97,507	\$ -	\$ -	\$ -	\$ 97,507
Corporate bonds	1,548,800	48,806	503,935	816,452	179,607
Government bonds	4,288,772	100,982	2,740,962	1,383,235	63,593
Pooled fixed income	178,249	11,684	53,631	51,722	61,212
	<u>\$ 6,113,328</u>	<u>\$ 161,472</u>	<u>\$ 3,298,528</u>	<u>\$ 2,251,409</u>	<u>\$ 401,919</u>

**Credit risk:** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes. Presented below is the actual credit rating as required for each debt type investment.

	Asset and Mortgage Backed	Corporate Bonds	Government Bonds	Pooled Fixed Income	Foreign Bonds
AAA	\$ -	\$ 99,911	\$ 4,288,772	\$ 54,873	\$ -
AAAm	-	-	-	11,234,319	-
AA+	-	130,187	-	-	-
AA	-	-	-	9,811	-
AA-	-	98,395	-	-	-
A+	-	158,834	-	-	-
A	-	151,832	-	26,359	-
A-	-	192,694	-	-	-
BBB+	-	177,925	-	-	-
BBB	-	43,304	-	47,335	-
BBB-	-	34,218	-	-	-
B	-	39,785	-	12,776	-
B-	-	26,013	-	1,931	-
B+	-	67,471	-	-	-
BB	-	109,566	-	19,326	-
BB-	-	61,700	-	-	-
BB+	-	156,965	-	-	-
Unrated	97,507	-	-	5,839	-
	<u>\$ 97,507</u>	<u>\$ 1,548,800</u>	<u>\$ 4,288,772</u>	<u>\$ 11,412,569</u>	<u>\$ -</u>



## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 2. Cash, Cash Equivalents and Investments (Continued)

**Fair value:** The Plans categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plans has the following recurring fair value measurements as of June 30, 2018:

	Fair Value Measurements Using			
	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 15,799,533	\$ 15,799,533	\$ -	\$ -
Mutual funds	222,950	222,950	-	-
Real estate investment trusts	1,240,373	1,240,373	-	-
Debt securities:				
Pooled fixed income	178,251	178,251	-	-
Asset and mortgage backed	97,507	-	97,507	-
Corporate bonds	1,548,800	-	1,548,800	-
Municipal bonds	4,288,772	4,288,772	-	-
Total debt securities	6,113,330	4,467,023	1,646,307	-
Total investments by fair value level	\$ 23,376,186	\$ 20,489,506	\$ 1,646,307	\$ -

**Debt and equity securities:** Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 8,469,782	\$ -	\$ -	\$ 8,469,782
Construction in progress	5,583,951	2,963,608	1,289,494	7,258,065
Total capital assets, not being depreciated	14,053,733	2,963,608	1,289,494	15,727,847
Capital assets, being depreciated:				
Buildings and improvements	77,398,830	38,462	-	77,437,292
Improvements other than buildings	2,166,615	419,773	-	2,586,388
Furniture and equipment	8,629,829	1,122,941	121,854	9,630,916
Infrastructure	101,511,860	2,634,746	-	104,146,606
Total capital assets being depreciated	189,707,134	4,215,922	121,854	193,801,202
Less accumulated depreciation for:				
Buildings	27,195,210	1,804,157	-	28,999,367
Improvements other than buildings	904,067	30,222	-	934,289
Furniture and equipment	6,420,963	624,402	121,854	6,923,511
Infrastructure	55,902,830	1,901,692	-	57,804,522
Total accumulated depreciation	90,423,070	4,360,473	121,854	94,661,689
Total capital assets, being depreciated, net	99,284,064	(144,551)	-	99,139,513
Governmental activities capital assets, net	\$ 113,337,797	\$ 2,819,057	\$ 1,289,494	\$ 114,867,360

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

Governmental activities:	
General government	\$ 142,151
Public Safety	260,563
Public Works	2,371,288
Culture and Recreation	79,995
Human Services	13,450
Education	1,493,026
Total depreciation expense – governmental activities	\$ 4,360,473

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 3. Capital Assets (Continued)

**Construction commitments:** The Town has active construction projects as of June 30, 2018. At year end the Town's commitments with contractors are as follows:

Project	Expenditures and Encumbrances To Date	Remaining Balance
STEAP Industrial Park	\$ 1,379,272	\$ 65,728
School Improvements	191,740	10,620
Town Infrastructure	8,010,139	6,034,911
Town Improvements	191,650	4,268,727
	<u>\$ 9,772,801</u>	<u>\$ 10,379,986</u>

The commitments are being financed through Federal and State grants, general obligation bonds and fund balance.

#### Note 4. Interfund Receivables, Payables and Transfers

As of June 30, 2018, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
Nonmajor Governmental Funds	\$ -	\$ 1,000
Agency Funds	1,000	-
	<u>\$ 1,000</u>	<u>\$ 1,000</u>

The balances above resulted from the time lag between the dates that payments occur between funds for various activities.

Interfund transfers during the year ended June 30, 2018 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 449,223	\$ 960,497
Sewer Usage	-	121,000
Capital Projects	931,000	43,963
Nonmajor Governmental Funds	35,524	290,287
	<u>\$ 1,415,747</u>	<u>\$ 1,415,747</u>

Transfers to other funds from the General Fund represent monies used to fund projects and programs accounted for in the Capital Projects Fund and Non-Major Governmental Funds in accordance with budget authorizations. The transfer from the Sewer Usage Fund to the Sewer Capital Fund was for the acquisition of equipment. Transfers into the General Fund include transfers from Capital Projects Funds to return unspent funds from completed projects.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 5. Unearned Revenue/Deferred Inflows of Resources

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

	Unavailable Revenues	Unearned Revenues
General Fund		
Property taxes- unavailable	\$ 965,584	\$ -
Sewer usage		
Sewer usage	265,083	1,535,884
Capital projects		
Special assessments and collections	187,141	-
Nonmajor governmental fund		
Grant drawdowns prior to meeting all eligibility requirements	-	87,803
	<u>\$ 1,417,808</u>	<u>\$ 1,623,687</u>

#### Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance *	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 23,545,000	\$ 6,540,000	\$ (9,810,000)	\$ 20,275,000	\$ 2,780,000
Unamortized premium on bonds	2,020,187	787,192	(331,774)	2,475,605	282,882
	<u>25,565,187</u>	<u>7,327,192</u>	<u>(10,141,774)</u>	<u>22,750,605</u>	<u>3,062,882</u>
Other long-term liabilities					
Net pension liability- MERS	3,314,849	-	(838,084)	2,476,765	-
Net pension liability	2,336,502	639,256	-	2,975,758	-
Net OPEB liability *	6,043,632	-	(3,201,126)	2,842,506	-
Compensated absences	1,330,353	209,807	(194,593)	1,345,567	627,725
Total governmental activities, long-term liabilities	<u>\$ 38,590,523</u>	<u>\$ 8,176,255</u>	<u>\$ (14,375,577)</u>	<u>\$ 32,391,201</u>	<u>\$ 3,690,607</u>

\* Amounts restated for implementation of GASB No. 75

The pension and OPEB liabilities will be liquidated by the general fund.

**Town of Cromwell, Connecticut**

**Notes to Financial Statements**

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**Note 6. Long-Term Liabilities (Continued)**

A schedule of long-term debt as of June 30, 2018 is presented as follows:

Description	Principal Amount Payable
Bonds:	
\$598,000 of School Improvements bonds issued April 18, 2013 maturing April 15, 2023 at interest rates ranging from 0.52% to 2.15%.	\$ 341,000
\$3,787,000 of Town Improvements and Equipment bonds issued April 18, 2013, maturing April 15, 2023 at an interest rates ranging from 0.52% to 2.15%.	2,159,000
\$9,690,000 of Refunding bonds issued April 18, 2013, maturing April 15, 2023 at interest rates ranging from 0.37% to 2.15%	5,000,000
\$3,125,000 of Refunding bonds issued December 30, 2015, maturing April 15, 2021 at an interest rate of 1.50%	1,500,000
\$193,200 of School bonds issued December 8, 2016, maturing August 1, 2036 at an interest rate of 3.00% to 4.00%	193,200
\$5,326,800 of Town Infrastructure, facilities, and equipment bonds issued December 8, 2016, maturing August 1, 2026, at an interest rate of 3.00% to 4.00%	5,326,800
\$6,540,000 of Refunding bonds issued December 28, 2017, maturing June 1, 2029 at interest rates ranging from 1.26% to 2.30%	5,755,000
	<u><u>\$ 20,275,000</u></u>

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Liabilities (Continued)

Year ending June 30:	Principal	Interest	Total
2019	\$ 2,780,000	\$ 797,300	\$ 3,577,300
2020	3,010,000	694,100	3,704,100
2021	2,965,000	586,700	3,551,700
2022	2,510,000	479,600	2,989,600
2023	2,520,000	371,600	2,891,600
2024-2028	3,225,000	1,069,875	4,294,875
2029-2033	1,945,000	443,900	2,388,900
2034-2038	1,320,000	105,600	1,425,600
	<u>\$ 20,275,000</u>	<u>\$ 4,548,675</u>	<u>\$ 24,823,675</u>

**2017 General Obligation Refunding Bond- In-Substance Defeasance:** On December 30, 2017, the Town issued \$6,540,000 of general obligation refunding bonds with an average interest rate of 4.6%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the Town dated 2018 (the "Refunded Bonds"). Net proceeds of \$7,235,849 (after payment of expenses of \$91,343), was placed in an irrevocable trust under an Escrow Agreement dated December 30, 2017 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption prices of the Refunded Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$364,729, and a cash savings of \$452,397 between the old debt payments and the new debt payments.

At June 30, 2018, there was \$4,123,291 in escrow. The balance of the defeased bonds was approximately \$5,765,000 at June 30, 2018. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

**Prior year defeasance:** In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2018, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$12,755,000.

**Overlapping debt:** As explained in Note 1, the Cromwell Fire District (including the Water Division) and the Mattabassett District have been empowered by the State of Connecticut to issue bonds in their own name. The Fire District/Water Division and Mattabassett District had debt in the amount of \$3,481,322 and \$5,623,351 as of June 30, 2018. However, these debts are repaid through sources other than taxation and are not considered part of the Town of Cromwell's statutory debt limitation. The Fire District had overlapping debt in the amount of \$1,029,285.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Liabilities (Continued)

**Debt limitation:** The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 103,917,989	\$ 17,641,852	\$ 86,276,137
Schools	207,835,979	8,853,434	198,982,545
Sewers	173,196,649	-	173,196,649
Urban renewal	150,103,762	-	150,103,762
Pension deficit	138,557,319	-	138,557,319

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$323,300,411.

**Authorized but unissued:** A summary of bonds authorized but unissued is presented below:

	Amount Authorized	Bonds Issued	Grants Received	Authorized But Unissued
Coles Road Reconstruction	\$ 225,000	\$ -	\$ -	\$ 225,000
North Road Ext Bridge	1,716,000	-	-	1,716,000
Willowbrook Road	3,250,000	-	-	3,250,000
	<u>\$ 5,191,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,191,000</u>

**Compensated absences:** Included in the long-term obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of \$1,345,567 as of June 30, 2018. The general fund has typically been used to liquidate the liability for compensated absences.

#### Note 7. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except dental. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 7. Risk Management (Continued)

The Town established a self-insurance fund in 2011, the Dental Insurance Fund (Internal Service Fund). The Dental Insurance Fund is used to account for dental insurance coverage of Town and Cromwell Fire and Water District employees. Anthem, a fully qualified, third party administrator, is the current administrator of the program and calculates the liability at year-end. As employee claims are processed and certified for payment by the third party administrator, payment is made out of the Dental Insurance Fund. 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 year ended June 30, 2018 is presented below:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
June 30, 2018	\$ 13,000	\$ 314,597	\$ (315,597)	\$ 12,000
June 30, 2017	14,000	330,837	(331,837)	13,000

#### Note 8. Employee Retirement Systems and Pension Plans

**Plan description:** The Town of Cromwell is the administrator of a single-employer public employee retirement system (PERS) established and administered by the town to provide benefits that covers the employees of the Town, except full-time policemen (covered by the State of Connecticut Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The PERS is considered to be part of the Town of Cromwell's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan was established by Town Meeting. The PERS does not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan. The Town's General Fund contributes an amount as recommended by their Actuary to fund the net pension obligations.

The Town provides all employees retirement benefits through a single-employer, contributory, defined benefit plan. Under the plan, all full-time employees are eligible except for police officers and teachers. Employees are 100 percent vested after ten years of service. The retirement benefit is calculated at 1-1/2% of average annual compensation during the highest three consecutive years of service multiplied by years of credited service. Normal retirement age is sixty-two or five years of participation in the plan, whichever is later. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Town Council, and as agreed upon with the appropriate bargaining unit.

The general administration and management of the Town pension plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Retirement Board. This board shall be made up of five members consisting of the following officials of the Town of Cromwell: Mayor, Town Manager, Town Finance Director/Town Treasurer; the Business Manager from the Board of Education; and the Executive Director of the Cromwell Fire District.



**Town of Cromwell, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

The membership of the plan consisted of the following at July 1, 2017 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	71
Terminated Plan members entitled to benefits but not yet receiving them	64
Current Plan members	179
	<u>314</u>

**Funding policy:** Each participant is required to contribute 2.5% of their salary to the PERS. The Town's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Contributions and benefits are defined and may be amended by ordinance approved by Town Council, after conducting a Public Hearing. Administrative costs are financed through General Fund appropriations.

**Trust Funds**

**Schedule of Plan Net Position**

**June 30, 2018**

	Pension Trust	OPEB Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,435,178	\$ 27,065	\$ 1,462,243
Accrued interest	47,676	-	47,676
<b>Investments:</b>			
Asset and mortgage backed securities	97,507	-	97,507
Corporate bonds	1,548,800	-	1,548,800
Government bonds	4,288,772	-	4,288,772
Real estate investment trusts	1,240,373	-	1,240,373
Pooled fixed income	-	178,251	178,251
Mutual funds	-	222,950	222,950
Common stock	14,962,311	837,222	15,799,533
Total investments	22,137,763	1,238,423	23,376,186
Total assets	23,620,617	1,265,488	24,886,105
<b>Restricted - plan net position</b>	<u>\$ 23,620,617</u>	<u>\$ 1,265,488</u>	<u>\$ 24,886,105</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Trust Funds**

**Schedule of Changes in Plan Net Position**

**For the Year Ended June 30, 2018**

	Pension Trust	OPEB Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 674,271	\$ 290,000	\$ 964,271
Plan members	235,765	-	235,765
Total contributions	910,036	290,000	1,200,036
Investment gain:			
Net appreciation in fair value of investments	1,450,687	71,872	1,522,559
Less investment expense	(185,459)	-	(185,459)
Net investment gain	1,265,228	71,872	1,337,100
Total additions	2,175,264	361,872	2,537,136
Deductions			
Benefits	1,103,352	-	1,103,352
Administrative expenses	-	6,253	6,253
Total deductions	1,103,352	6,253	1,109,605
Change in plan net position	1,071,912	355,619	1,427,531
Restricted- plan net position, beginning of year	22,548,705	909,869	23,458,574
Restricted- plan net position, end of year	\$ 23,620,617	\$ 1,265,488	\$ 24,886,105

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

##### Investments:

**Investment policy:** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2018.

	Pension Funds Allocation %
Asset Class:	
U.S. Large Cap Core	30%
U.S. Mid Cap Core	11%
U.S. Small Cap Core	6%
International equity	13%
REITs	5%
Taxable fixed income	35%

**Rate of return:** For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2017	\$ 24,885,207	\$ 22,548,705	\$ 2,336,502
Changes for the year:			
Service cost	803,687	-	803,687
Interest	1,758,940	-	1,758,940
Differences between expected and actual experience	290,202	-	290,202
Contributions-employer	-	674,271	(674,271)
Contributions- member	-	235,765	(235,765)
Net investment income	-	1,303,537	(1,303,537)
Benefit payments, including refunds of member contributions	(1,141,661)	(1,141,661)	-
Net changes	1,711,168	1,071,912	639,256
Balances at June 30, 2018	\$ 26,596,375	\$ 23,620,617	\$ 2,975,758

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2018 were as follows:

	June 30, 2018
Net pension liability:	
Total pension liability	\$ 26,596,375
Plan fiduciary net position	23,620,617
Net pension liability	2,975,758
Plan fiduciary net position as a percentage of total pension liability	89%

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

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

Valuation Date	7/01/17
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar Amount
Remaining Amortization Period	20 years – Open
Asset Value Method	Expected actuarial value plus/minus 20% of the difference between market value
Inflation:	2.75%
Investment rate of return:	7.00%
Salary Increases:	2.75% - 6.50% dependent on age
Actuarial Funding Method:	Projected United Credit Cost Method

Mortality rates were based on the RP-2014 Mortality Table with separate male and female rates, with no collar adjustments, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

The total pension liability was determined by an actuarial valuation as of July 1, 2017, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2018. There have been no significant changes between the valuation date and the fiscal year end.

**Discount rate:** The discount rate used to measure the total pension liability was 7.0%. 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 rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Cromwell, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Assumed 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 returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2017, and the final investment return assumption, are summarized in the following table:

Target Allocation and Expected Rate of Return			
	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
U.S. Large Cap Core	30.00%	6.40%	1.92%
U.S. Mid Cap Core	11.00%	7.30%	0.80%
U.S. Small Cap Core	6.00%	7.80%	0.47%
International equity	13.00%	6.40%	0.83%
REITs	5.00%	6.20%	0.31%
Taxable fixed income	35.00%	0.70%	0.25%
	100.00%		4.58%
Long-term inflation expectation			2.50%
			7.08%

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 5,962,143	\$ 2,975,758	\$ 427,709

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

For the fiscal year ended June 30, 2018, the recognized pension expense is \$1,091,975. As of June 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 245,556	\$ (1,811,561)	\$ (1,566,005)
Changes of assumptions	1,064,399	(412,777)	651,622
Net difference between projected and actual earnings on pension plan investments	911,165	-	911,165
	<u>\$ 2,221,120</u>	<u>\$ (2,224,338)</u>	<u>\$ (3,218)</u>

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

Year ending June 30:

2019	\$ 335,550
2020	108,920
2021	(202,188)
2022	(149,777)
2023	(118,049)
Thereafter	22,326
	<u>\$ (3,218)</u>

#### Municipal employees' retirement fund

**Plan description:** Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan assets are reported at fair value.

MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit provisions:** Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

**Average final compensation:** Average of the three highest paid years of service.

**Normal form of benefit:** life annuity.

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Service retirement allowance:**

**Condition for allowance:** Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

**Amount of allowance:** For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% 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. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

**Disability retirement allowance:**

**Condition for allowance:** 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

**Amount of allowance:** Calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Service connected disability:**

**Condition for allowance:** Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

**Amount of allowance:** 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 the disability.

**Vesting retirement allowance:**

**Condition for allowance:** 5 years of continuous or 15 years of active aggregate service.

**Amount of allowance:** Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Death benefit:**

**Condition for benefit:** Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

**Amount of benefit:** Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Return of deductions:** Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

**Optional benefits:** Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

**Cost-of-living adjustment:** For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**Contributions by members:** For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

**By Municipalities:** Participating Municipalities 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 the System not met by member contributions.

**Assumptions:** The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females).



# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**The long-term expected rate of return:** the long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16%	5.8%
Developed non-U.S. equities	14%	6.6%
Emerging markets (non-U.S.)	7%	8.3%
Core fixed income	8%	1.3%
Inflation linked bond fund	5%	1.0%
Emerging market bond	8%	3.7%
High yield bonds	14%	3.9%
Real estate	7%	5.1%
Private equity	10%	7.6%
Alternative investments	8%	4.1%
Liquidity fund	3%	0.4%
	<u>100%</u>	

**Discount rate:** the discount rate used to measure the total pension liability was 8.00 percent. 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 rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 4,313,724	\$ 2,476,765	\$ 946,757

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources:** At June 30, 2018, the Town reported a liability of \$2,476,765 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The plan assets were measured at fair value. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018, the Town's proportion was 6.19%.

For the year ended June 30, 2018, the Town recognized pension expense of \$685,905. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Contributions subsequent to measurement date	\$ 470,204
Difference between expected and actual experience	179,876
Net difference between projected and actual earnings on pension plan investments	172,453
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,327
	<u>\$ 846,860</u>

\$470,204 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2018 subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability for the year ended June 30, 2018.

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

Year ending June 30:	
2019	\$ 600,797
2020	237,693
2021	113,907
2022	(105,537)
	<u>\$ 846,860</u>

### Aggregate Pension Plans:

	Net Pension Liability	Pension Expense	Deferred Inflows	Deferred Outflows
Defined Benefit Plan (PERS)	\$ 2,975,758	\$ 1,091,975	\$ (2,224,338)	\$ 2,221,120
Connecticut Municipal Retirement System	2,476,765	790,132	-	846,860
Total	<u>\$ 5,452,523</u>	<u>\$ 1,882,107</u>	<u>\$ (2,224,338)</u>	<u>\$ 3,067,980</u>

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

##### Connecticut state teachers' retirement system:

**Description of system:** Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the State Teachers' Retirement System.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System.

For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town does not have any liability related to the System.

**Benefits provided:** The benefits provided to participants by the System are as follows:

**Normal benefit:** A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

**Prorated benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

**Minimum benefit:** Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. The Town is not required to contribute to the Plan.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Eligible employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2017/2018 school year, \$3,444,000 mandatory contributions were deducted from the salaries of the eligible employees who were participants of the System during that school year. The estimated covered payroll for the Town is approximately \$14,562,000.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 percent
Salary increases, including inflation	3.25-6.50 percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 percent

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

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	21%	5.8%
Developed non-U.S. equities	18%	6.6%
Emerging Markets (non-U.S.)	9%	8.3%
Real Estate	7%	5.1%
Private equity	11%	7.6%
Alternative investments	8%	4.1%
Fixed income (core)	7%	1.3%
High yield bonds	5%	3.9%
Emerging market bond	5%	3.7%
Inflation linked bonds	3%	1.0%
Cash	6%	0.4%
	<u>100.00%</u>	

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Discount rate:** The discount rate used to measure the total pension liability was 8.00 percent. 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 proportionate share of the net pension liability (NPL) to changes in the discount rate:** The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
State's share of NPL associated with the Town	\$ 59,797,296	\$ 45,941,954	\$ 38,892,916

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$45,941,954 and 100% of the net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

#### **Economic assumptions:**

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

#### **Demographic assumptions:**

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2018, the Town recognized \$5,314,142 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

#### Note 9. Other Post-Employment Benefits

**Other post-employment benefits:** In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

**Plan description and funding policy:** The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2017. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2017, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	31
Active plan members	402
	<u>433</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 9. Other Post-Employment Benefits (Continued)

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value
Amortization Method:	Level dollar, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount rate	7%
Salary increase rate	2.75%
Inflation rate	2.75%
Mortality	Town, Public Works, BOE Non-Certified: RP- 2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuate date with Scale MP-2016. Police: RP-2014 Adjusted to 200 Blue Collar Mortality Table projected to valuate date with Scale MP-2016.
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:

Year	Decrease
2015	8%
2016	7.5%
2017	7%
2018	6.5%
2019	6%
2020	5.5%
2021 and beyond	5%

The valuation reflects changes in the actuarial assumptions listed below. These changes resulted in an experience gain which resulted in a decrease in the OPEB liability.

- Interest	- Inflation
- Mortality	- Compensation Increase
- Retirement	- Healthcare Cost Trend Rates
- Withdrawal	- Morbidity

**Net OPEB liability of the Town:** The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

	June 30, 2018
Net OPEB Liability:	
Total OPEB liability	\$ 4,107,994
Plan fiduciary net position	1,265,488
Net OPEB liability	2,842,506
Plan fiduciary net position as a % of total OPEB liability	30.81%
Covered payroll	23,607,672
Net OPEB liability as % of covered payroll	12.04%

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 9. Other Post-Employment Benefits (Continued)

**Discount rate:** The discount rate to measure the total OPEB 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 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 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 rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Assumed rate of return:** The long-term expected rate of return on OPEB 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 returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighting
U.S. Large Cap Core	30%	6.4%	1.92%
U.S. Mid Cap Core	11%	7.3%	0.80%
U.S. Small Cap Core	6%	7.8%	0.47%
International Equity	13%	6.4%	0.83%
REITs	5%	6.2%	0.31%
Taxable Fixed Income	35%	0.7%	0.25%
	<u>100.00%</u>		<u>4.58%</u>
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			<u>7.08%</u>

The long-term expected rate of return 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 OPEB plan's target asset allocation.

The information above is based on arithmetic means. The investment return assumptions was selected using the long term asset allocation shown above. An expected rate of return of 7.00% was used.

The July 1, 2017 Actuarial Valuation directly calculated the July 1, 2018 Total OPEB Liability (TOL). The July 1, 2017 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2018.



**Town of Cromwell, Connecticut**

**Notes to Financial Statements**

**Note 9. Other Post-Employment Benefits (Continued)**

**Changes in the Net OPEB Liability:**

	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Changes in the net OPEB liability:			
Balances at June 30, 2017	\$ 6,953,501	\$ 909,869	\$ 6,043,632
Changes for the year:			
Service cost	268,162	-	268,162
Interest	353,821	-	353,821
Differences between expected and actual experience	(2,012,609)	-	(2,012,609)
Changes of benefit terms	(29,592)	-	(29,592)
Changes of assumptions	(1,131,229)	-	(1,131,229)
Contributions- employer	-	556,379	(556,379)
Contributions- active member	-	-	-
Contributions- TRB subsidy	-	27,682	(27,682)
Benefit payments, including refunds of members contributions	(294,060)	(294,060)	-
Net investment income	-	65,618	(65,618)
Net changes	(2,845,507)	355,619	(3,201,126)
Balances at June 30, 2018	\$ 4,107,994	\$ 1,265,488	\$ 2,842,506

**Sensitivity of the net OPEB liability to changes in the discount rate:** The following presents the net OPEB liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability as of June 30, 2018	\$ 3,260,609	\$ 2,842,506	\$ 2,478,232

**Sensitivity of the net OPEB liability to changes healthcare cost trend rates:** The following presents the net OPEB liability of the Town, as well as what the Town'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 the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing 3.75%)	Trend Rates (7.50% decreasing to 4.75%)	1% Increase (8.50% decreasing to 5.75%)
Net OPEB liability as of June 30, 2018	\$ 2,454,710	\$ 2,842,506	\$ 3,306,627

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 9. Other Post-Employment Benefits (Continued)

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2018, the Town recognized OPEB expense of \$286,494. At June 30, 2018, 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 expected and actual experience	\$ -	\$ (1,869,871)	\$ (1,869,871)
Changes of assumptions	-	(1,051,000)	(1,051,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(10,370)	(10,370)
	<u>\$ -</u>	<u>\$ (2,931,241)</u>	<u>\$ (2,931,241)</u>

Year ending June 30:

2019	\$ (225,560)
2020	(225,560)
2021	(225,560)
2022	(225,558)
2023	(222,967)
Thereafter	(1,806,036)
	<u>\$ (2,931,241)</u>

#### **Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan**

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

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

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

**Note 9. Other Post-Employment Benefits (Continued)**

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, 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.

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.

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

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

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

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

**Eligibility:** Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

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

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

**Early retirement:** 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.

**Proratable retirement:** Age 60 with 10 years of credited service

**Disability retirement:** 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (Continued)

**Termination of employment:** 10 or more years of Credited Service.

#### Contributions:

##### *State of Connecticut*

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

##### *Employer (School Districts)*

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

##### *Employees*

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

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	11,824,927
	<u>\$ 11,824,927</u>

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

For the year ended June 30, 2018 the Town recognized OPEB expense and revenue of \$548,027 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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

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

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### **Note 9. Other Post-Employment Benefits (Continued)**

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

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

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

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

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

#### **Note 10. Litigation and Contingencies**

The Town of Cromwell, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town Officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

The government participates in various federal grant programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 11. Fund Balances

The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established accounting and financial reporting standards for governmental funds. Below is a table of fund balance categories and classifications at June 30, 2018 for the Town governmental funds:

	General Fund	Sewer Usage	Capital Projects	Nonmajor Governmental Funds
Fund balances				
Nonspendable:				
Inventory/prepaid	\$ -	\$ -	\$ -	\$ 16,153
Permanent fund principal	-	-	-	56,237
Total nonspendable	-	-	-	72,390
Restricted:				
Social Services	-	-	-	85,484
Parks and Recreation	-	-	-	191,400
Education	-	-	54,805	442,057
Economic Development	-	-	1,255,260	2,233
Public Works	-	-	770,489	12,945
Public Health	-	-	-	4,166
Library	-	-	-	53,747
Public Safety	-	-	-	138,152
Other capital projects	-	-	75,348	17,552
Total restricted	-	-	2,155,902	947,736
Committed:				
Capital Outlay	629,000	-	-	20,502
General Government	-	-	188,423	-
Public Safety	-	-	43,708	435,551
Parks and Recreation	-	-	-	24,546
Social Services	-	-	140	-
Road projects	-	-	48,720	-
Economic Development	-	-	10,662	-
Public Works	-	1,457,184	2,479,345	-
Planning and Zoning	-	-	15,000	431,988
Education	-	-	(136,493)	-
Total committed	629,000	1,457,184	2,649,505	912,587
Assigned:				
General Government	4,142	-	91,092	-
Public Safety	10,453	-	103,212	-
Human Services	-	-	8,145	-
Other capital projects	-	-	483,625	-
Public Works	7,000	5,845	-	-
Total assigned	21,595	5,845	686,074	-
Unassigned:	11,641,051	-	-	-
Total fund balance	\$ 12,291,646	\$ 1,463,029	\$ 5,491,481	\$ 1,932,713

There were no significant encumbrances as of June 30, 2018.

**Note 12. Governmental Accounting Standards Board (GASB) Statements**

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. 83, *Certain Asset Retirement Obligations***, is effective for reporting periods beginning after June 15, 2018. The Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement.

**GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

**GASB Statement No. 87, *Leases***, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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**Required Supplementary  
Information – unaudited**



**Required Supplementary Information - unaudited**  
**Schedule of Employer Contributions - OPEB**  
**Last Ten Fiscal Years**

	<i>Schedule of Employer Contributions - OPEB</i>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined employer contribution	\$ 656,000	\$ 648,000	\$ 608,500	\$ 597,900	\$ 808,500	\$ 794,800	\$ 886,430	\$ 870,192	\$ 1,170,761	\$ 1,147,154
Contributions in relation to the ADEC	556,379	407,346	390,700	496,200	417,000	405,200	298,530	252,465	174,958	151,905
Contribution deficiency (excess)	\$ 99,621	\$ 240,654	\$ 217,800	\$ 101,700	\$ 391,500	\$ 389,600	\$ 587,900	\$ 617,727	\$ 995,803	\$ 995,249
Covered payroll	23,607,672	22,740,011	22,077,700	24,434,000	24,434,000	20,594,000	20,594,000	20,257,000	20,257,000	20,192,000
Contribution as a % of covered payroll	2.36%	1.79%	1.77%	2.03%	1.71%	1.97%	1.45%	1.25%	0.86%	0.75%

**Required Supplementary Information - unaudited**  
**Schedule of Investment Returns- OPEB**  
**Last Two Fiscal Years\***

	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment income	<b>7.21%</b>	6.55%

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

**Required Supplementary Information - unaudited**  
**Schedule of Investment Returns- Defined Benefit Plan**  
**Last Five Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment income	<b>5.87%</b>	8.39%	-0.37%	1.89%	14.76%

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

**Required Supplementary Information- unaudited**  
**Schedule of Employer Contributions - Defined Benefit Plan**  
**Last Ten Fiscal Years**

	<i>Schedule of Contributions - Pension</i>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 674,271	\$ 708,939	\$ 688,375	\$ 704,153	\$ 663,086	\$ 732,759	\$ 711,591	\$ 684,425	\$ 561,057	\$ 535,942
Contributions in relation to the actuarially determined contribution	674,271	708,939	688,458	704,153	663,086	732,759	711,591	684,425	561,057	535,942
Contribution deficiency (excess)	\$ -	\$ -	\$ (83)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered- employee payroll	9,044,251	9,072,753	9,379,937	9,153,162	8,974,085	8,546,748	8,952,815	8,558,671	8,546,104	8,167,574
Contributions as a percentage of covered-employee payroll	7.46%	7.81%	7.34%	7.69%	7.39%	8.57%	7.95%	8.00%	6.57%	6.56%

**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios- Defined Benefit Plan**  
**Last Five Fiscal Years\***

	2018	2017	2016	2015	2014
<b>Changes in Net Pension Liability</b>					
Total pension liability:					
Service cost	\$ 803,687	\$ 837,912	\$ 869,728	\$ 844,396	\$ 804,187
Interest on total pension liability	1,758,940	1,781,296	1,671,584	1,642,818	1,522,557
Effect of economic/demographic gains or (losses)	290,202	(932,074)	(93,482)	(2,263,343)	-
Effect of assumption changes or inputs	-	(588,427)	-	2,184,823	-
Benefit payments	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
<b>Net change in total pension liability</b>	<b>1,711,168</b>	<b>185,826</b>	<b>1,617,758</b>	<b>1,648,614</b>	<b>1,560,000</b>
Total pension liability, beginning	<b>24,885,207</b>	<b>24,699,381</b>	<b>23,081,623</b>	<b>21,433,009</b>	<b>19,873,009</b>
<b>Total pension liability, ending (a)</b>	<b>26,596,375</b>	<b>24,885,207</b>	<b>24,699,381</b>	<b>23,081,623</b>	<b>21,433,009</b>
Fiduciary net position:					
Employer contributions	\$ 674,271	\$ 708,939	\$ 688,458	\$ 704,153	\$ 663,086
Member contributions	235,765	252,453	205,530	235,516	239,118
Investment income net of investment expenses	1,303,537	1,728,565	(77,346)	389,952	2,629,667
Benefit payments	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
Administrative expenses	-	(2,272)	(1,530)	(1,530)	(1,530)
<b>Net change in plan fiduciary net position</b>	<b>1,071,912</b>	<b>1,774,804</b>	<b>(14,960)</b>	<b>568,011</b>	<b>2,763,597</b>
Fiduciary net position, beginning	<b>22,548,705</b>	<b>20,773,901</b>	<b>20,788,861</b>	<b>20,220,850</b>	<b>17,457,253</b>
<b>Fiduciary net position, ending (b)</b>	<b>23,620,617</b>	<b>22,548,705</b>	<b>20,773,901</b>	<b>20,788,861</b>	<b>20,220,850</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 2,975,758</b>	<b>\$ 2,336,502</b>	<b>\$ 3,925,480</b>	<b>\$ 2,292,762</b>	<b>\$ 1,212,159</b>
Fiduciary net position as a % of total pension liability	<b>88.81%</b>	<b>90.61%</b>	<b>84.11%</b>	<b>90.07%</b>	<b>94.34%</b>
Covered payroll	\$ 9,044,251	\$ 9,072,753	\$ 9,379,937	\$ 9,153,162	\$ 8,974,085
Net pension liability as a % of covered payroll	<b>32.90%</b>	<b>25.75%</b>	<b>41.85%</b>	<b>25.05%</b>	<b>13.51%</b>

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

**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Town's Net OPEB Liability and Related Ratios**  
**Last Two Fiscal Years\***

	2018	2017
<b>Changes in Net OPEB Liability</b>		
Total OPEB liability:		
Service cost	\$ 268,162	\$ 260,985
Interest	353,821	339,240
Change of benefit terms	(29,592)	-
Differences between expected and actual experience	(2,012,609)	(153,061)
Changes of assumptions	(1,131,229)	-
Benefit payments, including refunds of member contributions	(294,060)	(183,909)
<b>Net change in total OPEB liability</b>	<b>(2,845,507)</b>	<b>263,255</b>
Total OPEB liability, beginning	<b>6,953,501</b>	<b>6,690,246</b>
<b>Total OPEB liability, ending (a)</b>	<b>4,107,994</b>	<b>6,953,501</b>
Fiduciary net position:		
Contributions- employer	\$ 556,379	\$ 407,346
Contributions- active member	-	-
Contributions- TRB subsidy	27,682	26,563
Net investment income	65,618	44,336
Benefit payments, including refunds of member contributions	(294,060)	(183,909)
Administrative expenses	-	-
<b>Net change in plan fiduciary net position</b>	<b>355,619</b>	<b>294,336</b>
Fiduciary net position, beginning	<b>909,869</b>	<b>615,533</b>
<b>Fiduciary net position, ending (b)</b>	<b>1,265,488</b>	<b>909,869</b>
<b>Net OPEB liability, ending = (a) - (b)</b>	<b>\$ 2,842,506</b>	<b>\$ 6,043,632</b>
Fiduciary net position as a % of total OPEB liability	<b>30.81%</b>	13.09%
Covered payroll	<b>\$ 23,607,672</b>	\$ 22,740,011
Net OPEB liability as a % of covered payroll	<b>12.04%</b>	26.58%

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

**Required Supplementary Information - unaudited  
Schedule of Contributions - MERS Pension Plan  
Last Four Fiscal Years\***

	2018	2017	2016	2015
Actuarially determined contribution	\$ 470,204	\$ 479,910	\$ 517,138	\$ 423,789
Contributions in relation to the actuarially determined Contribution	470,204	479,910	517,138	423,789
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 2,863,631	\$ 2,836,483	\$ 2,762,664	\$ 2,762,664
Contributions as a percentage of covered-employee payroll	16.42%	16.92%	18.72%	15.34%

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

**Town of Cromwell, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of the Town's Proportionate Share of the Net Pension Liability –  
Municipal Employees' Retirement System  
Last Four Fiscal Years\***

	2018	2017	2016	2015
Town's proportion of the net pension liability	6.94%	6.94%	6.90%	6.89%
Town's proportionate share of the net pension liability	\$ 2,835,008	\$ 3,314,849	\$ 2,109,958	\$ 1,667,341
Town's covered-employee payroll	\$ 2,863,631	\$ 2,836,483	\$ 2,762,664	\$ 2,762,664
Town's proportionate share of the net pension liability as a percentage of its covered payroll	99.00%	116.86%	76.37%	60.35%
System fiduciary net position as a percentage of the total pension liability	91.68%	88.29%	92.72%	90.48%

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



**Required Supplementary Information - unaudited**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan**  
**Last Four Fiscal Years\***

	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	45,941,954	48,469,113	36,803,580	34,017,535
Town's covered-employee payroll	14,561,965	14,035,632	13,680,089	13,300,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

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

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market

**Required Supplementary Information - unaudited**  
**Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan**  
**Last Fiscal Year\***

2018

Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the Town	11,824,927
Total	11,824,927
Town's covered-employee payroll	14,561,952
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ending June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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

**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget**  
**and Actual - General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Current taxes	\$42,227,534	\$42,227,534	\$ 42,460,835	\$ 233,301
Prior year's levies	160,000	160,000	294,296	134,296
Interest and liens	125,000	125,000	193,536	68,536
Motor vehicle supplement - current year	290,000	290,000	470,608	180,608
Miscellaneous	500	500	374	(126)
<b>Total property taxes</b>	<b>42,803,034</b>	<b>42,803,034</b>	<b>43,419,649</b>	<b>616,615</b>
Licenses and permits:				
Building Department	150,000	150,000	419,383	269,383
Food licenses	20,000	20,000	20,955	955
Health Department- Plan review	2,000	2,000	-	(2,000)
Gun permits	4,000	4,000	4,348	348
Game/peddler permits	750	750	1,675	925
Salons, pools and hot tubs	3,100	3,100	-	(3,100)
Transfer Station	40,000	40,000	58,986	18,986
Health Department	-	-	5,650	5,650
<b>Total licenses and permits</b>	<b>219,850</b>	<b>219,850</b>	<b>510,997</b>	<b>291,147</b>
Fines and forfeitures:				
Parking tickets/ACO citations	5,750	5,750	6,848	1,098
Charges for services:				
Conveyance taxes	170,000	170,000	198,667	28,667
Recording fees	85,000	85,000	71,359	(13,641)
Vital statistics	16,000	16,000	17,217	1,217
Police outside services - cruiser use	18,000	18,000	20,019	2,019
Copying	15,000	15,000	15,223	223
Police copying and lab fees	1,200	1,200	2,714	1,514
Library Department	9,000	9,000	8,159	(841)
Alarm registration and fees	5,500	5,500	9,860	4,360
Youth Service Department	4,000	4,000	1,085	(2,915)
Senior Services Department	1,500	1,500	1,480	(20)
Communication Tower Income	40,000	40,000	40,000	-
Planning and Zoning	3,500	3,500	17,420	13,920
Zoning Board of Appeals	750	750	1,530	780
Inland-Wetlands	1,500	1,500	1,812	312
<b>Total charges for services</b>	<b>370,950</b>	<b>370,950</b>	<b>406,545</b>	<b>35,595</b>
<b>Total licenses and permits, fines and forfeitures, and charges for goods and services</b>	<b>596,550</b>	<b>596,550</b>	<b>924,390</b>	<b>327,840</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Intergovernmental funds:				
State of Connecticut:				
Elderly tax relief:				
Circuit Breaker	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Tax relief - disability	800	800	992	192
Tax relief - veterans	3,500	3,500	3,358	(142)
State owned property - PILOT	11,566	11,566	165	(11,401)
College and university - PILOT	31,560	31,560	1,544	(30,016)
Education:				
Adult and Vocational Education	14,033	14,033	14,813	780
Education Cost Sharing	3,825,027	3,825,027	4,068,724	243,697
School Transportation	-	-	-	-
Mohegan/Pequot Grant	36,254	36,254	35,310	(944)
Emergency Management	4,500	4,500	-	(4,500)
Judicial Department	-	-	5,228	5,228
Senior/Disabled Grant	17,980	17,980	17,980	-
Miscellaneous	4,000	4,000	-	(4,000)
Municipal Video Grant AT&T	-	-	31,099	31,099
Municipal revenue sharing	415,938	415,938	96,173	(319,765)
<b>Total intergovernmental revenues</b>	<b>4,430,158</b>	<b>4,430,158</b>	<b>4,275,386</b>	<b>(154,772)</b>
Use of money:				
Interest on investments	40,000	40,000	293,697	253,697
Miscellaneous revenues:				
Town Clerk	1,600	1,600	1,632	32
School Rentals	2,000	2,000	9,820	7,820
Sewer usage	34,508	34,508	34,508	-
Building Inspection	100	100	264	164
Assessor's Office	500	500	549	49
Health Dept. Misc.	-	-	7,298	7,298
Telecommunication - PILOT	25,000	25,000	25,951	951
Mattabassett - PILOT	100,000	100,000	100,000	-
Public Works	300	300	1,040	740
Police	10,000	10,000	6,297	(3,703)
Other miscellaneous revenue - Town	30,000	30,000	124,037	94,037
Senior services	-	-	1,675	1,675
Board of Education miscellaneous	2,000	2,000	2,717	717
Fire District Fees	56,166	56,166	56,166	-
SRO - Board of Education	59,665	59,665	60,457	792
Insurance Dividends	5,000	5,000	47,493	42,493
<b>Total miscellaneous revenues</b>	<b>326,839</b>	<b>326,839</b>	<b>479,904</b>	<b>153,065</b>
<b>Total revenues</b>	<b>48,196,581</b>	<b>48,196,581</b>	<b>49,393,026</b>	<b>1,196,445</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
Other financing sources:				
Transfers in:				
Capital Projects Fund	\$ -	\$ -	\$ 57,174	\$ 57,174
Town Aid Road Fund	276,747	276,747	276,287	(460)
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	75,000	75,000	114,973	39,973
<b>Total other financing sources</b>	<b>365,747</b>	<b>365,747</b>	<b>462,434</b>	<b>96,687</b>
<b>Total budgeted revenues and transfers</b>	<b>\$ 48,562,328</b>	<b>\$ 48,562,328</b>	<b>\$ 49,855,460</b>	<b>\$ 1,293,132</b>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for pension and OPEB for Town teachers are not budgeted

5,862,169

Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54

416,958

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

\$ 56,134,587

See notes to required supplementary information.

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
General government:				
Town Manager:				
Salaries	\$ 299,802	\$ 299,802	\$ 293,715	\$ 6,087
Departmental expense	5,000	4,816	4,546	270
Miscellaneous expense	1,000	1,000	1,000	-
Contracted Services	5,000	5,184	5,183	1
Part-time wages	1,000	1,000	950	50
HR related expenses	40,000	40,000	18,621	21,379
Mayor's Office	3,000	3,000	1,361	1,639
Town Guide and annual reports	500	500	-	500
<b>Total</b>	<b>355,302</b>	<b>355,302</b>	<b>325,376</b>	<b>29,926</b>
Town clerk:				
Salaries	181,422	181,422	181,118	304
Part-time wages	1	1	-	1
Overtime wages	200	239	239	-
Departmental expenses	1,300	1,200	996	204
Filming land records	25,000	24,961	18,553	6,408
Vital statistics	300	400	393	7
<b>Total</b>	<b>208,223</b>	<b>208,223</b>	<b>201,299</b>	<b>6,924</b>
Registrar of voters:				
Salaries	45,202	43,707	37,377	6,330
Departmental expenses	7,535	7,535	2,160	5,375
Election Day expense	10,240	10,240	5,897	4,343
Part-time wages - workers	5,800	7,295	7,295	-
Poll workers	6,700	6,700	3,590	3,110
<b>Total</b>	<b>75,477</b>	<b>75,477</b>	<b>56,319</b>	<b>19,158</b>
Planning commission:				
Part-time wages	2,100	2,100	1,835	265
Departmental expenses	1,125	1,125	536	589
<b>Total</b>	<b>3,225</b>	<b>3,225</b>	<b>2,371</b>	<b>854</b>
Economic development:				
Professional services	3,000	3,000	2,300	700
Economic Development Coordinator	1	1	-	1
Departmental expenses	1,935	2,295	1,130	1,165
Part-time wages	2,400	2,400	850	1,550
Downtown Merch Supp	5,000	5,000	2,119	2,881
Middlesex Expo	1,000	640	640	-
<b>Total</b>	<b>13,336</b>	<b>13,336</b>	<b>7,039</b>	<b>6,297</b>
Board of finance:				
Part-time wages	1,300	1,300	848	452
Departmental expenses	50	50	15	35
<b>Total</b>	<b>1,350</b>	<b>1,350</b>	<b>863</b>	<b>487</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Finance department:				
Salaries	\$ 356,796	\$ 356,796	\$ 355,913	\$ 883
Part-time Wages	-	-	-	-
Contracted Services	24,200	23,000	21,048	1,952
Bank Account Fees	2,000	2,000	743	1,257
Departmental Expenses	5,000	6,200	6,197	3
<b>Total</b>	<b>387,996</b>	<b>387,996</b>	<b>383,901</b>	<b>4,095</b>
Tax collector:				
Salaries	120,852	121,131	121,130	1
Part-time wages	-	313	312	1
Departmental expenses	3,185	4,185	3,763	422
Tax refunds	2,000	1,000	-	1,000
Overtime wages	1,000	595	595	-
Contracted services	17,500	17,313	11,003	6,310
<b>Total</b>	<b>144,537</b>	<b>144,537</b>	<b>136,803</b>	<b>7,734</b>
Assessor's office:				
Salaries	204,971	202,483	191,686	10,797
Part-time wages	1	1,929	1,928	1
Overtime wages	1,000	1,000	-	1,000
Contracted services	19,970	19,970	19,215	755
Departmental expenses	5,959	6,519	6,418	101
<b>Total</b>	<b>231,901</b>	<b>231,901</b>	<b>219,247</b>	<b>12,654</b>
Developer/Planner:				
Salaries	141,061	141,061	141,061	-
Departmental expenses	1,720	1,720	1,671	49
	<b>142,781</b>	<b>142,781</b>	<b>142,732</b>	<b>49</b>
Development Compliance:				
Salaries	101,617	101,617	98,164	3,453
Departmental expenses	1,500	1,500	608	892
<b>Total</b>	<b>103,117</b>	<b>103,117</b>	<b>98,772</b>	<b>4,345</b>
Charter Revision Committee:				
Part-time wages	1,500	1,500	-	1,500
Departmental expenses	1	1	-	1
<b>Total</b>	<b>1,501</b>	<b>1,501</b>	<b>-</b>	<b>1,501</b>
Board of Assessment Appeals:				
Departmental expenses	200	330	330	-
Part-time wages	3,000	2,870	817	2,053
<b>Total</b>	<b>3,200</b>	<b>3,200</b>	<b>1,147</b>	<b>2,053</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Zoning Board of Appeals:				
Part-time wages	\$ 1,200	\$ 1,200	\$ 600	\$ 600
Departmental expenses	335	335	315	20
<b>Total</b>	<b>1,535</b>	<b>1,535</b>	<b>915</b>	<b>620</b>
Inland and Wetlands:				
Part-time wages	1,200	1,200	375	825
Departmental expenses	1,000	1,000	750	250
<b>Total</b>	<b>2,200</b>	<b>2,200</b>	<b>1,125</b>	<b>1,075</b>
Commission to Support People with Disabilities:				
Departmental expenses	100	100	-	100
<b>Total</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
Conservation Commission:				
Departmental expenses	310	310	65	245
Part-time wages	1,200	1,200	150	1,050
<b>Total</b>	<b>1,510</b>	<b>1,510</b>	<b>215</b>	<b>1,295</b>
Central Services:				
Legal notices	8,000	8,000	7,719	281
Departmental expenses	2,800	2,800	2,518	282
Equipment maintenance	500	500	500	-
Duplicating cost	18,000	18,000	15,995	2,005
Postage	40,000	40,000	31,567	8,433
Computer system maintenance and support	71,000	71,000	69,912	1,088
<b>Total</b>	<b>140,300</b>	<b>140,300</b>	<b>128,211</b>	<b>12,089</b>
Insurance expense:				
Package policy	225,750	225,750	210,814	14,936
Worker's compensation benefit payments	31,500	35,758	35,757	1
Workmen's compensation	297,150	292,892	281,423	11,469
Deductible	12,500	12,500	11,986	514
Town Clerk and Tax Collector liability	3,500	3,500	1,093	2,407
<b>Total</b>	<b>570,400</b>	<b>570,400</b>	<b>541,073</b>	<b>29,327</b>
Town Council:				
Certificate of Achievement	505	505	505	-
Audit & Endorsements	33,825	33,825	33,825	-
Part-time wages	2,400	2,400	1,573	827
<b>Total</b>	<b>36,730</b>	<b>36,730</b>	<b>35,903</b>	<b>827</b>

(Continued)



**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Legal expense:				
Town Attorney	\$ 120,000	\$ 112,500	\$ 54,616	\$ 57,884
Probate Court	17,264	17,264	17,264	-
Special Counsel	2,500	1,100	-	1,100
Labor relations	70,000	70,000	65,992	4,008
Evictions	500	1,900	1,888	12
Contracted services	12,500	20,000	18,417	1,583
<b>Total</b>	<b>222,764</b>	<b>222,764</b>	<b>158,177</b>	<b>64,587</b>
Employee benefits:				
Education enhancement	10,000	10,000	2,000	8,000
Social Security	666,332	665,146	587,972	77,174
Health insurance	1,460,000	1,460,000	1,335,052	124,948
Pension	892,318	892,318	814,245	78,073
Wage adjustment	45,000	30,598	-	30,598
Unemployment Compensation	8,000	9,152	9,152	-
Life insurance	18,200	18,200	16,595	1,605
Dental plan insurance	83,000	83,000	62,179	20,821
Employee physicals	1,500	1,500	1,287	213
Sick leave incentive	21,000	21,000	15,761	5,239
Drug and alcohol testing	2,000	2,034	2,033	1
Shots, vaccines etc.	350	350	82	268
Employee assistance program	4,000	4,000	2,436	1,564
Long term disability insurance	13,500	13,500	11,133	2,367
Post retirement admin expense	96,667	96,667	95,941	726
Post retirement medical expense	60,000	60,000	34,640	25,360
<b>Total</b>	<b>3,381,867</b>	<b>3,367,465</b>	<b>2,990,508</b>	<b>376,957</b>
Other expenses:				
Inventory	2,000	2,000	1,355	645
CT River Coastal Co	2,072	2,072	2,072	-
Rose garden	-	-	-	-
Ordinance expense	3,000	3,000	2,434	566
Cromwell Riverport Festival	2	2	-	2
Midstate Regional Planning	12,934	12,934	12,933	1
Chamber of Commerce	625	625	625	-
Community Renewal Team	3,000	3,000	3,000	-
CT River COG	500	500	500	-
Contingency	5,000	5,000	-	5,000
Lease - parking Lot	6,000	6,000	6,000	-
Middletown Area Transit	4,000	4,000	2,500	1,500
Council of Small Towns (COST)	925	925	925	-
Hillside Cemetery	2,000	2,000	2,000	-
Arts alliance	500	500	500	-
CT Conference of Municipalities (CCM)	8,486	8,486	8,486	-
<b>Total</b>	<b>51,044</b>	<b>51,044</b>	<b>43,330</b>	<b>7,714</b>
<b>Total general government</b>	<b>6,080,396</b>	<b>6,065,994</b>	<b>5,475,326</b>	<b>590,668</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Public Safety:				
Emergency Management:				
Part-time wages	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Equipment repair	50	50	-	50
Departmental expenses	2,900	2,828	1,500	1,328
Public Works Supplies	5,000	5,072	5,072	-
<b>Total</b>	<b>19,950</b>	<b>19,950</b>	<b>18,572</b>	<b>1,378</b>
Police Department:				
Salaries	2,719,230	2,702,019	2,483,473	218,546
Part-time wages	10,000	10,000	1,097	8,903
Overtime wages	332,572	364,085	364,085	-
Holiday wages	21,906	21,906	14,976	6,930
Vehicle maintenance	27,000	28,933	28,932	1
Equipment maintenance and replacement	7,000	7,000	6,259	741
Departmental expenses	23,000	23,884	23,884	-
Telephone costs	20,000	21,120	21,119	1
Communications	67,240	71,803	71,337	466
Training/Workshops	27,000	26,083	25,354	729
Investigation	1,000	1,000	1,000	-
Towing services	4,500	4,500	3,930	570
Uniforms	39,000	39,917	39,917	-
Gasoline and fuel	61,000	52,500	41,188	11,312
Other capital expenses	1	1	-	1
<b>Total</b>	<b>3,360,449</b>	<b>3,374,751</b>	<b>3,126,551</b>	<b>248,200</b>
Animal Control:				
Salary	64,584	66,103	66,102	1
Part-time wages	7,000	5,865	5,865	-
Overtime wages	2,500	2,116	1,692	424
Miscellaneous	50	50	-	50
<b>Total</b>	<b>74,134</b>	<b>74,134</b>	<b>73,659</b>	<b>475</b>
<b>Total public safety</b>	<b>3,454,533</b>	<b>3,468,835</b>	<b>3,218,782</b>	<b>250,053</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Public Works:				
Public Works Administration:				
Salaries	\$ 230,184	\$ 230,184	\$ 230,180	\$ 4
Departmental expenses	8,700	4,100	4,035	65
Other Capital Expenses	1,000	-	-	-
Uniforms	31,000	20,600	20,560	40
<b>Total</b>	<b>270,884</b>	<b>254,884</b>	<b>254,775</b>	<b>109</b>
Engineering				
Salaries	188,411	188,411	188,410	1
Departmental expenses	21,669	15,569	15,085	484
Contracted services	15,500	7,316	6,915	401
Easement expenses	2,500	-	-	-
Capital expenses	2,400	7,784	7,784	-
<b>Total</b>	<b>230,480</b>	<b>219,080</b>	<b>218,194</b>	<b>886</b>
Building inspection:				
Salaries	187,775	187,845	187,844	1
Departmental expenses	4,000	4,000	1,942	2,058
Overtime Wages	1	1	-	1
Contract services	1,500	1,430	647	783
Permit Fees Refund	1	1	-	1
<b>Total</b>	<b>193,277</b>	<b>193,277</b>	<b>190,433</b>	<b>2,844</b>
Public Work general expense:				
Sewer use and assessments	5,400	5,400	5,292	108
Street lights	122,320	110,320	110,313	7
Telephone costs	22,500	19,300	19,025	275
Electricity	155,000	135,000	134,910	90
Water usage	22,000	18,000	17,880	120
Heating oil	2,000	2,525	2,525	-
Contract services	11,575	575	469	106
Natural gas	60,000	39,675	39,587	88
<b>Total</b>	<b>400,795</b>	<b>330,795</b>	<b>330,001</b>	<b>794</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Highway department:				
Salaries	\$ 656,127	\$ 655,927	\$ 635,887	\$ 20,040
Part-time wages	7,400	10,312	10,312	-
Overtime wages	125,000	122,288	90,392	31,896
Tree work	37,500	36,500	35,260	1,240
Contracted services	200,000	473,400	473,399	1
Equipment maintenance	5,000	3,200	3,178	22
Departmental expenses	3,500	2,600	2,565	35
General supplies	1,800	1,800	1,585	215
Public works supplies	240,000	237,300	237,288	12
Signs	10,000	3,100	3,021	79
Gasoline and fuel	48,300	33,000	32,943	57
Small equipment replacement	8,000	600	500	100
Other capital expenses	10,000	-	-	-
<b>Total</b>	<b>1,352,627</b>	<b>1,580,027</b>	<b>1,526,330</b>	<b>53,697</b>
Building maintenance:				
Salaries	369,625	360,958	342,641	18,317
Part-time wages	7,500	7,130	5,873	1,257
Overtime wages	20,000	29,037	29,038	(1)
Contract service	96,260	121,932	121,792	140
Equipment maintenance	12,000	3,828	3,758	70
Departmental expenses	1,200	800	710	90
General supplies	30,000	25,500	25,445	55
Public works supplies	40,500	26,800	26,630	170
Small equipment replacement	2,500	1,500	1,225	275
Other capital expenses	12,000	11,500	11,463	37
<b>Total</b>	<b>591,585</b>	<b>588,985</b>	<b>568,575</b>	<b>20,410</b>
Solid waste removal/recycling center:				
Salaries	69,133	69,399	69,398	1
Part-time wages	19,753	19,487	19,251	236
Overtime wages	8,000	8,000	3,433	4,567
Contract services	161,570	113,527	113,521	6
Tipping fees	252,000	213,843	213,843	-
Reimbursement program	119,728	111,128	111,035	93
Hazardous Waste Col	8,850	7,950	7,902	48
Equipment maintenance	1,000	600	514	86
Departmental expenses	1,500	900	869	31
Materials	3,000	4,100	4,074	26
Gasoline and fuel	3,800	2,800	2,766	34
<b>Total</b>	<b>648,334</b>	<b>551,734</b>	<b>546,606</b>	<b>5,128</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Parks and grounds:				
Salaries	\$ 240,705	\$ 240,705	\$ 239,011	\$ 1,694
Part-time wages	47,350	47,350	42,667	4,683
Overtime wages	23,500	23,500	22,389	1,111
Contract services	25,000	21,000	20,899	101
Equipment maintenance	5,000	4,714	4,330	384
Departmental expenses	1,800	1,800	1,531	269
Public works supplies	25,000	22,100	22,069	31
Gasoline and fuel	12,200	12,486	12,486	-
Small equipment replacement	4,500	4,500	4,495	5
Other capital expenses	12,000	12,000	11,900	100
<b>Total</b>	<b>397,055</b>	<b>390,155</b>	<b>381,777</b>	<b>8,378</b>
Vehicle maintenance:				
Salaries	143,788	143,957	143,957	-
Part-time wages	7,800	7,800	4,909	2,891
Overtime wages	15,000	2,331	1,846	485
Contracted services	55,000	52,000	51,875	125
Equipment maintenance	85,000	76,300	76,289	11
Departmental expense	1,000	500	355	145
General supplies	500	500	327	173
Materials	1,000	476	34	442
Gasoline and fuel	24,800	22,600	22,509	91
Small equipment	3,000	3,524	3,524	-
<b>Total</b>	<b>336,888</b>	<b>309,988</b>	<b>305,625</b>	<b>4,363</b>
<b>Total public works</b>	<b>4,421,925</b>	<b>4,418,925</b>	<b>4,322,316</b>	<b>96,609</b>
Culture and recreation:				
Recreation Department:				
Salaries	197,952	197,952	173,680	24,272
Part-time wages	4,300	4,300	1,875	2,425
Contracted services	11,200	8,878	8,878	-
Therapeutic Recreation	10,000	10,000	10,000	-
Departmental expenses	19,624	21,512	19,689	1,823
Equipment and supplies	1,000	1,000	753	247
Capital Items	10,000	10,434	10,434	-
Program subsidies	5,000	5,000	5,000	-
<b>Total</b>	<b>259,076</b>	<b>259,076</b>	<b>230,309</b>	<b>28,767</b>
Cromwell Historical Society	8,000	8,000	8,000	-

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Belden Library:				
Salaries	\$ 326,021	\$ 326,021	\$ 314,309	\$ 11,712
Part-time wages	145,208	145,208	128,526	16,682
Department expenses	9,000	9,000	8,966	34
Equipment maintenance	850	850	150	700
Duplicating costs	-	-	-	-
Program subsidies	4,500	6,500	6,497	3
Internet access	-	-	-	-
Contracted services	36,500	39,230	38,313	917
Operation and material	62,500	1,393	-	1,393
Adult Books & Materials	-	8,420	8,419	1
Children's Books & Materials	-	12,537	12,536	1
Adult Magazines	-	5,679	5,679	-
Young Adult Books & Magazines	-	2,626	2,625	1
Reference Books	-	9,896	9,896	-
Adult Popular Materials	-	23,219	23,218	1
Capital items	6,000	-	-	-
<b>Total</b>	<b>590,579</b>	<b>590,579</b>	<b>559,134</b>	<b>31,445</b>
Memorial Day				
	3,000	3,000	3,000	-
<b>Total culture and recreation</b>	<b>860,655</b>	<b>860,655</b>	<b>800,443</b>	<b>60,212</b>
Human services:				
Health department:				
Salaries	108,954	109,024	109,023	1
Part-time wages	15,336	15,266	14,746	520
Departmental expenses	2,900	2,084	222	1,862
Mosquito Control	44,775	44,901	44,901	-
Region 2 Board	737	737	737	-
Public health nursing	3,050	3,740	3,740	-
Mental health nursing	2,500	2,500	2,500	-
Community health center	1,200	1,200	1,200	-
Sexual assault crisis	1,200	1,200	1,200	-
Kuhn Center	4,125	4,125	4,125	-
Substance abuse	500	500	500	-
<b>Total</b>	<b>185,277</b>	<b>185,277</b>	<b>182,894</b>	<b>2,383</b>
Human services administration:				
Salaries	113,089	113,089	112,869	220
Department expenses	1,800	1,800	859	941
ADA Compliance	250	250	-	250
Emergency Basic Needs	2,000	2,000	1,937	63
EDDY Center	1,000	1,000	1,000	-
<b>Total</b>	<b>118,139</b>	<b>118,139</b>	<b>116,665</b>	<b>1,474</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Youth services:				
Salaries	\$ 78,821	\$ 78,821	\$ 46,889	\$ 31,932
Part-time wages	19,168	19,168	18,571	597
Departmental expenses	2,375	2,375	1,719	656
Supplies	2,500	2,500	1,380	1,120
Program subsidy	3,500	3,500	3,303	197
Revenue/expense	4,000	4,000	1,251	2,749
<b>Total</b>	<b>110,364</b>	<b>110,364</b>	<b>73,113</b>	<b>37,251</b>
Senior services:				
Salaries	52,038	52,698	52,697	1
Part-time wages	23,324	22,198	22,197	1
Contract services		1,040	1,040	
Department expenses	2,800	2,459	2,459	-
Program subsidies	16,200	15,967	15,656	311
Revenue/expense	1,500	1,500	743	757
<b>Total</b>	<b>95,862</b>	<b>95,862</b>	<b>94,792</b>	<b>1,070</b>
Transportation services:				
Salaries	44,580	44,682	44,681	1
Part-time wages	50,592	51,233	51,232	1
Overtime wages	1,000	749	748	1
Contract services	650	-	-	-
Vehicle maintenance	5,764	4,630	4,630	-
Departmental expenses	2,500	2,245	2,152	93
Gasoline and fuel	13,341	17,988	17,987	1
<b>Total</b>	<b>118,427</b>	<b>121,527</b>	<b>121,430</b>	<b>97</b>
<b>Total human services</b>	<b>628,069</b>	<b>631,169</b>	<b>588,894</b>	<b>42,275</b>
Education:				
Board of Education	29,343,702	29,343,702	28,837,852	505,850
Bonded debt:				
Bonds - principal	2,805,000	2,815,000	2,815,000	-
Bonds - interest	882,524	872,524	867,893	4,631
<b>Total debt services</b>	<b>3,687,524</b>	<b>3,687,524</b>	<b>3,682,893</b>	<b>4,631</b>
<b>Total expenditures</b>	<b>48,476,804</b>	<b>48,476,804</b>	<b>46,926,506</b>	<b>1,550,298</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget**  
**and Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Other financing uses:				
Operating transfers out:				
Heart & Hypertension Fund	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Sidewalk Fund	5,000	5,000	5,000	-
Road Improvement Fund	50,000	50,000	50,000	-
Dog License Fund	5,524	5,524	5,524	-
Capital Projects Funds	690,000	690,000	690,000	-
<b>Total other financing uses</b>	<b>775,524</b>	<b>775,524</b>	<b>775,524</b>	<b>-</b>
<b>Total budgeted operations</b>	<b>\$ 49,252,328</b>	<b>\$ 49,252,328</b>	<b>\$ 47,702,030</b>	<b>\$ 1,550,298</b>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers Retirement System for pension and OPEB for Town teachers are not budgeted			5,862,169	
Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54			415,185	
Effects of refunding			91,343	
Change in encumbrances			(28,066)	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 54,042,661</u>	

See notes to required supplementary information.



**Required Supplementary Information - unaudited**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -**  
**Budgetary Basis - Sewer Usage Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
User Charges	\$ 1,970,435	\$ 1,970,435	\$ 2,046,348	\$ 75,913
Permits & inspection charges	10,000	10,000	10,699	699
Service charges	20,000	20,000	41,904	21,904
Income on investments	2,800	2,800	17,445	14,645
Other	-	-	1,350	1,350
<b>Total revenues</b>	<b>2,003,235</b>	<b>2,003,235</b>	<b>2,117,746</b>	<b>114,511</b>
Expenditures:				
Regular wages	422,775	422,775	427,762	(4,987)
Part-time wages	14,729	14,729	14,798	(69)
Overtime wages	56,549	56,549	45,819	10,730
Department expenses	28,700	28,700	18,757	9,943
Outside services	90,228	90,228	56,253	33,975
Vehicle maintenance	8,000	8,000	4,041	3,959
Gasoline and fuel	9,660	9,660	7,964	1,696
Equipment repair and maintenance	25,000	25,000	17,705	7,295
Liability and property insurance	38,000	38,000	33,901	4,099
Materials and supplies	26,000	26,000	20,374	5,626
Utilities and oil	26,000	34,000	34,079	(79)
Payments for Sewer Treatment	962,996	962,996	892,996	70,000
Meter and pump station repairs	25,000	25,000	17,636	7,364
Prior year obligations	2,500	2,500	1,756	744
Damage claims	100	100	-	100
Employee benefits	255,070	255,200	185,170	70,030
<b>Total expenditures</b>	<b>1,991,307</b>	<b>1,999,437</b>	<b>1,779,011</b>	<b>220,426</b>
Other financing sources (uses):				
Transfer in	117,072	117,072	-	117,072
Transfer out	(121,000)	(121,000)	(121,000)	-
<b>Total other financing sources (uses)</b>	<b>(3,928)</b>	<b>(3,928)</b>	<b>(121,000)</b>	<b>117,072</b>
<b>Net change in fund balances</b>	<b>\$ 8,000</b>	<b>\$ (130)</b>	<b>217,735</b>	<b>\$ 11,157</b>
Fund balance, beginning of year			<u>1,245,294</u>	
Fund balance, end of year			<u><u>\$ 1,463,029</u></u>	

See notes to required supplementary information.

## Town of Cromwell, Connecticut

**Note to Required Supplementary Information - Unaudited**

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**Note 1. Budgets and Budgetary Accounting**

**Budgetary information:** An annual budget is legally adopted for the General Fund. The budget is prepared on a budgetary basis.

An annual Town budget is adopted in accordance with Charter requirements. The Town Manager compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Town Council reviews and deliberates on the budget and submits it for consideration to the Board of Finance. The Board of Education submits its budget estimates directly to the Board of Finance. The Board of Finance, after its review process, presents a recommended budget for approval to referendum. The Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting.

The legal level of control is on the department level for the General Fund. The Board of Finance by resolution and only upon the recommendation of a majority of the entire Town Council may make supplemental appropriations not to exceed one percent of the total annual appropriation of the fiscal year. Additional appropriations of more than one percent require Town Meeting approval. Additional appropriations for the fiscal year amounted to approximately \$1,665.

The Town also establishes a legal budget on an annual basis for the Sewer Usage Fund, which is a major governmental fund, the Sewer Assessment Fund, the Dog License Fund and the Sidewalk Fund. Legal level of control for these budgets is on the Fund level.

For budgetary purposes, encumbrances are recognized as a valid and proper charge against an 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.

Unencumbered appropriations for the General Fund and the above Special Revenue Funds lapse at the end of the year.

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Legal authorization for Capital Projects expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements. Such appropriations do not lapse until the project is complete.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

**Supplemental Combining and Individual  
Fund Financial Statements and Other Schedules**



**General Fund**



Town of Cromwell, Connecticut

Balance Sheet  
General Fund  
June 30, 2018

	2018
<b>Assets</b>	
Cash and cash equivalents	\$ 13,101,785
Property taxes receivable, net	1,177,345
Accounts receivable	201,106
<b>Total assets</b>	<u>\$ 14,480,236</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,223,006
<b>Total liabilities</b>	<u>1,223,006</u>
Deferred inflows of resources:	
Unavailable revenues	965,584
<b>Total deferred inflows of resources</b>	<u>965,584</u>
Fund balance:	
Committed	629,000
Assigned	21,595
Unassigned	11,641,051
<b>Total fund balance</b>	<u>12,291,646</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 14,480,236</u>

Town of Cromwell, Connecticut

Report of the Tax Collector

General Fund

For the Year Ended June 30, 2018

Grand List Year	Uncollected Taxes July 1, 2017	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2018
		Additions	Deductions				
2016	\$ 43,345,785	\$ 73,204	\$ 106,003	\$ 798	\$ 43,312,188	\$ 42,891,960	\$ 420,228
2015	435,798	4,784	8,960	-	431,622	223,782	207,840
2014	175,609	719	710	-	175,618	56,466	119,152
2013	107,504	121	47	3,118	104,460	11,571	92,889
2012	54,586	1	46	4,974	49,567	5,995	43,572
2011	28,001	-	-	5,600	22,401	717	21,684
2010	5,778	-	-	3,202	2,576	-	2,576
2009	(586)	-	-	671	(1,257)	-	(1,257)
2008	(169)	-	-	-	(169)	-	(169)
2007	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2005	-	154	-	-	154	154	-
	<u>\$ 44,152,306</u>	<u>\$ 78,983</u>	<u>\$ 115,766</u>	<u>\$ 18,363</u>	<u>\$ 44,097,160</u>	<u>\$ 43,190,645</u>	<u>\$ 906,515</u>



**Nonmajor  
Governmental Funds**

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

Fund	Funding Source	Function
Town Aid Road	State grant	General town road maintenance
Youth Services Grant	State grant	Town's Youth Services Department
Town Improvement Program	State grant	Project or improvements as determined by the Town Council
Sidewalk Program	Town and voluntary contributions of citizens	Repairs and rebuilding of the present system and for the expansion of the system
Public Donations Grant	Donations	Various departments
Dog License	Licenses and fees	Animal control program
School Cafeteria	Sale of food and grants	School Lunch and breakfast programs
Educational Grants	State and Federal	Special education programs
Open Space	Funds from developers	Reserving open space or acquiring additional land for recreational or agricultural purposes
Picnic Facilities Revolving	Receipt of fees	Town's picnic facilities
Drug Awareness and Education	State and local grants	Accounts for various monies
Drug Asset Forfeiture	Federal program	Account for monies received from sale of assets acquired during drug related arrests
Police Heart and Hypertension Reserve	Town appropriation - committed	Expense for a police officer on this type of leave
River Landing Park	Court judgment	Park improvements
Public Health Emergency Prep	State grant	Emergency assistance
Recreation Revolving Fund	Fees	Fund costs for recreation programs
Field Maintenance	Fees	Maintenance fields
Police Communications Revolving Fund	Receipt of fees	Improvements to the police communication tower
Police Public Safety Grant	Grant	Public safety programs
Humanities Grant	Grant	Human services programs
Solar Incentive	Grant	Public works programs

### ***Permanent Funds***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title. The Town's permanent funds include the Cemetery Trust Fund and Pitruzzello Scholarship Fund. The Cemetery Trust Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended on the care and maintenance of the cemetery. The Pitruzzello Scholarship Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended annually for two scholarships to the Cromwell High School graduating class.

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**Town of Cromwell, Connecticut**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 12,712	\$ 45,152	\$ 178,036
Intergovernmental receivable	-	-	-	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,712</u>	<u>\$ 45,152</u>	<u>\$ 178,036</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 439
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	24,650	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,650</u>	<u>439</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	12,712	-	177,597
Committed	-	-	-	20,502	-
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>12,712</u>	<u>20,502</u>	<u>177,597</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,712</u>	<u>\$ 45,152</u>	<u>\$ 178,036</u>

Special Revenue Funds								
Dog License	School Cafeteria	Educational Grants	Open Space	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve	
\$ 23,509	\$ 262,540	\$ 396,761	\$ 431,988	\$ 4,926	\$ 11,304	\$ 85,580	\$ 178,366	
2,850	52,030	-	-	-	-	-	-	
-	16,153	-	-	-	-	-	-	
<u>\$ 26,359</u>	<u>\$ 330,723</u>	<u>\$ 396,761</u>	<u>\$ 431,988</u>	<u>\$ 4,926</u>	<u>\$ 11,304</u>	<u>\$ 85,580</u>	<u>\$ 178,366</u>	
\$ 9,338	\$ 21,410	\$ 186,517	\$ -	\$ -	\$ -	\$ -	\$ 1,638	
-	-	-	-	-	-	-	-	
-	-	63,153	-	-	-	-	-	
<u>9,338</u>	<u>21,410</u>	<u>249,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,638</u>	
-	16,153	-	-	-	-	-	-	
17,021	293,160	147,091	-	-	11,304	85,580	-	
-	-	-	431,988	4,926	-	-	176,728	
<u>17,021</u>	<u>309,313</u>	<u>147,091</u>	<u>431,988</u>	<u>4,926</u>	<u>11,304</u>	<u>85,580</u>	<u>176,728</u>	
<u>\$ 26,359</u>	<u>\$ 330,723</u>	<u>\$ 396,761</u>	<u>\$ 431,988</u>	<u>\$ 4,926</u>	<u>\$ 11,304</u>	<u>\$ 85,580</u>	<u>\$ 178,366</u>	

(Continued)

**Town of Cromwell, Connecticut**

**Combining Balance Sheet (Continued)**

**Nonmajor Governmental Funds**

**June 30, 2018**

	Special Revenue Funds				
	River Landing Park	Public Health Emergency Prep	Recreation Revolving Fund	Field Maintenance	Police Communications Revolving Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 9,886	\$ -	\$ 184,257	\$ 19,620	\$ 258,823
Accounts receivable	-	4,848	2,071	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<b>\$ 9,886</b>	<b>\$ 4,848</b>	<b>\$ 186,328</b>	<b>\$ 19,620</b>	<b>\$ 258,823</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ 4,848	\$ 16,136	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>4,848</b>	<b>16,136</b>	<b>-</b>	<b>-</b>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	9,886	-	170,192	-	-
Committed	-	-	-	19,620	258,823
<b>Total fund balance</b>	<b>9,886</b>	<b>-</b>	<b>170,192</b>	<b>19,620</b>	<b>258,823</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,886</b>	<b>\$ 4,848</b>	<b>\$ 186,328</b>	<b>\$ 19,620</b>	<b>\$ 258,823</b>

Special Revenue Funds				Permanent Fund		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Solar Incentive	Total	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ 16,413	\$ 979	\$ 2,120,852	\$ 10,232	\$ 52,806	\$ 2,183,890
-	-	-	61,799	-	-	61,799
-	-	-	16,153	-	-	16,153
<u>\$ -</u>	<u>\$ 16,413</u>	<u>\$ 979</u>	<u>\$ 2,198,804</u>	<u>\$ 10,232</u>	<u>\$ 52,806</u>	<u>\$ 2,261,842</u>
\$ -	\$ -	\$ -	240,326	\$ -	\$ -	\$ 240,326
-	-	-	-	-	1,000	1,000
-	-	-	87,803	-	-	87,803
<u>-</u>	<u>-</u>	<u>-</u>	<u>328,129</u>	<u>-</u>	<u>1,000</u>	<u>329,129</u>
-	-	-	16,153	6,237	50,000	72,390
-	16,413	979	941,935	3,995	1,806	947,736
-	-	-	912,587	-	-	912,587
<u>-</u>	<u>16,413</u>	<u>979</u>	<u>1,870,675</u>	<u>10,232</u>	<u>51,806</u>	<u>1,932,713</u>
<u>\$ -</u>	<u>\$ 16,413</u>	<u>\$ 979</u>	<u>\$ 2,198,804</u>	<u>\$ 10,232</u>	<u>\$ 52,806</u>	<u>\$ 2,261,842</u>

**Town of Cromwell, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018**

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
Revenues:					
Intergovernmental revenues	\$ 276,287	\$ 14,000	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	-	-	118	418	-
Miscellaneous	-	-	-	-	78,659
<b>Total revenues</b>	<b>276,287</b>	<b>14,000</b>	<b>118</b>	<b>418</b>	<b>78,659</b>
Expenditures:					
Current:					
Public safety	-	-	-	-	5,346
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	62,643
Human services	-	-	-	-	17,014
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,003</b>
<b>Revenues over (under) expenditures</b>	<b>276,287</b>	<b>14,000</b>	<b>118</b>	<b>418</b>	<b>(6,344)</b>
Other financing sources (uses):					
Transfers in	-	-	-	5,000	-
Transfers out	(276,287)	(14,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(276,287)</b>	<b>(14,000)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>5,418</b>	<b>(6,344)</b>
Fund balances, beginning of year	-	-	12,594	15,084	183,941
Fund balances, end of year	\$ -	\$ -	\$ 12,712	\$ 20,502	\$ 177,597



Special Revenue Funds

Dog License	School Cafeteria	Educational Grants	Open Space	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve
\$ -	\$ 329,486	\$ 1,325,989	\$ -	\$ -	3,907	\$ 14,513	\$ -
7,421	446,438	-	-	-	-	-	-
198	-	-	3,999	-	-	744	1,658
-	-	-	-	5,321	-	-	-
7,619	775,924	1,325,989	3,999	5,321	3,907	15,257	1,658
15,876	-	-	-	-	3,522	-	2,330
-	-	-	-	-	-	-	-
-	-	-	-	3,352	-	-	-
-	-	-	-	-	-	-	-
-	782,509	1,321,631	-	-	-	-	-
-	-	-	-	-	-	-	-
15,876	782,509	1,321,631	-	3,352	3,522	-	2,330
(8,257)	(6,585)	4,358	3,999	1,969	385	15,257	(672)
5,524	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	-
5,524	-	-	-	-	-	-	25,000
(2,733)	(6,585)	4,358	3,999	1,969	385	15,257	24,328
19,754	315,898	142,733	427,989	2,957	10,919	70,323	152,400
\$ 17,021	\$ 309,313	\$ 147,091	\$ 431,988	\$ 4,926	\$ 11,304	\$ 85,580	\$ 176,728

(Continued)

**Town of Cromwell, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds				
	River Landing Park	Public Health Emergency Prep	Recreation Revolving Fund	Field Maintenance	Police Communications Revolving Fund
Revenues:					
Intergovernmental revenues	\$ -	\$ 9,696	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	97	-	-	-	2,708
Miscellaneous	-	-	204,533	9,950	83,262
<b>Total revenues</b>	<b>97</b>	<b>9,696</b>	<b>204,533</b>	<b>9,950</b>	<b>85,970</b>
Expenditures:					
Current:					
Public safety	-	9,696	-	-	59,010
Public works	-	-	-	-	-
Culture and recreation	-	-	184,117	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	3,000	-	-	-	-
<b>Total expenditures</b>	<b>3,000</b>	<b>9,696</b>	<b>184,117</b>	<b>-</b>	<b>59,010</b>
<b>Revenues over (under) expenditures</b>	<b>(2,903)</b>	<b>-</b>	<b>20,416</b>	<b>9,950</b>	<b>26,960</b>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,903)</b>	<b>-</b>	<b>20,416</b>	<b>9,950</b>	<b>26,960</b>
Fund balances, beginning of year	12,789	-	149,776	9,670	231,863
Fund balances, end of year	<u>\$ 9,886</u>	<u>\$ -</u>	<u>\$ 170,192</u>	<u>\$ 19,620</u>	<u>\$ 258,823</u>

Special Revenue Funds				Permanent Funds		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Solar Incentive	Total	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ -	\$ -	\$ 1,973,878	\$ -	\$ -	\$ 1,973,878
-	-	-	453,859	-	-	453,859
-	-	-	9,940	95	419	10,454
-	-	-	381,725	-	-	381,725
-	-	-	2,819,402	95	419	2,819,916
-	-	-	95,780	-	-	95,780
-	-	770	770	-	-	770
-	-	-	250,112	-	-	250,112
-	-	-	17,014	-	-	17,014
-	-	-	2,104,140	-	-	2,104,140
-	-	-	3,000	-	-	3,000
-	-	770	2,470,816	-	-	2,470,816
-	-	(770)	348,586	95	419	349,100
-	-	-	35,524	-	-	35,524
-	-	-	(290,287)	-	-	(290,287)
-	-	-	(254,763)	-	-	(254,763)
-	-	(770)	93,823	95	419	94,337
-	16,413	1,749	1,776,852	10,137	51,387	1,838,376
\$ -	\$ 16,413	\$ 979	\$ 1,870,675	\$ 10,232	\$ 51,806	\$ 1,932,713

**Town of Cromwell, Connecticut**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Budgetary Basis - Sidewalk Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Income on investments	\$ -	\$ -	\$ 418	\$ 418
<b>Total revenues</b>	-	-	418	418
Expenditures:				
General repairs	7,500	7,500	-	7,500
<b>Total expenditures</b>	7,500	7,500	-	7,500
Other financing sources (uses):				
Transfer in	5,000	5,000	5,000	-
<b>Net change in fund balances</b>	<b>\$ (2,500)</b>	<b>\$ (2,500)</b>	<b>5,418</b>	<b>\$ 7,918</b>
Fund balance, beginning of year			15,084	
Fund balance, end of year			<b>\$ 20,502</b>	

**Town of Cromwell, Connecticut**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Budgetary Basis - Dog License Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Charges for Service	\$ 6,500	\$ 6,500	\$ 6,164	\$ (336)
Income on investments	-	-	198	198
Canine Officers Receipts	-	-	1,257	1,257
<b>Total revenues</b>	<b>6,500</b>	<b>6,500</b>	<b>7,619</b>	<b>1,119</b>
Expenditures:				
Veterinary Fees	4,000	4,000	1,211	2,789
Contracted Services	11,124	11,124	8,364	2,760
Vehicle Maintenance	1,500	1,500	425	1,075
Equip Repair/Replac.	1,000	1,000	881	119
Departmental Expense	1,200	1,200	1,196	4
Training/Workshops	1,000	1,000	965	35
Uniforms	1,200	1,200	1,196	4
Gasoline/Other Fluids	3,000	3,000	1,638	1,362
<b>Total expenditures</b>	<b>24,024</b>	<b>24,024</b>	<b>15,876</b>	<b>8,148</b>
Other financing sources (uses):				
Transfer in	5,524	5,524	5,524	-
<b>Net change in fund balances</b>	<b>\$ (12,000)</b>	<b>\$ (12,000)</b>	<b>(2,733)</b>	<b>\$ 9,267</b>
Fund balance, beginning of year			19,754	
Fund balance, end of year			<u>\$ 17,021</u>	

Town of Cromwell, Connecticut

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Budgetary Basis - Sewer Assessment Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	
Revenues:				
Assessments	\$ 44,600	\$ 44,600	\$ 50,933	\$ 6,333
Income on investments	300	300	4,672	4,372
Other	-	-	-	-
<b>Total revenues</b>	<b>44,900</b>	<b>44,900</b>	<b>55,605</b>	<b>10,705</b>
Expenditures:				
Legal fees	10,000	10,000	-	10,000
Data processing	2,000	2,000	-	2,000
Contracted services	4,500	4,500	-	4,500
Construction	25,000	25,000	1,542	23,458
Postage	400	400	15	385
Legal notices	800	800	-	800
Printing expense	200	200	-	200
Prior year obligations	100	100	-	100
<b>Total expenditures</b>	<b>43,000</b>	<b>43,000</b>	<b>1,557</b>	<b>41,443</b>
<b>Net change in fund balances</b>	<b>\$ 1,900</b>	<b>\$ 1,900</b>	<b>54,048</b>	<b>\$ 52,148</b>
Fund balance, beginning of year			<u>463,064</u>	
Fund balance, end of year			<u>\$ 517,112</u>	

**Other Schedules**





**Town of Cromwell, Connecticut**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Public Donations Grant Fund  
For the Year Ended June 30, 2018**

	Balance July 1, 2017	Revenues	Expenditures	Balance June 30, 2018
Library Donations	\$ 9,155	\$ 3,399	\$ 2,378	\$ 10,176
Senior Donations	24,784	13,567	22,576	15,775
Transportation	8,173	823	3,554	5,442
Designated Senior Center	5,000	-	5,000	-
Youth Services	8,019	6,415	3,794	10,640
Emergency Fuel	3,731	1,172	-	4,903
Park and Recreation	13,759	5,528	8,220	11,067
Handicapped Donations	1	-	-	1
Human Service Donations	25,535	22,505	15,735	32,305
Police Department	10,584	605	686	10,503
Carbon Monoxide Program	4,165	-	-	4,165
Operational fuel	5	-	-	5
CT Clean Energy	440	5,000	4,660	780
Rose Garden	78	-	-	78
Flag Fund	2,732	-	-	2,732
Inland/Wetlands	4,382	-	-	4,382
Town Historic Preservation	1,933	-	-	1,933
Library Building	500	-	-	500
Dog Park	3,545	495	-	4,040
Economic Development	300	-	-	300
Valor Green Memorial	254	-	-	254
Library - Elizabeth Maselli Room	43,571	-	-	43,571
Mayor's Event	-	17,950	17,650	300
K-9 Program	13,295	1,200	750	13,745
	<u>\$ 183,941</u>	<u>\$ 78,659</u>	<u>\$ 85,003</u>	<u>\$ 177,597</u>

**Town of Cromwell, Connecticut**

**Schedule of Expenditures Compared With Appropriations**

**Sidewalk Fund**

**For the Year Ended June 30, 2018**

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
General repairs	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 7,500

**Town of Cromwell, Connecticut**

**Schedule of Expenditures Compared With Appropriations**

**Dog License Fund**

**For the Year Ended June 30, 2018**

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ -	\$ 1,200	\$ 1,196	\$ 4
Training/workshops	1,000	-	1,000	965	35
Contract services	11,124	-	11,124	8,364	2,760
Vehicle maintenance	1,500	-	1,500	425	1,075
Fuel and fluids	3,000	-	3,000	1,638	1,362
Uniforms	1,200	-	1,200	1,196	4
Veterinarian fees	4,000	-	4,000	1,211	2,789
Equipment, purchase and repair	1,000	-	1,000	881	119
	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 24,024</u>	<u>\$ 15,876</u>	<u>\$ 8,148</u>

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**Fiduciary Fund**

## ***Agency Funds***

Agency Funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations.

- The School Activity Fund is an agency fund established to receive student funds and other program funds to promote the education and activities of students.
- The Contractor Bond Fund is an agency fund established to receive cash bonds posted by contractors, developers and others.
- The Health Reimbursement Account is an agency fund established to offset medical expenses of certain Town of Cromwell and Cromwell Board of Education employees and retirees.

**Town of Cromwell, Connecticut**

**Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Student activity fund:				
Assets:				
Cash and cash equivalents	\$ 271,581	\$ 774,282	\$ 757,335	\$ 288,528
Due from other funds	1,000	-	-	1,000
	<u>\$ 272,581</u>	<u>\$ 774,282</u>	<u>\$ 757,335</u>	<u>\$ 289,528</u>
Liabilities:				
Due to student groups	<u>\$ 272,581</u>	<u>\$ 774,282</u>	<u>\$ 757,335</u>	<u>\$ 289,528</u>
Contractor bond fund:				
Assets:				
Cash and cash equivalents	<u>\$ 418,371</u>	<u>\$ 76,435</u>	<u>\$ 177,436</u>	<u>\$ 317,370</u>
Liabilities:				
Due to others	<u>\$ 418,371</u>	<u>\$ 76,435</u>	<u>\$ 177,436</u>	<u>\$ 317,370</u>
Health Reimbursement Account				
Assets:				
Cash and cash equivalents	<u>\$ 249,662</u>	<u>\$ 22,200</u>	<u>\$ 60,594</u>	<u>\$ 211,268</u>
Liabilities:				
Due to others	<u>\$ 249,662</u>	<u>\$ 22,200</u>	<u>\$ 60,594</u>	<u>\$ 211,268</u>
Total all funds:				
Assets:				
Cash and cash equivalents	\$ 939,614	\$ 872,917	\$ 995,365	\$ 817,166
Due from other funds	1,000	-	-	1,000
	<u>\$ 940,614</u>	<u>\$ 872,917</u>	<u>\$ 995,365</u>	<u>\$ 818,166</u>
Liabilities:				
Due to student groups	\$ 272,581	\$ 774,282	\$ 757,335	\$ 289,528
Due to others	668,033	98,635	238,030	317,370
	<u>\$ 940,614</u>	<u>\$ 872,917</u>	<u>\$ 995,365</u>	<u>\$ 818,166</u>

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## **Statistical Section - unaudited**

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

**Sources:** Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**Town of Cromwell, Connecticut**

**Table 1**

**Net Position By Component  
Last Ten Fiscal Years (unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital										
assets:	\$ 92,647,243	\$ 90,614,975	\$ 90,372,051	\$ 90,158,279	\$ 90,349,694	\$ 91,271,301	\$ 92,786,514	\$ 90,389,434	\$ 84,057,785	\$ 79,977,008
Restricted	62,038	61,524	61,050	60,504	60,062	59,330	59,279	10,018	9,995	9,963
Unrestricted	10,669,772	9,968,010	8,682,716	8,271,878	10,331,728	9,250,907	7,620,916	9,151,471	10,030,130	15,051,100
<b>Total governmental</b>										
<b>activities net position</b>	<u>\$ 103,379,053</u>	<u>\$ 100,644,509</u>	<u>\$ 99,115,817</u>	<u>\$ 98,490,661</u>	<u>\$ 100,741,484</u>	<u>\$ 100,581,538</u>	<u>\$ 100,466,709</u>	<u>\$ 99,550,923</u>	<u>\$ 94,097,910</u>	<u>\$ 95,038,071</u>

**Notes:**

(1) Schedule prepared on the accrual basis of accounting.

Town of Cromwell, Connecticut

Table 2

**Changes In Net Position  
Last Ten Fiscal Years (unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 5,467,135	\$ 6,018,788	\$ 5,688,367	\$ 5,472,277	\$ 5,557,370	\$ 5,578,265	\$ 5,018,686	\$ 4,745,753	\$ 4,811,384	\$ 5,285,460
Public Safety	3,869,319	3,578,942	4,233,769	3,584,653	3,484,220	3,451,918	3,346,263	3,266,290	3,279,017	3,408,597
Public Works	8,439,623	8,312,654	7,819,385	8,199,804	7,687,149	7,507,231	7,781,074	7,084,009	6,977,469	7,111,663
Culture and Recreation	1,103,036	1,086,816	1,060,721	1,015,493	1,001,837	1,018,166	1,015,892	980,589	943,176	953,776
Human Services	606,146	683,617	623,442	606,338	595,427	610,927	609,527	586,961	569,523	537,251
Education	38,257,417	37,792,620	35,274,601	34,400,356	33,609,091	32,074,662	31,961,198	31,258,609	31,361,305	29,777,145
Interest on long-term debt	667,621	680,936	715,187	881,704	948,731	1,164,077	1,275,276	1,377,511	1,360,078	1,328,827
<b>Total governmental activities expenses</b>	<b>58,410,297</b>	<b>58,154,373</b>	<b>55,415,472</b>	<b>54,160,625</b>	<b>52,883,825</b>	<b>51,405,246</b>	<b>51,007,916</b>	<b>49,299,722</b>	<b>49,301,952</b>	<b>48,402,719</b>
Program revenues:										
Charges for services:										
General government	716,693	737,467	572,676	700,864	695,823	697,430	518,033	449,200	382,977	299,032
Public Safety	465,612	537,403	721,983	527,056	409,662	64,938	318,768	370,556	522,910	476,715
Public Works	2,633,822	2,296,825	2,139,166	2,049,278	1,800,683	2,327,371	1,837,469	1,750,064	1,405,812	1,156,948
Culture and Recreation	49,834	54,822	52,573	149,472	150,762	54,089	118,897	122,853	84,122	140,564
Human Services	17,188	14,474	9,856	7,633	10,859	5,186	7,679	5,779	23,530	11,173
Education	519,432	572,506	591,605	615,086	457,598	516,707	595,128	563,268	549,279	506,655
Operating grants and contributions	12,033,737	12,263,848	9,486,370	9,871,178	9,695,887	9,055,543	9,265,156	8,646,431	8,176,723	7,572,422
Capital grants and contributions	338,128	147,340	880,759	343,140	529,426	206,751	87,739	2,705,585	1,062,700	518,969
<b>Total governmental activities program revenues</b>	<b>16,774,446</b>	<b>16,624,685</b>	<b>14,454,988</b>	<b>14,263,707</b>	<b>13,750,700</b>	<b>12,928,015</b>	<b>12,748,869</b>	<b>14,613,736</b>	<b>12,208,053</b>	<b>10,682,478</b>
Net (expense) revenue:										
Governmental activities	(41,635,851)	(41,529,688)	(40,960,484)	(39,896,918)	(39,133,125)	(38,477,231)	(38,259,047)	(34,685,986)	(37,093,899)	(37,720,241)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	43,490,210	42,288,843	41,105,060	40,220,941	38,905,611	38,233,934	37,080,402	36,897,559	35,599,902	35,450,949
Grants and contributions not restricted to specific purposes	77,996	144,436	152,474	242,913	244,792	230,094	384,656	246,964	269,056	392,954
Unrestricted investment earnings	371,990	150,791	74,416	45,660	46,556	38,321	34,986	71,930	42,838	291,346
Other general revenues	392,924	474,310	253,690	193,413	96,112	89,711	359,789	2,922,546	241,942	327,935
<b>Total general revenues and other changes in net position</b>	<b>44,333,120</b>	<b>43,058,380</b>	<b>41,585,640</b>	<b>40,702,927</b>	<b>39,293,071</b>	<b>38,592,060</b>	<b>37,859,833</b>	<b>40,138,999</b>	<b>36,153,738</b>	<b>36,463,184</b>
Capital contributions	1,856,522	-	-	-	-	-	1,315,000	-	-	-
Changes in net position:										
Governmental activities	\$ 4,553,791	\$ 1,528,692	\$ 625,156	\$ 806,009	\$ 159,946	\$ 114,829	\$ 915,786	\$ 5,453,013	\$ (940,161)	\$ (1,257,057)

**Note:** (1) Schedule prepared on the accrual basis of accounting.

Town of Cromwell, Connecticut

Table 3

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years (unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,758	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	629,000	690,000	872,400	1,005,793	161,500	51,000	70,000	37,600	-	-
Assigned	21,595	1,621	24,536	50,402	51,186	15,434	8,146	9,830	-	-
Unassigned	11,641,051	9,416,756	7,764,001	7,730,698	7,634,146	6,539,226	4,834,817	4,242,189	-	-
Reserved	-	-	-	-	-	-	-	-	24,160	408,567
Unreserved	-	-	-	-	-	-	-	-	4,197,025	4,853,401
<b>Total general fund</b>	<b>\$ 12,291,646</b>	<b>\$ 10,108,377</b>	<b>\$ 8,660,937</b>	<b>\$ 8,786,893</b>	<b>\$ 7,846,832</b>	<b>\$ 6,605,660</b>	<b>\$ 4,918,721</b>	<b>\$ 4,289,619</b>	<b>\$ 4,221,185</b>	<b>\$ 5,261,968</b>
Nonspendable	\$ 72,390	\$ 72,295	\$ 72,651	\$ 85,239	\$ 92,458	\$ 95,162	\$ 92,587	\$ 45,464	\$ -	\$ -
Restricted	3,103,638	5,244,756	3,317,127	2,841,738	4,072,626	6,056,630	3,859,611	4,295,655	-	-
Committed	5,019,276	5,266,008	3,074,316	2,891,600	2,912,762	2,718,022	2,700,839	3,306,672	-	-
Assigned	691,919	435,441	1,778,374	1,478,962	1,516,291	1,659,841	1,616,171	1,595,934	-	-
Unassigned	-	(24,100)	-	-	-	(153,504)	(213,923)	-	-	-
Reserved	-	-	-	-	-	-	-	-	2,629,299	717,840
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	2,744,475	2,763,546
Capital projects funds	-	-	-	-	-	-	-	-	8,935,275	7,285,469
<b>Total all other governmental funds</b>	<b>\$ 8,887,223</b>	<b>\$ 10,994,400</b>	<b>\$ 8,242,468</b>	<b>\$ 7,297,539</b>	<b>\$ 8,594,137</b>	<b>\$ 10,376,151</b>	<b>\$ 8,055,285</b>	<b>\$ -</b>	<b>\$ 14,309,049</b>	<b>\$ 10,766,855</b>

**Note:** (1) Schedule prepared on the modified accrual basis of accounting

(2) GASB 54 was implemented in Fiscal Year 2011.

### Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years (unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Property taxes	\$ 43,419,649	\$ 42,184,309	\$ 40,874,985	\$ 39,967,103	\$ 38,862,600	\$ 38,277,712	\$ 37,357,669	\$ 36,823,715	\$ 35,645,513	\$ 35,388,867
Intergovernmental	12,575,512	12,688,152	10,649,238	10,628,891	10,509,748	9,523,609	9,945,197	10,959,068	9,533,487	8,459,337
Charges for services	3,989,624	3,798,882	3,745,960	3,562,034	3,088,594	3,261,535	3,096,675	3,143,438	3,012,535	3,245,874
Income on investments	371,990	150,791	74,416	45,660	46,556	38,335	34,986	71,930	42,838	291,346
Miscellaneous	713,551	770,987	479,734	483,111	508,603	490,742	972,120	817,179	241,942	327,935
<b>Total revenues</b>	<b>61,070,326</b>	<b>59,593,121</b>	<b>55,824,333</b>	<b>54,686,799</b>	<b>53,016,101</b>	<b>51,591,933</b>	<b>51,406,647</b>	<b>51,815,330</b>	<b>48,476,315</b>	<b>47,713,359</b>
<b>Expenditures:</b>										
General government	5,447,494	5,533,320	5,401,356	5,277,296	5,225,911	5,187,874	5,063,775	4,911,295	4,674,278	4,683,572
Public Safety	3,609,148	3,574,082	3,637,247	3,548,071	3,321,403	3,319,469	3,153,617	3,052,028	3,087,717	3,155,691
Public Works	6,039,651	5,855,601	5,554,003	5,874,665	5,402,073	5,303,360	5,640,953	5,111,350	5,049,682	5,156,629
Culture and Recreation	1,050,555	1,005,917	984,242	939,627	932,059	941,065	938,222	897,512	880,079	884,401
Human Services	605,908	633,474	571,553	556,978	546,442	565,727	549,850	546,407	508,953	507,753
Education	36,804,161	35,971,609	33,215,350	32,722,230	31,672,231	30,328,029	30,460,100	29,616,635	29,389,356	28,299,582
<b>Debt Services:</b>										
Principal	2,925,343	2,907,414	2,881,922	2,700,000	2,165,000	2,570,000	2,590,000	2,703,589	2,566,147	2,480,000
Interest	867,893	797,683	878,716	1,024,114	1,101,877	2,053,521	1,318,438	1,485,189	1,209,630	1,262,537
Capital outlay	3,735,424	5,253,390	1,922,893	2,408,200	3,189,947	2,431,475	2,251,030	8,488,214	5,574,413	3,701,700
<b>Total expenditures</b>	<b>61,085,577</b>	<b>61,532,490</b>	<b>55,047,282</b>	<b>55,051,181</b>	<b>53,556,943</b>	<b>52,700,520</b>	<b>51,965,985</b>	<b>56,812,219</b>	<b>52,940,255</b>	<b>50,131,865</b>
<b>Excess of revenue over (under) expenditures</b>	<b>(15,251)</b>	<b>(1,939,369)</b>	<b>777,051</b>	<b>(364,382)</b>	<b>(540,842)</b>	<b>(1,108,587)</b>	<b>(559,338)</b>	<b>(4,996,889)</b>	<b>(4,463,940)</b>	<b>(2,418,506)</b>
<b>Other financing sources (uses):</b>										
Transfers in	1,415,747	2,731,682	3,398,598	850,726	1,455,919	564,388	1,026,429	1,522,014	1,645,662	1,640,559
Transfers out	(1,415,747)	(2,731,682)	(3,398,598)	(850,726)	(1,455,919)	(564,388)	(1,026,429)	(1,522,014)	(1,645,662)	(1,640,559)
Proceeds from sale of bonds	6,540,000	5,520,000	-	-	-	14,075,000	-	-	6,730,000	-
Premium on bonds	787,192	618,741	-	-	-	1,933,149	-	-	235,350	-
Payment to refunded bond escrow agent	(7,235,849)	-	-	-	-	(10,891,758)	-	-	-	-
Capital leased issued	-	-	-	-	-	-	-	-	-	1,051,850
<b>Total other financing sources (uses)</b>	<b>91,343</b>	<b>6,138,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,116,391</b>	<b>-</b>	<b>-</b>	<b>6,965,350</b>	<b>1,051,850</b>
<b>Net change in fund balance</b>	<b>\$ 76,092</b>	<b>\$ 4,199,372</b>	<b>\$ 777,051</b>	<b>\$ (364,382)</b>	<b>\$ (540,842)</b>	<b>\$ 4,007,804</b>	<b>\$ (559,338)</b>	<b>\$ (4,996,889)</b>	<b>\$ 2,501,410</b>	<b>\$ (1,366,656)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.65%</b>	<b>6.58%</b>	<b>7.08%</b>	<b>7.07%</b>	<b>6.49%</b>	<b>9.20%</b>	<b>7.86%</b>	<b>8.67%</b>	<b>7.97%</b>	<b>8.06%</b>

**Note:** Schedule prepared on the modified accrual basis of accounting

Town of Cromwell, Connecticut

Table 5

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years (unaudited)**

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable value
	Residential	Commercial	Industrial							
2018	\$ 879,765,080	\$ 187,844,260	\$ 125,998,660	\$ 149,529,320	\$ 115,518,845	\$ 105,902,880	\$ 1,352,753,285	31.68	\$ 1,932,504,693	70.00%
2017	875,706,010	187,955,430	125,131,820	125,194,040	113,093,380	103,740,845	1,323,339,835	31.38	1,890,485,479	70.00%
2016	869,068,040	187,720,210	123,047,530	100,078,570	110,848,030	100,443,445	1,290,318,935	32.38	1,843,312,764	70.00%
2015	859,849,100	187,606,180	122,403,310	91,992,430	108,712,650	98,711,015	1,271,852,655	31.18	1,816,932,364	70.00%
2014	855,174,540	185,381,618	122,244,440	85,231,700	106,322,210	97,046,655	1,257,307,853	30.75	1,796,154,076	70.00%
2013	988,568,681	212,238,580	134,511,819	80,652,960	105,985,220	110,139,555	1,411,817,705	27.06	2,016,882,436	70.00%
2012	979,848,650	210,697,220	133,948,310	77,960,740	99,133,353	109,326,488	1,392,261,785	26.80	1,988,945,407	70.00%
2011	968,599,140	213,545,750	133,498,360	74,082,420	95,397,097	107,479,838	1,377,642,929	26.84	1,968,061,327	70.00%
2010	968,542,060	202,408,170	132,414,570	70,375,760	94,041,439	106,859,314	1,360,922,685	26.16	1,944,175,264	70.00%
2009	944,635,890	200,866,770	146,837,660	67,170,530	97,246,781	105,522,818	1,351,234,813	26.21	1,930,335,447	70.00%

**Source:** Town of Cromwell Office of Tax Assessor

**Note:** (1) Assessed value is 70% of actual value.

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years (unaudited)  
(rate per \$1,000 of assessed value)**

Fiscal Year	Operating Millage	Debt Service Millage	School Millage	Total Town Millage	Overlapping Rates Fire District	Total Direct & Overlapping Rates
2018	10.46	2.22	19.00	31.68	2.25	33.93
2017	10.35	2.20	18.83	31.38	2.25	33.63
2016	9.41	2.51	19.46	31.38	2.10	33.48
2015	9.98	2.54	18.66	31.18	2.10	33.28
2014	10.09	2.23	18.42	30.75	2.10	32.85
2013	8.70	2.31	16.05	27.06	1.89	28.95
2012	8.52	2.40	15.88	26.80	1.89	28.69
2011	8.45	2.62	15.76	26.83	1.80	28.63
2010	7.79	2.73	15.64	26.16	1.80	27.96
2009	8.14	2.82	15.25	26.21	1.80	28.01

**Source:**

**Note 1:** The Mattabassett District is funded by the Sewer Usage Fund for the annual operation and maintenance portion of their budget.

**Note 2:** Revaluation occurred in 2007 and 2012, impacting the mill rates for fiscal years 2009 and 2014.

**Note 3:** This schedule was broken out to display components of the total direct rate starting 2010.



Town of Cromwell, Connecticut

Table 7

Principal Property Taxpayers  
Current Year and Nine Years Ago (unaudited)

Taxpayers	2018			2009		
	Taxable Assessed Value as of October 1, 2018	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value as of October 1, 2009	Rank	Percentage of Total Town Taxable Assessed Value
Algonquin Gas Trans Co.	\$ 65,016,180	1	4.81%	\$ 10,069,440	3	0.75%
Covenant Home Inc.	24,039,200	2	1.78%	24,708,710	1	1.83%
Cromwell Realty LLC	11,906,398	3	0.88%	-	-	-
Society of the Missionaries of the Holy	11,238,780	4	0.83%	-	-	-
TNO Cromwell LLC	10,994,340	5	0.81%	-	-	-
Infinity Cromwell Property Limited	10,972,640	6	0.81%	8,761,700	4	0.65%
Connecticut Light and Power	10,299,290	7	0.76%	6,621,850	9	0.49%
Main Street Equity LLC	8,518,300	8	0.63%	-	-	-
R A Cromwell LLC	8,490,860	9	0.63%	6,789,200	7	0.50%
GKN Aerospace Services Structures Corp	7,997,590	10	0.59%	-	-	-
Shaner SPE Associates Limited	-	-	-	13,541,110	2	1.00%
IRNM Fee Cromwell LLC	-	-	-	7,175,000	5	0.53%
CSE Cromwell LLC	-	-	-	6,835,040	6	0.51%
Leigh Cromwell LLC	-	-	-	6,720,000	8	0.50%
Cromwell Square Partners LTD	-	-	-	6,561,950	10	0.49%
	<u>\$ 169,473,578</u>		<u>12.53%</u>	<u>\$ 97,784,000</u>		<u>7.24%</u>

Source: Town of Cromwell Assessor's Office.

Town of Cromwell, Connecticut

Table 8

Property Tax Levies and Collections  
Last Ten Fiscal Years (unaudited)

Fiscal Year Ended June 30,	Tax Rate in Mills	Taxes Levied for This Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2018	31.68	\$ 42,885,783	\$ 42,431,842	98.94%	\$ -	\$ 42,431,842	98.94%
2017	31.38	\$ 42,023,539	\$ 41,732,354	99.31%	\$ -	\$ 41,732,354	99.31%
2016	31.38	\$ 40,523,481	\$ 40,371,928	99.63%	\$ 162,768	\$ 40,534,696	100.03%
2015	31.18	\$ 39,984,367	\$ 39,681,046	99.24%	\$ 26,807	\$ 39,707,853	99.31%
2014	30.75	\$ 38,809,552	\$ 38,491,271	99.18%	\$ 197,909	\$ 38,491,271	99.18%
2013	27.06	\$ 38,242,374	\$ 37,862,390	99.01%	\$ 291,688	\$ 38,154,078	99.77%
2012	26.80	\$ 37,316,375	\$ 36,967,505	99.07%	\$ 227,595	\$ 37,195,100	99.68%
2011	26.84	\$ 36,870,036	\$ 36,484,059	98.95%	\$ 296,954	\$ 36,781,013	99.76%
2010	26.16	\$ 35,490,099	\$ 35,217,856	99.23%	\$ 163,782	\$ 35,381,638	99.69%
2009	26.21	\$ 35,337,213	\$ 35,011,177	99.08%	\$ 229,356	\$ 35,240,533	99.73%

**Source:** Tax Collector's Report: Comprehensive annual financial report

\*The numbers above have been revised from prior years to accurately reflect the collection in subsequent years.

**Ratios of Outstanding Debt By Type  
Last Ten Fiscal Years (unaudited)**

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Actual Property Value	Percentage of Personal Income	Debt Per Capita
2018	\$ 22,750,605	\$ -	\$ 22,750,605	1.18%	4.06%	1,619
2017	25,565,187	-	\$ 25,565,187	1.35%	4.44%	1,815
2016	22,516,126	-	22,516,126	1.22%	4.08%	1,599
2015	25,502,134	-	25,502,134	1.38%	4.62%	1,812
2014	26,320,000	-	26,320,000	1.45%	4.86%	1,870
2013	28,485,000	-	28,485,000	1.59%	4.65%	2,026
2012	27,625,000	889,864	28,514,864	1.41%	4.56%	1,957
2011	30,215,000	946,243	31,161,243	1.57%	5.01%	2,168
2010	32,980,000	1,000,204	32,980,000	1.68%	5.34%	2,361
2009	28,660,000	1,051,850	28,660,000	1.47%	5.55%	2,066

**Notes:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018 (unaudited)**

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt:			
Cromwell Fire District*	\$ 4,510,607	23%	\$ 1,029,285
Mattabassett*	5,623,351	0%	-
Total overlapping debt	10,133,958		1,029,285
Town direct debt	22,750,605		22,750,605
Total			\$ 23,779,890

\*The \$4,510,607 represents the outstanding general obligation bonds for the Fire District as of June 30, 2018 and includes \$3,481,322 of Water Division debt. Water Division debt and Mattabassett District debt are not included as part of the Town's overlapping debt as this debt is not repaid from property taxes, but with other revenue sources. Fire District debt, as it relates to the Fire Division, is repaid with property taxes and impact the same tax base as Town property taxes.

The Mattabassett District incurred debt through a DEEP Clean Water Fund (CWF) Loan for the design and construction of a Nitrogen Upgrade. As a member of the Mattabassett District, the Town of Cromwell is assessed a pro-rata share of the debt. The Town's share is paid with revenue other than taxation.

**Schedule of Debt Limitation**  
**June 30, 2018 (unaudited)**

Total tax collections (including fire district)					\$ 46,185,773
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation					
2-1/4 times base	\$ 103,917,989	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	207,835,979	-	-	-
3-3/4 times base	-	-	173,196,649	-	-
3-1/4 times base	-	-	-	150,103,762	-
3 times base	-	-	-	-	138,557,319
<b>Total debt limitation</b>	<b>103,917,989</b>	<b>207,835,979</b>	<b>173,196,649</b>	<b>150,103,762</b>	<b>138,557,319</b>
Indebtedness					
Long-term debt					
outstanding	11,421,567	8,853,434	-	-	-
Overlapping debt	1,029,285	-	-	-	-
Bonds authorized and unissued	5,191,000	-	-	-	-
<b>Total Indebtedness</b>	<b>17,641,852</b>	<b>8,853,434</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt limitation in excess of indebtedness</b>	<b>\$ 86,276,137</b>	<b>\$ 198,982,545</b>	<b>\$ 173,196,649</b>	<b>\$ 150,103,762</b>	<b>\$ 138,557,319</b>

**Note 1:** In no case shall total indebtedness exceed \$323,300,411 or seven times annual receipts from taxation.

**Note 2:** Water Division debt (\$3,481,322) and Mattabasset/Nitrogen Upgrade project debt (\$5,623,351) are not included as part of the Town's statutory debt limitation schedule as this debt is not repaid from property taxes but repaid with other revenue sources.

Town of Cromwell, Connecticut

Table 12

**Legal Debt Margin Information  
Last Ten Fiscal Years (unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limitation	\$ 323,300,411	\$ 314,497,673	\$ 306,281,304	\$ 300,113,527	\$ 291,022,753	\$ 286,559,168	\$ 281,084,951	\$ 275,077,180	\$ 266,833,357	\$ 264,235,650
Total net debt applicable to limit	26,495,286	29,993,143	37,046,449	39,855,090	40,104,676	40,486,360	32,602,147	37,208,816	40,083,816	47,200,370
<b>Legal debt margin</b>	<b>\$ 296,805,125</b>	<b>\$ 284,504,530</b>	<b>\$ 269,234,855</b>	<b>\$ 260,258,437</b>	<b>\$ 250,918,077</b>	<b>\$ 246,072,808</b>	<b>\$ 248,482,804</b>	<b>\$ 237,868,364</b>	<b>\$ 226,749,541</b>	<b>\$ 217,035,280</b>
Total net debt applicable to the limit as a percentage of debt limit	8.20%	9.54%	12.10%	13.28%	13.78%	14.13%	11.60%	13.53%	15.02%	17.86%

**Note:** See Table 11 for calculation of current year debt limitation

**Town of Cromwell, Connecticut**

**Table 13**

**Demographic and Economic Statistics  
Last Ten Calendar Years (unaudited)**

Calendar Year	Population (1)	Per Capita Income (2)	Personal Income	Median Household Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2018	14,049	\$ 39,906	\$ 560,639,394	\$ 83,739	45	1,973	4.0%
2017	14,086	40,905	576,187,830	82,081	44	2,013	4.7%
2016	14,077	39,178	551,508,706	80,028	44	1,993	4.9%
2015	14,076	38,463	541,405,188	80,134	44	1,982	4.5%
2014	14,059	43,611	613,127,049	80,134	44	1,969	5.6%
2013	14,116	42,900	605,576,400	81,718	43	1,971	6.7%
2012	13,940	43,249	602,891,060	83,670	45	1,992	6.8%
2011	13,968	44,206	617,469,408	73,665	44	2,018	7.3%
2010	13,869	37,265	516,828,285	75,773	44	2,043	8.1%
2009	13,775	37,059	510,487,725	74,891	43	2,024	6.7%

\* Information not available or attainable.

Source: State of Connecticut Health Department, except 2013 and 2014 which is a CERC estimate.

Source: State of Connecticut Fiscal Indicators - CERC (estimate used for 2006)

Source: Superintendent of Schools

Source: Connecticut Labor Department

**Town of Cromwell, Connecticut**

**Table 14**

**Principal Employers  
Current Year and Nine Years Ago (unaudited)**

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Adelbrook Behavioral & Developmental Scs. (formerly The Children's Home)	Residential School	385	1	4.99%	215	6	2.82%
Stop & Shop	Supermarket	298	2	3.86%	325	1	4.27%
Wal-Mart	Department Store	279	3	3.61%	275	2	3.61%
GKN Aerospace *	Aircraft Parts	255	4	3.30%	N/A	N/A	N/A
Covenant Village	Retirement Village	233	5	3.02%	260	3	3.41%
Cromwell Growers	Landscaping/Florist	195	6	2.53%	N/A	N/A	N/A
Apple Rehab	Rehab Facility	154	7	1.99%	N/A	N/A	N/A
Autumn Lake Health Care (formerly Haven Health Center)	Convalescent Home	130	8	1.68%	236	5	3.10%
Lowe's	Home Supply Store	130	8	1.68%	N/A	N/A	N/A
Tournamant Players Club	Country Club	123	9	1.59%	N/A	N/A	N/A
Red Lion Hotel (formally Radisson)	Hotel/Conference Center	110	10	1.42%	116	8	1.52%
Apria Healthcare	Healthcare/Medical	N/A	N/A	N/A	260	4	3.41%
XPECT	Department Store	N/A	N/A	N/A	120	7	1.58%
K-Mart	Department Store	N/A	N/A	N/A	98	10	1.29%
Liturgical Publications	Publisher	N/A	N/A	N/A	100	9	1.31%

Source: Town of Cromwell, Town Planner

\* Largest Employer for full time employees



**Town of Cromwell, Connecticut**

**Table 15**

**Full-Time Equivalent Town Government Employees By Function/Program  
Last Ten Fiscal Years (unaudited)**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	36	36	36	37	36	36	35	35	35	35
Police	37	37	37	38	36	36	36	36	36	35
Fire	10	10	10	10	11	9	9	9	9	9
Refuse collection	1	1	1	1	2	2	2	2	2	2
Other Public Works	30	30	30	30	31	31	32	32	32	32
Parks and Recreation	3	2	2	2	2	2	2	2	2	2
Library	5	5	5	5	17	17	17	17	17	17
Education	296	301	304	304	306	311	313	310	317	316
	418	422	425	427	441	444	446	443	450	448

**Source:** Cromwell Town and Board of Education Payroll Records

Town of Cromwell, Connecticut

Table 16

**Operating Indicators By Function/Program  
Last Ten Fiscal Years (unaudited)**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government: (1)										
Building permits issued	667	603	638	855	853	916	930	785	666	689
Police: (2)										
Physical arrests	261	326	347	428	492	399	428	443	437	478
Parking violations	114	126	132	141	113	61	104	144	246	202
Traffic violations	646	611	683	782	901	570	558	601	481	540
Other public works: (3)										
Street resurfacing (miles)	5.3	2	*	1.93	2.73	2	1.73	6	1.68	1.8
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	223	216	*	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	68,924	70,525	77,728	83,765	83,647	83,423	82,536	81,990	80,120	78,557
Total volumes borrowed	74,931	71,227	81,501	99,986	101,772	99,038	105,223	105,252	102,003	105,019

**Source:**

- (1) Town of Cromwell Building Inspector
- (2) Town of Cromwell Police Department Records (per calendar year)
- (3) Town of Cromwell Public Works Department (per calendar year)
- (4) Town of Cromwell Librarian

**Notes:** \* Information is not available.

**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years (unaudited)**

Function/Program		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police: (1)											
	Stations	1	1	1	1	1	1	1	1	1	1
	Zone offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Patrol units	16	16	16	16	15	15	14	14	14	14
Other public works: (2)											
	Streets (miles)	56.7	56.7	56.7	56.7	56.7	56.35	56.35	56	54.79	54.79
	Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Streetlights**	1218	1218	1208	1208	1166	1164	1163	1153	1153	1153
	Traffic signals**	21	21	21	21	15	15	15	15	15	15
Parks and Recreation: (3)											
	Acreage***	200	200	200	200	200	156.9	156.9	156.9	156.9	156.9
	Playgrounds	2	2	2	2	2	3	3	3	3	3
	Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	15
	Soccer/football fields	18	18	14	14	14	10	10	10	10	12
	Community centers	1	1	1	1	1	1	1	1	1	1

**Source:**

- (1) Town of Cromwell Police Department Records
- (2) Town of Cromwell Public Works Department
- (3) Town of Cromwell Recreation Department

**Notes:** \* Information is not available.

\*\* Street lights and traffic signals are not owned by the Town.

\*\*\*Acreage does not include any fields that are maintained by the Board of Education.

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