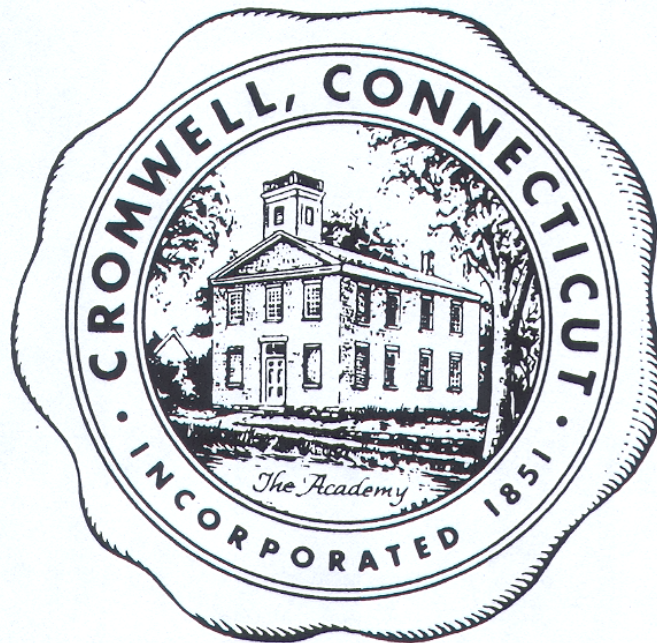


Town of Cromwell, Connecticut



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**TOWN OF CROMWELL,
CONNECTICUT**

Fiscal Year Ended June 30, 2019

Prepared by:

**Finance Department
Marianne Sylvester
Finance Director**

Contents

I. Introductory Section - unaudited		
	Letter of Transmittal	i-vi
	GFOA Certificate of Achievement	vii
	Organizational Chart	viii
	Principal Elected Officials	ix
II. Financial Section		
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis - Unaudited	3-10
Basic Financial Statements		
<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 changes in the Town's net OPEB liability and related ratios	66
RSI-3	Schedule of investment returns – OPEB and defined benefit plan	67
RSI-4	Schedule of employer contributions – defined benefit plan	68
RSI-5	Schedule of changes in the Town's net pension liability and related ratios – defined benefit plan	69
RSI-6	Schedule of contributions – MERS pension plan and schedule of the Town's proportionate share of the net pension liability – MERS	70-71
RSI-7	Schedule of the Town's proportionate share of the net pension liability – teachers' retirement plan	72
RSI-8	Schedule of the Town's Proportionate Share of the Net OPEB liability - teachers retiree health plan	73
RSI-9	Schedule of revenues and other financing sources – budgetary basis – budget and actual – general fund	74-76
RSI-10	Schedule of expenditures, encumbrances and other financing uses – budgetary basis – budget and actual – general fund	77-87
RSI-11	Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer usage fund	88
RSI-12	Note to required supplementary information	89

Supplemental Combining and Individual Fund Financial Statements and Other Schedules

General Fund

Balance sheet	91
Report of the tax collector	92

Nonmajor Governmental Funds

Combining balance sheet	94-97
Combining statement of revenues, expenditures and changes in fund balances	98-101
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sidewalk fund	102
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – dog license fund	103
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer assessment fund	104

Other Schedules

Public Donations Grant Fund:	
Schedule of revenues, expenditures and changes in fund balance	105
Sidewalk Fund:	
Schedule of expenditures compared with appropriations	106
Dog License Fund:	
Schedule of expenditures compared with appropriations	107

Fiduciary Fund

Combining statement of changes in assets and liabilities – agency funds	109
---	-----

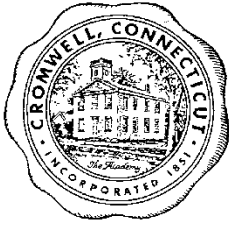
Contents

III. Statistical Section – Unaudited

Table

1	Net position by component	111
2	Changes in net position	112
3	Fund balances, governmental funds	113
4	Changes in fund balances, governmental funds	114
5	Assessed value and estimated actual value of taxable property	115
6	Direct and overlapping property tax rates	116
7	Principal property taxpayers	117
8	Property tax levies and collections	118
9	Ratios of outstanding debt by type	119
10	Direct and overlapping governmental activities debt	120
11	Schedule of debt limitation	121
12	Legal debt margin information	122
13	Demographic and economic statistics	123
14	Principal employers	124
15	Full-time equivalent town government employees by function/program	125
16	Operating indicators by function/program	126
	Capital asset statistics by function/program	127

Introductory Section



Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

December 17, 2019

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, 2019 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 Budget Circular A-133, 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 unmodified ("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, 2019, 97.0% of the Town's available labor force was employed. This compares favorably to the Hartford labor market area rate of 96.2% and the State rate of 96.1%. The Town's per capita income was \$45,954 and its median household income was \$85,856, 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 62.8% of the October 2017 grand list was residential. (The grand list of October 2017 was impacted by State-mandated revaluation.) The percentage of the 2016 grand list was 65.0%. Permits for nine new residential units were issued this year compared to twelve in 2018. In the last ten years, the average number of new units per year is 22. The Town has eight subdivisions that are 50% or more complete and an additional subdivision, The Arbors, just recently started with two units 85% complete. 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;
- Covenant Village's Retirement facility began construction in May on their expansion project. The first phase will include 54 new residential units, new dining and recreation facilities and a new entrance road from West Street;
- Final plans were approved for Cromwell Village, a new multi-family development containing 162 luxury residential units, located at the former NIKE Site on Country Squire Drive.

As a percentage of the grand list, industrial and commercial property values are at 18.8% compared to 23.2% 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 has completed construction on the largest building ever built in Cromwell. The 403,000 square foot warehouse is located at 120 County Line Drive. Renovation and expansion of existing commercial facilities continued. The largest of these projects is the new 74,000 square foot Shop Rite Grocery Store, which opened in May 2019, and a new 14,000 square foot Cortiva Institute (formerly the Connecticut Center for Massage Therapy), which opened in June 2019). The 25,000 square foot Marshall's store began construction in September 2018 at this location also, and opened in August 2019. Several improvements were completed at 35 Berlin Road with the empty spaces being filled by three new restaurants. Central Connecticut Dermatology opened at 1 Willowbrook Road. Marriott Springhill Suites Hotel began construction of a 125-room hotel at 76 Berlin Road in May 2019 and NIC Systems Corporation began construction in March 2019 of a 13,000 square foot office and warehouse building.

The PGA Traveler's Championship Tournament is one of the premier and most successful events on the PGA tour. The event will be even better with the new 43,000 square foot club house at the TPC River Highlands Golf Course, which opened in June 2019.

Cromwell is a great place to grow and new businesses this year include a Dollar General store at 539 Main Street and two additional restaurants at 136 Berlin Road.

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. Issued \$7 million in General Obligation Bonds for a new Public Works Facility. 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. The expansion is expected to open to the public in the fall of 2019.

Recreation:

The Department continues to enhance program offerings for pre-school and school age children, adults, and individuals with special needs.

Planning and Development Department:

Successfully promoted new commercial and residential development in Cromwell.

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 and continued work on three infrastructure projects, funded primarily through Federal/State grant funds. Began site development for the new Public Works Facility.

Education:

Education specifications for a new PreK-Grade 2 school to replace the Edna C. Stevens School were approved by the Board of Education at the October 23, 2018 meeting.

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, 2019 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 \$2,394,583, or 20%, during the fiscal year. This amount, \$13,645,433, is equivalent to about 97 days of operating expenditures and is 26.5% of the adopted 2020 budget. Favorable results from budgetary operations resulted in an operating surplus. Unanticipated revenue from tax collections resulted in approximately \$489,000 in excess of budget, specifically prior year collections and the supplemental motor vehicle billing. Revenue from building permits also exceeded the Town's estimate due to major commercial and residential development, such as the 25,000 square foot Marshall's store, the 13,000 square foot office and warehouse building at 40 Commerce Drive, and residential development at The Arbors and Covenant Village. State Aid also came in higher than budgeted by \$600,000. Salaries and staffing changes 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 committed \$489,000 toward the 2020 budget to fund the Capital/Nonrecurring Fund for 2019-20 requests. This is in keeping with the Board of Finance's historical practices and philosophy. An additional \$390,001 was allocated toward 2019-2020 General Fund expenses.

Debt Administration

On June 30, 2019, the Town had six debt issues outstanding. Bonded indebtedness was \$24,435,000 with a final maturity date of June 2039. All the bonds are general obligations of the Town. Bonds that are authorized but unissued total \$8,106,000. The Willowbrook Road Improvement and North Road Ext. Bridge projects account for more than half 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 May 2, 2019, Standard & Poor's credit rating agency reaffirmed the Town of Cromwell's AAA credit rating with a stable outlook. On May 14, 2019, the Town issued bonds to substantially finance the new Public Works facility.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$332,493,490 on June 30, 2019. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2019 was 10.0% of statutory capacity.

On June 30, 2019, the ratio of bonded indebtedness to assessed value was 1.69%. The amount of bonded indebtedness per capita was \$1,743.

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

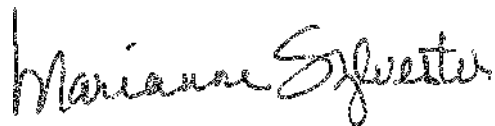
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-eighth 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**

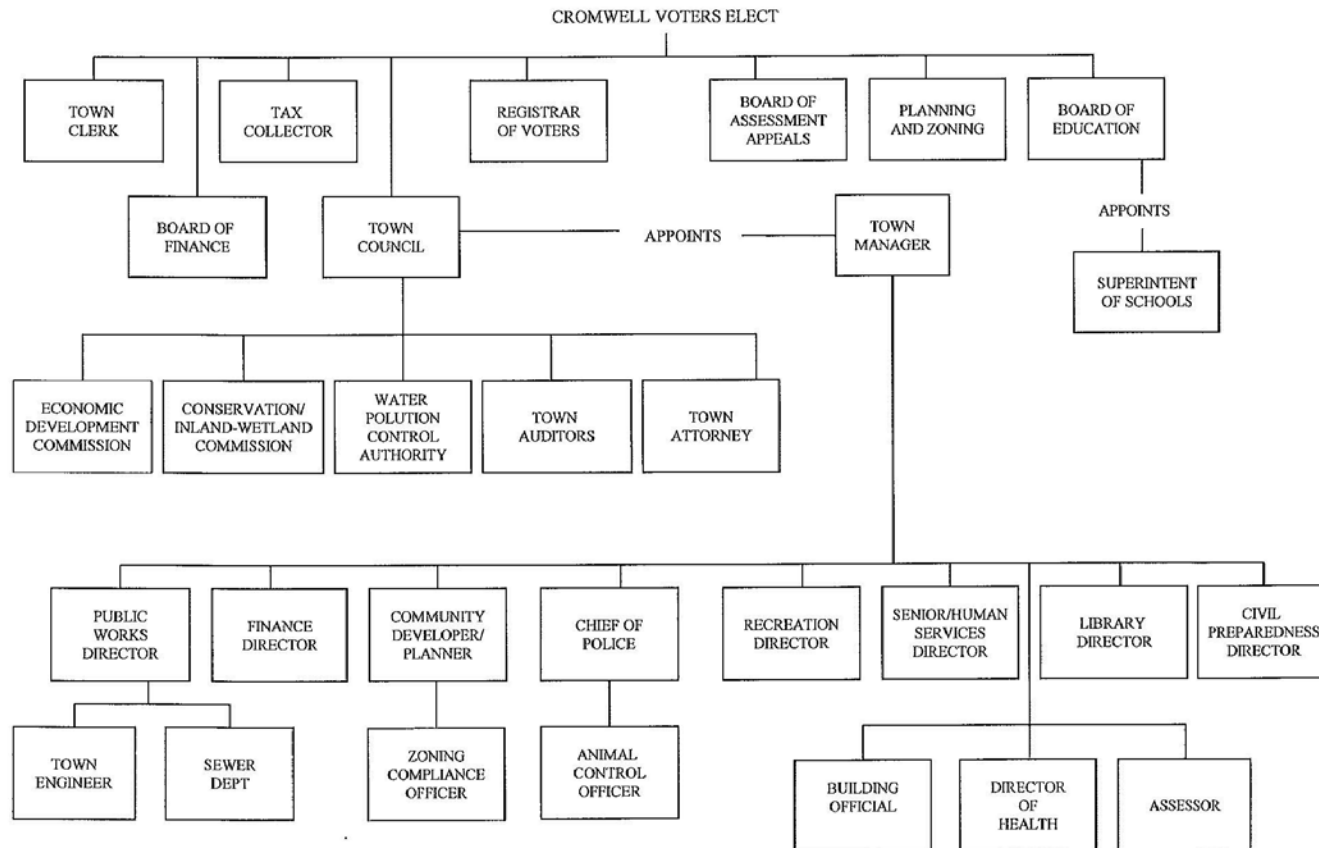
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



**PRINCIPAL ELECTED OFFICIALS
AND ADMINISTRATORS
AS OF JUNE 30, 2019**

Mayor
Town Clerk
Tax Collector

Enzo Faienza
Joan Ahlquist
Douglas Sienna

TOWN COUNCIL

Richard R. Newton
Jennifer Donohue
Frank C. Emanuele Jr.

Al Waters
Myron Johnson
James Demetriades

BOARD OF FINANCE

John Henehan, 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 Matrullo
Megan Midgley
John Flanders

Lindsey Merli
Celine Kelleher
Jay V. Fletcher
Laurie Cantwell

Interim Superintendent of Schools

Thomas McDowell

ADMINISTRATION

Town Manager
Animal Control Officer
Assessor
Building Official
Chief of Police
Developer/Planner
Director of Finance
Director of Human Svcs/Senior Center/Youth Svcs
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

This page intentionally left blank.

Financial Section

Independent Auditor's Report

To the Town Council
Town of Cromwell, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Cromwell, Connecticut (the Town) as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10, the pension and other postemployment benefit schedules on pages 65-72, the General fund budgetary comparison information and the Sewer Usage fund budgetary comparison information on pages 74-89, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 17, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cromwell, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 17, 2019

**TOWN OF CROMWELL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

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, 2019. 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 \$14.5 million, or 28.3% of budgeted fiscal year 2020 General Fund revenues, with unassigned General Fund fund balance at \$13.6 million or 26.5% of revenues.
- The Town's revenues received for the fiscal year exceeded the operating expenses by \$2.26 million.
- Net position of our governmental activities increased by \$3.8 million over the prior year (see Table 2).
- Total cost of all of the Town's programs was \$56.9 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 \$103.4 million to \$107.3 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, 2019	June 30 , 2018
Assets:		
Current and other assets	\$ 34,581,613	\$ 26,738,982
Capital assets, net of accumulated depreciation	116,088,150	114,867,360
Total assets	150,669,763	141,606,342
Deferred Outflows of Resources:		
Deferred pension expense	3,736,938	3,067,980
Deferred OPEB expense	89,671	-
Deferred charge on refunding	314,853	361,273
	4,141,462	3,429,253
Liabilities:		
Long-term debt outstanding	38,171,316	32,391,201
Other liabilities	4,102,269	4,109,762
Total liabilities	42,273,585	36,500,963
Deferred Inflows of Resources:		
Advanced tax collections	66	-
Deferred pension credit	2,685,380	2,224,338
Deferred OPEB credit	2,697,904	2,931,241
	5,383,350	5,155,579
Net Position:		
Net investment in capital assets	95,483,385	92,647,243
Restricted for:		
Perpetual care:		
Expendable	6,411	5,801
Nonexpendable	56,237	56,237
Unrestricted	11,608,257	10,669,772
Total net position	\$ 107,154,290	\$ 103,379,053

The Town's total net position for governmental activities increased by \$3,775,237. 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 \$10.7 million at June 30, 2018 to \$11.6 million at the end of this fiscal year. Total assets increased by \$9 million, primarily due to an increase in current assets as a result of \$7.8 million bond proceeds as well as a \$1.2 million increase in capital assets for infrastructure improvements. Total liabilities increased by \$5.8

million due to long-term debt. In May 2019 the Town issued \$7 million in new debt to finance a Public Works facility. This increase was offset by annual debt payments. 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 \$2.8 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	
	2019	2018
Revenues		
Program Revenues:		
Charges for services	\$ 4,568,692	\$ 4,402,581
Operating grants and contributions	8,902,091	12,033,737
Capital grants and contributions	1,944,708	338,128
General Revenues:		
Property taxes	44,067,022	43,490,210
Grants and contributions not restricted to specific purposes	57,517	77,996
Unrestricted investment earnings	646,578	371,990
Other general revenues	476,957	392,924
Capital Contributions	-	1,856,522
Total revenues	60,663,565	62,964,088
Program expenses		
General government	6,185,820	5,467,135
Public Safety	4,471,459	3,869,319
Public Works	8,516,490	8,439,623
Culture and Recreation	1,127,466	1,103,036
Human Services	623,705	606,146
Education	35,455,525	38,257,417
Interest on long-term debt	507,863	667,621
Total program expenses	56,888,328	58,410,297
Increase in net position	3,775,237	4,553,791
Net position, beginning	103,379,053	98,825,262
Net position, ending	\$ 107,154,290	\$ 103,379,053

The Town's total revenue was \$60.7 million and the total cost of all programs and services was \$56.9 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

On the revenue side, income from property taxes, which comprises 72.6% of Town revenues, exceeded the original budget by about \$500,000 and surpassed fiscal year 2018 collections by almost \$600,000. Operating grants and contributions reflect a \$3.1 million decrease substantially offset by a decrease in Education expenses. Capital grants increased due to grant revenue received for infrastructure projects and the Library Renovation project. Year over year, other expenditures for governmental activities showed moderate increases.

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	
	2019	2018	2019	2018
Education	\$ 35,455,525	\$ 38,257,417	\$ 26,386,388	\$ 26,136,804
General Government	6,185,820	5,467,135	5,526,765	4,654,269
Public Works	8,516,490	8,439,623	3,904,699	5,191,386
Public Safety	4,471,459	3,869,319	3,990,012	3,375,591
Culture and Recreation	1,127,466	1,103,036	1,065,206	1,039,202
All Others	1,131,568	1,273,767	599,767	1,238,599
Total	\$ 56,888,328	\$ 58,410,297	\$ 41,472,837	\$ 41,635,851

Town Funds Financial Analysis

Governmental Funds

The Board of Finance presented the fiscal 2019 budget to the Annual Town Referendum in three parts. The Town budget was \$16,325,307 or 0.6% more than the approved budget for 2018. Bonded Debt budget of \$3,687,300 represented an decrease of \$224. The Education budget was \$29,724,214, an increase of 1.3%. In total, the total proposed budget, \$49,736,821, was 1.0% 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 1st Tuesday in May, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 30.33. Due to the minimal budget increase and property revaluation resulting in a 5.8% increase in the Town's grand list, the mill rate decreased from the previous year by 1.35 mills or 4.3%. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles was \$53,742,253. Expenditures and encumbrances on the same basis were \$51,480,783. The difference increased fund balance at fiscal year end to \$14.5 million. State municipal aid came in more than anticipated by \$525,839 and current year tax collections exceeded budgeted by almost \$489,000, with prior year's levies, interest, liens, and supplemental motor vehicle taxes

exceeding budget by over \$437,000. In addition, building permits exceeded anticipated levels by \$309,000.

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 \$1.1 million. Some of the savings in comparing operating expenditures to the original budget were in General Government (\$550,520), including Employee Benefits (\$403,142), Public Works (\$435,858), and Public Safety (\$75,047). The savings were primarily a result of salaries/staffing changes. Overall, revenues exceeded expenditures resulting in an operating surplus of \$2,247,311.

The Town's General Fund Balance of \$14.5 million reported on Exhibit III in the Basic Financial Statements consists of \$13.6 million as Unassigned Fund Balance. The Board of Finance committed \$879,001 to support the 2019-20 budget, including \$516,500 in capital items. The Capital Projects Fund fund balance, shown in Exhibit III, reflects an increase, primarily due to the Public Works facility project that began in the spring of 2019. 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, 2019, the Town had \$116.2 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 a shift in the allocation from Construction in Progress to the appropriate asset classifications.

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities (in millions)			
	2019		2018	
	Net	Acquisition	Net	Acquisition
Land	\$ 8.7	\$ 8.7	\$ 8.5	\$ 8.5
Buildings	48.5	80.2	50.1	80.0
Furniture, equipment and improvements	2.8	10.3	2.7	9.6
Infrastructure	48.5	108.4	46.3	104.1
Construction in progress	7.7	7.7	7.3	7.3
Total	\$ 116.2	\$ 215.3	\$ 114.9	\$ 209.5

For the year, the major changes include:

Land – Slightly increased due to the acquisition.

Buildings – Net amount decreased due to depreciation.

Furniture, equipment, and improvements – Net amount slightly 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 – Infrastructure projects, to be funded primarily through the State and Federal grants, and a new Public Works Facility were included as Construction in Progress. A library expansion and renovation project is also included but should be completed within the next six months.

The Town's fiscal year 2019-20 capital/non-recurring requests include items such as the cost for a snow pusher, an SUV and a pick up truck, road improvements, a police vehicle, and a time clock system. 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 the construction of a public works/transfer station facility in spring 2019. 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, 2019, the Town had \$24.4 million in bonds and notes outstanding versus \$20.3 million last year – an increase of 20% or \$4.1 million (see Table 5).

Table 5
Outstanding Debt

	Governmental Activities (in millions)	
	2019	2018
General Obligation Bonds	\$ 24.4	\$ 20.3

The Town issues new debt during fiscal year 2018-2019 for a new Public Works facility. The Town of Cromwell's AAA general obligation bond rating with Standard & Poor's rating agency was affirmed on May 2, 2019.

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 \$332 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 2020 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2019 stands at 3.0% versus 4.0% one year ago. This compares favorably with the State's and the Hartford Labor Market area's unemployment rates of 3.8% and 3.9%, respectively.

According to the Connecticut Economic Resource Center (CERC), the most recently reported (2017) Per Capita Income in Cromwell was \$45,954 compared to Hartford County rate of \$37,817 and the State rate of \$41,365. Median Household Income was \$85,856 for Cromwell versus \$81,673 for Middlesex County, \$69,936 for Hartford County, and \$73,781 for the State.

The 2019-2020 General Fund budget of \$51,351,379 was approved by referendum on May 8, 2019. This budget was \$1,614,558, or 3.25% higher than the 2019 adopted budget. Debt service increased by \$16,800, or 0.5%, year over year. The General Government budget increased by \$621,210 or 3.8%. The Education portion increased by \$976,548, or 3.3%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%, and a 0.7% increase in the grand list. They also used \$879,001 of available fund balance to offset the 2019-2020 budget. The Board of Finance set the mill rate at 30.33 mills, remaining level from the previous fiscal year. There were no new programs added for fiscal year 2019-20 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.cromwellct.com.

Basic Financial Statements

Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 24,824,467
Receivables, net of allowances for collection losses:	
Property taxes	1,365,002
Assessments/user charges	459,007
Intergovernmental	67,244
Other	988,919
Inventories	9,703
Restricted cash	6,867,271
Capital assets not being depreciated	16,362,277
Capital assets being depreciated, net	99,725,873
Total assets	150,669,763
Deferred outflows of resources:	
Deferred pension expense	3,736,938
Deferred outflows related to OPEB	89,671
Deferred charge on refunding	314,853
Total deferred outflows of resources	4,141,462
Liabilities	
Accounts payable and other payables	2,328,048
Accrued interest payable	93,550
Unearned revenue	1,680,671
Long-term liabilities:	
Due within one year	3,297,044
Due in more than one year	34,874,272
Total liabilities	42,273,585
Deferred inflows of resources:	
Advanced tax collections	66
Deferred pension credit	2,685,380
Deferred OPEB credit	2,697,904
Total deferred inflows of resources	5,383,350
Net position:	
Net investment in capital assets	95,483,385
Restricted for:	
Perpetual care:	
Expendable	6,411
Nonexpendable	56,237
Unrestricted	11,608,257
Total net position	\$ 107,154,290

See notes to financial statements.

Town of Cromwell, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
General government	\$ (6,185,820)	\$ 627,956	\$ 31,099	\$ -	\$ (5,526,765)
Public Safety	(4,471,459)	461,081	20,366	-	(3,990,012)
Public Works	(8,516,490)	2,890,947	276,136	1,444,708	(3,904,699)
Culture and Recreation	(1,127,466)	48,260	14,000	-	(1,065,206)
Human Services	(623,705)	13,821	17,980	500,000	(91,904)
Education	(35,455,525)	526,627	8,542,510	-	(26,386,388)
Interest on long-term debt	(507,863)	-	-	-	(507,863)
	<u>\$ (56,888,328)</u>	<u>\$ 4,568,692</u>	<u>\$ 8,902,091</u>	<u>\$ 1,944,708</u>	<u>(41,472,837)</u>
		General revenues			
		Property taxes			44,067,022
		Grants and contributions not restricted to specific programs			57,517
		Unrestricted investment earnings			646,578
		Other			476,957
		Total general revenues			<u>45,248,074</u>
		Change in net position			3,775,237
		Net position - beginning			<u>103,379,053</u>
		Net position - ending			<u>\$ 107,154,290</u>

See notes to financial statements.

Balance Sheet - Governmental Funds
June 30, 2019

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,538,716	\$ 3,606,348	\$ 10,765,564	\$ 2,657,221	\$ 31,567,849
Receivables, net:					
Property taxes	1,365,002	-	-	-	1,365,002
Assessments/user charges	-	336,065	122,942	-	459,007
Intergovernmental	-	-	-	67,244	67,244
Other	425,340	-	553,623	9,956	988,919
Prepays/inventories	-	-	-	9,703	9,703
Due from Other Funds	61,585	-	-	-	61,585
Total assets	\$ 16,390,643	\$ 3,942,413	\$ 11,442,129	\$ 2,744,124	\$ 34,519,309
Liabilities					
Accounts and other payables	744,157	49,295	1,415,360	103,236	\$ 2,312,048
Due to other funds	-	-	-	62,585	62,585
Unearned revenue	-	1,626,479	-	54,192	1,680,671
Total liabilities	744,157	1,675,774	1,415,360	220,013	4,055,304
Deferred inflows of resources:					
Advance property tax collections	66	-	-	-	66
Unavailable resources - taxes and other	1,093,304	269,826	622,942	-	1,986,072
Total deferred inflows of resources	1,093,370	269,826	622,942	-	1,986,138
Fund balances:					
Nonspendable	-	-	-	65,940	65,940
Restricted	-	-	5,770,125	1,456,406	7,226,531
Committed	879,001	1,994,676	1,783,326	1,001,765	5,658,768
Assigned	28,683	2,137	1,850,376	-	1,881,196
Unassigned	13,645,432	-	-	-	13,645,432
Total fund balances	14,553,116	1,996,813	9,403,827	2,524,111	28,477,867
Total liabilities, deferred inflows of resources and fund balances	\$ 16,390,643	\$ 3,942,413	\$ 11,442,129	\$ 2,744,124	

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.	116,088,150
Assets that are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds.	1,986,072
Deferred amounts on refunding	314,853
Net deferred inflows/outflows due to pension matters	1,051,558
Net deferred inflows/outflows due to OPEB matters	(2,608,233)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(38,171,316)
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	108,889
Accrued interest payable not recorded in the funds.	(93,550)
Net position of governmental activities	\$ 107,154,290

See notes to financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 43,939,302	\$ -	\$ -	\$ -	\$ 43,939,302
Intergovernmental	7,035,543	-	1,444,708	2,050,379	10,530,630
Charges for services	1,369,181	2,347,227	52,457	455,295	4,224,160
Income on investments	519,234	42,530	64,530	20,284	646,578
Other	277,673	250	17,869	458,838	754,630
Total revenues	53,140,933	2,390,007	1,579,564	2,984,796	60,095,300
Expenditures:					
Current:					
General government	5,899,074	-	-	-	5,899,074
Public Safety	3,704,300	-	-	111,662	3,815,962
Public Works	3,993,414	1,772,223	738	7,735	5,774,110
Culture and Recreation	797,027	-	-	257,570	1,054,597
Human Services	621,209	-	-	12,443	633,652
Education	31,797,700	-	-	2,289,470	34,087,170
Debt Service	3,577,300	-	41,811	-	3,619,111
Capital Outlay	-	-	6,012,633	-	6,012,633
Total expenditures	50,390,024	1,772,223	6,055,182	2,678,880	60,896,309
Excess (deficiency) of revenues over (under) expenditures	2,750,909	617,784	(4,475,618)	305,916	(801,009)
Other financing sources (uses):					
Transfers in	601,320	-	1,233,000	40,024	1,874,344
Transfers out	(1,300,752)	(84,000)	(199,456)	(290,136)	(1,874,344)
Issuance of capital lease	209,993	-	-	-	209,993
Issuance of debt	-	-	6,940,000	-	6,940,000
Bond premium	-	-	414,420	535,594	950,014
Total other financing sources (uses)	(489,439)	(84,000)	8,387,964	285,482	8,100,007
Change in fund balances	2,261,470	533,784	3,912,346	591,398	7,298,998
Fund balances, beginning of year	12,291,646	1,463,029	5,491,481	1,932,713	21,178,869
Fund balances, end of year	\$ 14,553,116	\$ 1,996,813	\$ 9,403,827	\$ 2,524,111	\$ 28,477,867

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, 2019**

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

Net change in fund balances - total governmental funds	\$ 7,298,998
--	--------------

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	5,765,464
Loss on disposal	(6,000)
Depreciation expense	(4,538,674)
	<u>1,220,790</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	127,720
Special assessments and collections	(64,199)
Sewer assessment and usage charges	4,743
Grants	500,000
	<u>568,264</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 bonds	(6,940,000)
Bond premium	(950,014)
Principal repayments:	
Bond principal payments	2,780,000
Amortization of bond premiums	388,583
Amortization of deferred charge on refunding	(46,420)
	<u>(4,767,851)</u>

Net loss of certain activities of internal service funds is reported with governmental activities	<u>(6,289)</u>
---	----------------

Change in net deferred inflows/outflows relating to the net pension liabilities	<u>207,916</u>
---	----------------

Change in net deferred inflows/outflows relating to the net OPEB liabilities	<u>323,008</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	(1,051,989)
Net pension liability	188,360
Net OPEB liability	155,936
Capital lease	(154,290)
Compensated absences	(196,701)
Accrued interest	(10,915)
	<u>(1,069,599)</u>

Change in net position of governmental activities	<u>\$ 3,775,237</u>
---	---------------------

See notes to financial statements.

Statement of Net Position - Proprietary Funds
June 30, 2019

	Governmental Activities
	Internal Service Fund
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 123,889
	<hr/>
Liabilities	
Current liabilities:	
Claims payable	15,000
	<hr/>
Net position:	
Unrestricted	\$ 108,889
	<hr/> <hr/>

See notes to financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
Operating revenues:	
Charges for services	\$ 322,450
Total operating revenues	<u>322,450</u>
Operating expenses:	
Benefits provided	<u>328,739</u>
Total operating expenses	<u>328,739</u>
Net loss	(6,289)
Net position, beginning	<u>115,178</u>
Net position, ending	<u><u>\$ 108,889</u></u>

See notes to financial statements.

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 322,450
Payments to suppliers	(325,739)
Net cash used in operating activities	<u>(3,289)</u>
 Decrease in cash and cash equivalents	 (3,289)
Cash and cash equivalents, beginning	<u>127,178</u>
Cash and cash equivalents, ending	<u><u>\$ 123,889</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (6,289)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in claims payable	<u>3,000</u>
Net cash used in operating activities	<u><u>\$ (3,289)</u></u>

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2019

	Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 842,824	\$ 713,652
Accrued interest	49,841	-
Investments:		
Asset and mortgage backed securities	89,865	-
Corporate bonds	1,740,157	-
Government bonds	5,007,292	-
Real estate investment trusts	1,355,761	-
Mutual Funds	267,301	-
Pooled fixed income	218,752	-
Common stock	16,911,068	-
Due from other funds	-	1,000
Total investments	25,590,196	1,000
Total assets	26,482,861	714,652
Liabilities		
Due to student groups and others	-	714,652
Net position restricted for benefits	\$ 26,482,861	\$ -

See notes to financial statements.

Statement of Changes in Fiduciary Net Position - Pension Trust Fund
For the Year Ended June 30, 2019

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 966,652
Plan members	257,142
Total contributions	<u>1,223,794</u>
Investment gain:	
Net appreciation in fair value of investments	<u>1,819,506</u>
Less investment expense	(201,431)
Net investment gain	<u>1,618,075</u>
	<u>2,841,869</u>
Deductions:	
Benefits	1,228,395
Administrative expenses	16,718
Total deductions	<u>1,245,113</u>
Change in net position	1,596,756
Net position restricted for benefits, beginning of year	<u>24,886,105</u>
Net position restricted for benefits, end of year	<u><u>\$ 26,482,861</u></u>

See notes to financial statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

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: In January 2017, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued and was effective for the Town on July 1, 2018. The objective of this Statement is to set guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The adoption of this statement did not impact the Town's financial statements.

In April 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements was issued and was effective for the Town on July 1, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 did not impact the Town financial position or results of operations.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Debt Service Fund: account for and report resources for the payment of future debt service.

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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 GAAP 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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 unavailable revenue in the fund financial statements. 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. 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 \$113,506 has been established as an allowance for uncollectible taxes.

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

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Restricted assets: At June 30, 2019, the Town had \$6,867,271 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments

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, 2019, approximately \$18,453,000 of the Town's bank balance of approximately \$22,598,000 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

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

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2019:

Cash and cash equivalents:

Deposits with financial institutions	\$ 21,619,836
State of Connecticut Short-Term Investment Fund	11,628,378
Total cash and cash equivalents	<u>33,248,214</u>

Investments:

Trust funds:

Asset and mortgage backed securities	89,865
Corporate bonds	1,740,157
Government bonds	5,007,292
Real estate investment trusts	1,355,761
Pooled fixed income	218,752
Mutual Funds	267,301
Common stock	16,911,068
Total pension investments	<u>25,590,196</u>
Total cash, cash equivalents and investments	<u>\$ 58,838,410</u>

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

Statement of net position:

Cash and cash equivalents	\$ 24,824,467
Restricted cash	6,867,271
	<u>31,691,738</u>

Fiduciary funds:

Cash and cash equivalents	1,556,476
Investments	25,590,196
	<u>27,146,672</u>
Total cash, cash equivalents and investments	<u>\$ 58,838,410</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	\$ 89,865	\$ -	\$ -	\$ -	\$ 89,865
Corporate bonds	1,740,157	34,584	582,641	946,646	176,286
Government bonds	5,007,292	1,037,467	1,856,295	2,006,479	107,051
Pooled fixed income	218,752	18,003	58,029	73,782	68,938
	<u>\$ 7,056,066</u>	<u>\$ 1,090,054</u>	<u>\$ 2,496,965</u>	<u>\$ 3,026,907</u>	<u>\$ 442,140</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
AAA	\$ -	\$ -	\$ 5,007,292	\$ 72,756
AAA _m	-	-	-	11,628,378
AA+	-	129,685	-	-
AA	-	110,355	-	17,594
AA-	-	138,912	-	-
A+	-	78,268	-	-
A	-	175,861	-	26,113
A-	-	341,053	-	-
BBB+	-	194,788	-	-
BBB	-	43,460	-	65,370
BBB-	-	24,552	-	-
B	-	21,835	-	10,603
B-	-	22,710	-	2,891
B+	-	43,815	-	-
BB	-	180,741	-	18,839
BB-	-	106,713	-	-
BB+	-	127,409	-	-
Unrated	89,865	-	-	4,586
	<u>\$ 89,865</u>	<u>\$ 1,740,157</u>	<u>\$ 5,007,292</u>	<u>\$ 11,847,130</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, 2019:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
June 30, 2019				
Investments by fair value level:				
Stocks	\$ 16,911,068	\$ 16,911,068	\$ -	\$ -
Mutual funds	267,301	267,301	-	-
Real estate investment trusts	1,355,761	1,355,761	-	-
Debt securities:				
Pooled fixed income	218,752	218,752	-	-
Asset and mortgage backed	89,865	-	89,865	-
Corporate bonds	1,740,157	-	1,740,157	-
Municipal bonds	5,007,292	5,007,292	-	-
Total debt securities	7,056,066	5,226,044	1,830,022	-
Total investments by fair value level	\$ 25,590,196	\$ 22,404,413	\$ 1,830,022	\$ -

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,469,782	\$ 220,000	\$ 6,000	\$ 8,683,782
Construction in progress	7,258,065	4,436,901	4,016,471	7,678,495
Total capital assets, not being depreciated	15,727,847	4,656,901	4,022,471	16,362,277
Capital assets, being depreciated:				
Buildings and improvements	77,437,292	206,438	-	77,643,730
Improvements other than buildings	2,586,388	5,500	-	2,591,888
Furniture and equipment	9,630,916	680,060	-	10,310,976
Infrastructure	104,146,606	4,233,036	-	108,379,642
Total capital assets being depreciated	193,801,202	5,125,034	-	198,926,236
Less accumulated depreciation for:				
Buildings	28,999,367	1,816,033	-	30,815,400
Improvements other than buildings	934,289	30,222	-	964,511
Furniture and equipment	6,923,511	620,651	-	7,544,162
Infrastructure	57,804,522	2,071,768	-	59,876,290
Total accumulated depreciation	94,661,689	4,538,674	-	99,200,363
Total capital assets, being depreciated, net	99,139,513	586,360	-	99,725,873
Governmental activities capital assets, net	\$ 114,867,360	\$ 5,243,261	\$ 4,022,471	\$ 116,088,150

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

Governmental activities:	
General government	\$ 150,373
Public Safety	260,023
Public Works	2,545,446
Culture and Recreation	79,995
Human Services	1,656
Education	1,501,181
Total depreciation expense – governmental activities	<u>\$ 4,538,674</u>

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, 2019. 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
Town Infrastructure	4,330,447	4,501,329
Town Improvements	3,170,340	10,090,037
	<u>\$ 8,880,059</u>	<u>\$ 14,657,094</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, 2019, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 61,585	\$ -
Nonmajor Governmental Funds	-	62,585
Agency Funds	1,000	-
	<u>\$ 62,585</u>	<u>\$ 62,585</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, 2019 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 601,320	\$ 1,300,752
Sewer Usage	-	84,000
Capital Projects	1,233,000	199,456
Nonmajor Governmental Funds	40,024	290,136
	<u>\$ 1,874,344</u>	<u>\$ 1,874,344</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	\$ 1,093,304	\$ -
Advance property tax collections	66	-
Sewer usage:		
Sewer usage	269,826	1,626,479
Capital projects:		
Special assessments and collections	122,942	-
Grants	500,000	-
Nonmajor governmental fund:		
Grant drawdowns prior to meeting all eligibility requirements	-	54,192
	<u>\$ 1,986,138</u>	<u>\$ 1,680,671</u>

Note 6. Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 20,275,000	\$ 6,940,000	\$ (2,780,000)	\$ 24,435,000	\$ 3,010,000
Unamortized premium on bonds	2,475,605	950,014	(388,583)	3,037,036	-
	<u>22,750,605</u>	<u>7,890,014</u>	<u>(3,168,583)</u>	<u>27,472,036</u>	<u>3,010,000</u>
Other long-term liabilities:					
Net pension liability- MERS	2,476,765	1,051,989	-	3,528,754	-
Net pension liability	2,975,758	2,737,289	(2,925,649)	2,787,398	-
Net OPEB liability	2,842,506	478,896	(634,832)	2,686,570	-
Capital lease	-	209,993	(55,703)	154,290	55,704
Compensated absences	1,345,567	423,697	(226,996)	1,542,268	231,340
Total governmental activities, long-term liabilities	<u>\$ 32,391,201</u>	<u>\$ 12,791,878</u>	<u>\$ (7,011,763)</u>	<u>\$ 38,171,316</u>	<u>\$ 3,297,044</u>

The liabilities will be liquidated by the general fund.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

A schedule of long-term debt as of June 30, 2019 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%.	\$ 272,813
\$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%.	1,727,187
\$9,690,000 of Refunding bonds issued April 18, 2013, maturing April 15, 2023 at interest rates ranging from 0.37% to 2.15%	4,000,000
\$3,125,000 of Refunding bonds issued December 30, 2015, maturing April 15, 2021 at an interest rate of 1.50%	980,000
\$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%	4,995,000
\$6,940,000 of Refunding bonds issued May 30, 2019, maturing April 15, 2039 at interest rates ranging from 1.37 to 3.02%	6,940,000
	<u>\$ 24,435,000</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

	Principal	Interest	Total
Year ending June 30:			
2020	\$ 3,010,000	\$ 944,044	\$ 3,954,044
2021	2,965,000	872,350	3,837,350
2022	2,765,000	765,250	3,530,250
2023	2,785,000	644,500	3,429,500
2024	930,000	530,575	1,460,575
2025-2029	4,810,000	1,999,650	6,809,650
2030-2034	3,710,000	998,150	4,708,150
2035-2039	3,460,000	286,050	3,746,050
	<u>\$ 24,435,000</u>	<u>\$ 7,040,569</u>	<u>\$ 31,475,569</u>

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, 2019, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$10,405,000.

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 \$2,898,367 and \$5,270,378 as of June 30, 2019. 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 \$801,428.

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	\$ 106,872,910	\$ 25,134,866	\$ 81,738,044
Schools	213,745,820	7,339,031	206,406,789
Sewers	178,121,516	-	178,121,516
Urban renewal	154,371,981	-	154,371,981
Pension deficit	142,497,213	-	142,497,213

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$332,493,497.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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	-	159,451	1,716,000
Willowbrook Road	3,250,000	-	449,101	3,250,000
2016 Authorization	6,075,000	5,520,000	-	555,000
PW Facility	9,300,000	6,940,000	-	2,360,000
	<u>\$ 20,566,000</u>	<u>\$ 12,460,000</u>	<u>\$ 608,552</u>	<u>\$ 8,106,000</u>

Capital leases: The Board of Education has entered into an agreement as lessee for financing the acquisition of computer equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$154,290 at June 30, 2019. The following is a summary of capital lease commitments as of June 30, 2019:

Years ending June 30:	
2020	\$ 55,704
2021	55,704
2022	55,703
	<u>167,111</u>
Less interest	(12,821)
Principal balance	<u>\$ 154,290</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 \$1,542,267 as of June 30, 2019. 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

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, 2019 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, 2019	\$ 12,000	\$ 331,739	\$ (328,739)	\$ 15,000
June 30, 2018	13,000	314,597	(315,597)	12,000

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, 2018 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	78
Terminated Plan members entitled to benefits but not yet receiving them	65
Current Plan members	184
	<u>327</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, 2019

	Pension Trust	OPEB Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 808,975	\$ 33,849	\$ 842,824
Accrued interest	49,841	-	49,841
Investments:			
Asset and mortgage backed securities	89,865	-	89,865
Corporate bonds	1,740,157	-	1,740,157
Government bonds	5,007,292	-	5,007,292
Real estate investment trusts	1,355,761	-	1,355,761
Pooled fixed income	-	218,752	218,752
Mutual funds	-	267,301	267,301
Common stock	15,866,917	1,044,151	16,911,068
Total investments	24,059,992	1,530,204	25,590,196
Total assets	24,918,808	1,564,053	26,482,861
Restricted - plan net position	<u>\$ 24,918,808</u>	<u>\$ 1,564,053</u>	<u>\$ 26,482,861</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, 2019

	Pension Trust	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 686,652	\$ 280,000	\$ 966,652
Plan members	257,142	-	257,142
Total contributions	943,794	280,000	1,223,794
Investment gain:			
Net appreciation in fair value of investments	1,784,223	35,283	1,819,506
Less investment expense	(201,431)	-	(201,431)
Net investment gain	1,582,792	35,283	1,618,075
Total additions	2,526,586	315,283	2,841,869
Deductions:			
Benefits	1,228,395	-	1,228,395
Administrative expenses	-	16,718	16,718
Total deductions	1,228,395	16,718	1,245,113
Change in plan net position	1,298,191	298,565	1,596,756
Restricted- plan net position, beginning of year	23,620,617	1,265,488	24,886,105
Restricted- plan net position, end of year	\$ 24,918,808	\$ 1,564,053	\$ 26,482,861

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, 2019.

	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	11%
International emerging market equity	2%
REITs	5%
Taxable fixed income	35%

Rate of return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.75%. 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, 2018	\$ 26,596,375	\$ 23,620,617	\$ 2,975,758
Changes for the year:			
Service cost	837,849	-	837,849
Interest	1,878,174	-	1,878,174
Differences between expected and actual experience	(400,403)	-	(400,403)
Changes of assumption	21,266	-	21,266
Contributions-employer	-	686,652	(686,652)
Contributions- member	-	257,142	(257,142)
Net investment income	-	1,581,452	(1,581,452)
Benefit payments, including refunds of member contributions	(1,227,055)	(1,227,055)	-
Net changes	1,109,831	1,298,191	(188,360)
Balances at June 30, 2019	\$ 27,706,206	\$ 24,918,808	\$ 2,787,398

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

	June 30, 2019
Total pension liability	\$ 27,706,206
Plan fiduciary net position	24,918,808
Net pension liability	2,787,398
Plan fiduciary net position as a percentage of total pension liability	89.94%

Town of Cromwell, Connecticut

Notes to Financial Statements

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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	7/01/18
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:	2.50%
Investment rate of return:	6.90%
Salary Increases:	3.50%
Actuarial Funding Method:	Projected United Credit Cost Method
Mortality:	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with scale MP-2018

The total pension liability was determined by an actuarial valuation as of July 1, 2018, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2019. 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 6.90%. 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, 2018, 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	11.00%	6.40%	0.70%
International emerging market equity	2.00%	9.00%	0.18%
REITs	5.00%	6.20%	0.31%
Taxable fixed income	35.00%	0.70%	0.25%
	100.00%		4.63%
Long-term inflation expectation			2.50%
			7.13%

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 6.90%, 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 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net pension liability	\$ 5,800,406	\$ 2,787,398	\$ 210,762

Town of Cromwell, Connecticut

Notes to Financial Statements

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

For the fiscal year ended June 30, 2019, the recognized pension expense is \$1,103,944. As of June 30, 2019, 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	\$ 200,910	\$ (1,707,307)	\$ (1,506,397)
Changes of assumptions	802,236	(324,952)	477,284
Net difference between projected and actual earnings on pension plan investments	420,243	-	420,243
	<u>\$ 1,423,389</u>	<u>\$ (2,032,259)</u>	<u>\$ (608,870)</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:

2020	\$ 62,129
2021	(248,979)
2022	(196,568)
2023	(164,841)
2024	(36,914)
Thereafter	(23,697)
	<u>\$ (608,870)</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 Municipal 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 System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report can be obtained at www.ct.gov.

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

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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

Normal form of benefit: life annuity.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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.

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	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Smoothed market with 20% recognition of investment gains and losses
Investment rate return	7.00%, net of investment related expense
Projected salary increases	3.50-10.00%, including inflation (3.25%)

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Mortality rates - For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement.

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

The long-term expected rate of return: 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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	20%	5.3%
Developed Market International	11%	5.1%
Emerging Market International	9%	7.4%
Core Fixed Income	16%	1.6%
Inflation Linked Bond	5%	1.3%
Emerging Market Debt	5%	2.9%
High yield bonds	6%	3.4%
Real estate	10%	4.7%
Private equity	10%	7.3%
Alternative investments	7%	3.2%
Liquidity fund	1%	0.9%
	<u>100%</u>	

Discount rate: the discount rate used to measure the total pension liability was 7.00 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.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's proportionate share of the net pension liability	\$ 5,838,103	\$ 3,528,754	\$ 2,319,101

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2019, the Town reported a liability of \$3,528,754 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, 2018 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 2019 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2019 and 2018, the Town's proportion was 5.19% and 6.19%, respectively.

For the year ended June 30, 2019, the Town recognized pension expense of \$791,517. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Contributions subsequent to measurement date	\$ 547,598	\$ -	\$ 547,598
Difference between expected and actual experience	98,636	(392,261)	(293,625)
Net difference between projected and actual earnings on pension plan investments	253,479	-	253,479
Change in assumptions	1,397,629	-	1,397,629
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,207	(260,860)	(244,653)
	<u>\$ 2,313,549</u>	<u>\$ (653,121)</u>	<u>\$ 1,660,428</u>

\$547,598 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2019 subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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:

2020	\$ 427,993
2021	324,070
2022	139,016
2023	221,751
	<u>\$ 1,112,830</u>

Aggregate Pension Plans:

	Net Pension Liability	Pension Expense	Deferred Inflows	Deferred Outflows
Defined Benefit Plan (PERS)	\$ 2,787,398	\$ 1,103,944	\$ (2,032,259)	\$ 1,423,389
Connecticut Municipal Retirement System	3,528,754	791,517	(653,121)	2,313,549
Total	<u>\$ 6,316,152</u>	<u>\$ 1,895,461</u>	<u>\$ (2,685,380)</u>	<u>\$ 3,736,938</u>

Connecticut state teachers' retirement system:

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

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

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

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

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

Contributions: Per Connecticut General Statutes Section 10-1832 (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Employer (School Districts)

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

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

Employees

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

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

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

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

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

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

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

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

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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

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>	

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	\$ 57,318,542	\$ 45,353,455	\$ 35,234,975

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Pension liabilities, pension expense, and deferred inflows/outflows of resources: At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The portion of the net pension liability that was associated with the Town was \$45,353,455 and 100% of the net pension liability is allocated to the State.

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.

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, 2019, the Town recognized \$5,090,124 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
	<hr/>
	433
	<hr/>

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, 2019 were as follows:

	June 30, 2019
Total OPEB liability	\$ 4,250,623
Plan fiduciary net position	1,564,053
Net OPEB liability	2,686,570
Plan fiduciary net position as a % of total OPEB liability	36.80%
Covered payroll	24,256,883
Net OPEB liability as % of covered payroll	11.08%

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, 2017 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, 2019.

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, 2018	\$ 4,107,994	\$ 1,265,488	\$ 2,842,506
Changes for the year:			
Service cost	155,706	-	155,706
Interest	286,889	-	286,889
Differences between expected and actual experience	36,301	-	36,301
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Contributions- employer	-	589,868	(589,868)
Contributions- active member	-	-	-
Contributions- TRB subsidy	-	26,399	(26,399)
Benefit payments, including refunds of members contributions	(336,267)	(336,267)	-
Net investment income	-	18,565	(18,565)
Net changes	142,629	298,565	(155,936)
Balances at June 30, 2019	\$ 4,250,623	\$ 1,564,053	\$ 2,686,570

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, 2019	\$ 3,125,010	\$ 2,686,570	\$ 2,304,096

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, 2019	\$ 2,247,354	\$ 2,686,570	\$ 3,214,971

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, 2019, the Town recognized OPEB expense of \$110,924. At June 30, 2019, 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	\$ 33,726	\$ (1,727,133)	\$ (1,693,407)
Changes of assumptions	-	(970,771)	(970,771)
Net difference between projected and actual earnings on OPEB plan investments	55,945	-	55,945
	<u>\$ 89,671</u>	<u>\$ (2,697,904)</u>	<u>\$ (2,608,233)</u>

Year ending June 30:

2020	\$ (207,054)
2021	(207,054)
2022	(207,052)
2023	(204,463)
2024	(220,392)
Thereafter	(1,562,218)
	<u>\$ (2,608,233)</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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	9,066,455
	<u>\$ 9,066,455</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(3,011,871) 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Town of Cromwell, Connecticut

Notes to Financial Statements

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, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB Statement No. 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

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

Sensitivity of the net OPEB liability to changes in the healthcare 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 healthcare 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.

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, 2019 for the Town governmental funds:

	General Fund	Sewer Usage	Capital Projects	Nonmajor Governmental Funds
Fund balances:				
Nonspendable:				
Inventory/prepaid	\$ -	\$ -	\$ -	\$ 9,703
Permanent fund principal	-	-	-	56,237
Total nonspendable	-	-	-	65,940
Restricted:				
General Government	-	-	-	3,401
Social Services	-	-	-	91,232
Parks and Recreation	-	-	-	265,765
Education	-	-	106,900	355,687
Economic Development	-	-	1,255,260	2,233
Public Works	-	-	7,397,413	11,100
Public Health	-	-	-	12,798
Library	-	-	(2,989,448)	67,727
Public Safety	-	-	-	93,390
Other capital projects	-	-	-	17,479
Debt service	-	-	-	535,594
Total restricted	-	-	5,770,125	1,456,406
Committed:				
Designated for future use	879,001	-	-	-
Sidewalk improvements	-	-	-	18,866
Capital Outlay	-	-	-	-
General Government	-	-	166,547	-
Public Safety	-	-	28,236	503,023
Roads	-	-	100,499	-
Parks and Recreation	-	-	-	40,105
Social Services	-	-	2,608	-
Economic Development	-	-	9,658	-
Public Works	-	1,994,676	1,451,575	-
Planning and Zoning	-	-	15,000	439,771
Education	-	-	9,203	-
Total committed	879,001	1,994,676	1,783,326	1,001,765
Assigned:				
General Government	28,683	-	-	-
Library	-	-	718,719	-
Public Safety	-	-	105,072	-
Human Services	-	-	8,292	-
Roads	-	-	228,267	-
Economic Development	-	-	19,142	-
Other capital projects	-	-	361,195	-
Education	-	-	164,279	-
Public Works	-	2,137	245,410	-
Total assigned	28,683	2,137	1,850,376	-
Unassigned:	13,645,432	-	-	-
Total fund balances	\$ 14,553,116	\$ 1,996,813	\$ 9,403,827	\$ 2,524,111

There were no significant encumbrances as of June 30, 2019.

Town of Cromwell, Connecticut

Notes to Financial Statements

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. 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. 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.

GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is not an issuer of conduit debt, therefore this Statement will have no effect on its financial statements.

This page intentionally left blank.

**Required Supplementary
Information – unaudited**

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

	<i>Schedule of Employer Contributions - OPEB</i>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined employer contribution	\$ 412,600	\$ 656,000	\$ 648,000	\$ 608,500	\$ 597,900	\$ 808,500	\$ 794,800	\$ 886,430	\$ 870,192	\$ 1,170,761
Contributions in relation to the ADEC	589,868	556,379	407,346	390,700	496,200	417,000	405,200	298,530	252,465	174,958
Contribution deficiency (excess)	\$ (177,268)	\$ 99,621	\$ 240,654	\$ 217,800	\$ 101,700	\$ 391,500	\$ 389,600	\$ 587,900	\$ 617,727	\$ 995,803
Covered payroll	24,256,893	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
Contribution as a % of covered payroll	2.43%	2.36%	1.79%	1.77%	2.03%	1.71%	1.97%	1.45%	1.25%	0.86%

Notes to Schedule:

Valuation Date July 1, 2017
Measurement Date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method (level percentage of salary)
Amortization method	Level dollar, open
Amortization period	30 Years
Asset valuation method	Market Value of assets
Inflation	2.75%
Healthcare cost trend rates	7.50% in 2017, reducing by 0.5% each year to an ultimate rate of 4.75% per year rate for 2023 and later.
Salary increases	2.75%
Investment rate of return	7%

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

	2019	2018	2017
Changes in Net OPEB Liability			
Total OPEB liability:			
Service cost	\$ 155,706	\$ 268,162	\$ 260,985
Interest	286,889	353,821	339,240
Change of benefit terms	-	(29,592)	-
Differences between expected and actual experience	36,301	(2,012,609)	(153,061)
Changes of assumptions	-	(1,131,229)	-
Benefit payments, including refunds of member contributions	(336,267)	(294,060)	(183,909)
Net change in total OPEB liability	142,629	(2,845,507)	263,255
Total OPEB liability, beginning	4,107,994	6,953,501	6,690,246
Total OPEB liability, ending (a)	4,250,623	4,107,994	6,953,501
Fiduciary net position:			
Contributions- employer	\$ 589,868	\$ 556,379	\$ 407,346
Contributions- TRB subsidy	26,399	27,682	26,563
Net investment income	18,565	65,618	44,336
Benefit payments, including refunds of member contributions	(336,267)	(294,060)	(183,909)
Net change in plan fiduciary net position	298,565	355,619	294,336
Fiduciary net position, beginning	1,265,488	909,869	615,533
Fiduciary net position, ending (b)	1,564,053	1,265,488	909,869
Net OPEB liability, ending = (a) - (b)	\$ 2,686,570	\$ 2,842,506	\$ 6,043,632
Fiduciary net position as a % of total OPEB liability	36.80%	30.81%	13.09%
Covered payroll	\$ 24,256,883	\$ 23,607,672	\$ 22,740,011
Net OPEB liability as a % of covered payroll	11.08%	12.04%	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 Investment Returns - OPEB Town Plan
Last Three Fiscal Years*

	2019	2018	2017
Annual money-weighted rate of return, net of investment income	1.37%	7.21%	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 Six Fiscal Years*

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income	6.75%	5.87%	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>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 686,652	\$ 674,271	\$ 708,939	\$ 688,375	\$ 704,153	\$ 663,086	\$ 732,759	\$ 711,591	\$ 684,425	\$ 561,057
Contributions in relation to the actuarially determined contribution	686,652	674,271	708,939	688,458	704,153	663,086	732,759	711,591	684,425	561,057
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (83)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	8,501,263	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
Contributions as a percentage of covered payroll	8.08%	7.46%	7.81%	7.34%	7.69%	7.39%	8.57%	7.95%	8.00%	6.57%

Notes to Schedule:

Valuation Date July 1, 2018
Measurement Date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method (level percentage of salary)
Amortization method	Level dollar Amount
Amortization period	20 Years- Open
Asset valuation method	Expected actuarial value plus/minus 20% of the difference between market value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	6.90%

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

	2019	2018	2017	2016	2015	2014
Changes in Net Pension Liability						
Total pension liability:						
Service cost	\$ 837,849	\$ 803,687	\$ 837,912	\$ 869,728	\$ 844,396	\$ 804,187
Interest on total pension liability	1,878,174	1,758,940	1,781,296	1,671,584	1,642,818	1,522,557
Differences between expected and actual experience	(400,403)	290,202	(932,074)	(93,482)	(2,263,343)	-
Effect of assumption changes or inputs	21,266	-	(588,427)	-	2,184,823	-
Benefit payments	(1,227,055)	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
Net change in total pension liability	1,109,831	1,711,168	185,826	1,617,758	1,648,614	1,560,000
Total pension liability, beginning	26,596,375	24,885,207	24,699,381	23,081,623	21,433,009	19,873,009
Total pension liability, ending (a)	27,706,206	26,596,375	24,885,207	24,699,381	23,081,623	21,433,009
Fiduciary net position:						
Employer contributions	\$ 686,652	\$ 674,271	\$ 708,939	\$ 688,458	\$ 704,153	\$ 663,086
Member contributions	257,142	235,765	252,453	205,530	235,516	239,118
Investment income net of investment expenses	1,581,452	1,303,537	1,728,565	(77,346)	389,952	2,629,667
Benefit payments	(1,227,055)	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
Administrative expenses	-	-	(2,272)	(1,530)	(1,530)	(1,530)
Net change in plan fiduciary net position	1,298,191	1,071,912	1,774,804	(14,960)	568,011	2,763,597
Fiduciary net position, beginning	23,620,617	22,548,705	20,773,901	20,788,861	20,220,850	17,457,253
Fiduciary net position, ending (b)	24,918,808	23,620,617	22,548,705	20,773,901	20,788,861	20,220,850
Net pension liability, ending = (a) - (b)	\$ 2,787,398	\$ 2,975,758	\$ 2,336,502	\$ 3,925,480	\$ 2,292,762	\$ 1,212,159
Fiduciary net position as a % of total pension liability	89.94%	88.81%	90.61%	84.11%	90.07%	94.34%
Covered payroll	\$ 8,501,263	\$ 9,044,251	\$ 9,072,753	\$ 9,379,937	\$ 9,153,162	\$ 8,974,085
Net pension liability as a % of covered payroll	32.79%	32.90%	25.75%	41.85%	25.05%	13.51%

*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 Five Fiscal Years*

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 459,149	\$ 470,204	\$ 479,910	\$ 517,138	\$ 423,789
Contributions in relation to the actuarially determined contribution	459,149	470,204	479,910	517,138	423,789
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,030,352	\$ 2,863,631	\$ 2,836,483	\$ 2,762,664	\$ 2,762,664
Contributions as a percentage of covered payroll	15.15%	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.

Notes to Schedule:

Valuation Date June 30, 2018
Measurement Date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method (level percentage of salary)
Amortization method	Level dollar Amount
Remaining amortization period	21 years
Asset valuation method	Expected actuarial value plus/minus 20% of the difference between market value
Inflation	2.50%
Salary increases	3.50-10.00%
Investment rate of return	7.00%, net of investment related expenses

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

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	6.94%	6.94%	6.90%	6.89%
Town's proportionate share of the net pension liability	\$ 3,528,754	\$ 2,835,008	\$ 3,314,849	\$ 2,109,958	\$ 1,667,341
Town's covered payroll	\$ 2,942,089	\$ 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	119.94%	99.00%	116.86%	76.37%	60.35%
System fiduciary net position as a percentage of the total pension liability	73.60%	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 Five Fiscal Years*

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	45,353,455	45,941,954	48,469,113	36,803,580	34,017,535
Town's covered payroll	14,888,968	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 payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

*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
Changes of assumptions

Beginning January 1, 2018, member contribution increased from 6% to 7% of salary. During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

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

Entry age
Level percent of salary, closed
17.6 years
4-year smoothed market
8.0%, net of investment related expense

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

	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	-	-
State's proportionate share of the net OPEB liability associated with the Town	<u>\$ 9,066,455</u>	<u>\$ 11,824,927</u>
Total	<u>\$ 9,066,455</u>	<u>\$ 11,824,927</u>
Town's covered payroll	\$ 14,042,629	\$ 14,561,952
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan
Note to Schedule

Notes to Schedule:

<p>Changes in benefit terms Changes of assumptions</p>	<p>The Plan was amended by the Board, effective July 1, 2018, during the January 11, 2018 meeting. The Board action added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System sponsored healthcare plan for those who cancel their coverage or choose not to enroll in a healthcare coverage option on or after the effective date. These changes were communicated to retired members during the months leading up to a special open enrollment period that preceded the July 1, 2018 implementation date.</p> <p>The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the TOL as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age related annual percentage increases in expected annual per capita healthcare claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term healthcare cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored healthcare plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disablement mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred vested members who will become ineligible for future healthcare benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
<p>Actuarial cost method Amortization method Remaining amortization period Asset valuation method Investment rate of return</p>	<p>Entry age Level percent of payroll 30 years, open Market value of assets 3.00%, net of investment related expense including price inflation</p>

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, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Current taxes	\$ 42,844,821	\$ 42,844,821	\$ 42,895,282	\$ 50,461
Prior year's levies	180,000	180,000	345,327	165,327
Interest and liens	125,000	125,000	260,068	135,068
Motor vehicle supplement - current year	300,000	300,000	437,184	137,184
Miscellaneous	500	500	1,441	941
Total property taxes	43,450,321	43,450,321	43,939,302	488,981
Licenses and permits:				
Building Department	150,000	150,000	459,096	309,096
Food licenses	20,000	20,000	24,360	4,360
Health Department- Plan review	500	500	-	(500)
Gun permits	6,000	6,000	3,431	(2,569)
Game/peddler permits	1,000	1,000	1,730	730
Transfer Station	40,000	40,000	46,912	6,912
Salons, Pools & Hot Tubs	5,000	5,000	-	(5,000)
Health Department	-	-	5,520	5,520
Total licenses and permits	222,500	222,500	541,049	318,549
Fines and forfeitures:				
Parking tickets/ACO citations	6,250	6,250	5,302	(948)
Charges for services:				
Conveyance taxes	220,000	220,000	171,423	(48,577)
Recording fees	85,000	85,000	69,891	(15,109)
Vital statistics	16,000	16,000	18,503	2,503
Police outside services - cruiser use	19,000	19,000	27,429	8,429
Copying	12,000	12,000	13,951	1,951
Police copying and lab fees	1,200	1,200	2,466	1,266
Library Department	8,000	8,000	6,530	(1,470)
Alarm registration and fees	6,000	6,000	10,150	4,150
Youth Service Department	4,000	4,000	80	(3,920)
Senior Services Department	1,500	1,500	868	(632)
Communication Tower Income	40,000	40,000	40,000	-
Planning and Zoning	3,500	3,500	14,927	11,427
Zoning Board of Appeals	750	750	1,486	736
Inland-Wetlands	450	450	2,721	2,271
Total charges for services	417,400	417,400	380,425	(36,975)
Total licenses and permits, fines and forfeitures, and charges for goods and services	646,150	646,150	926,776	280,626

(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, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Intergovernmental funds:				
State of Connecticut:				
Tax relief - disability	\$ 800	\$ 800	\$ 978	\$ 178
Tax relief - veterans	3,000	3,000	3,152	152
State owned property - PILOT	165	165	8,749	8,584
College and university - PILOT	1,544	1,544	37,974	36,430
Education:				
Adult and Vocational Education	13,749	13,749	15,629	1,880
Education Cost Sharing	4,150,000	4,150,000	4,701,988	551,988
Emergency Management	4,500	4,500	6,763	2,263
Judicial Department	-	-	6,664	6,664
Senior/Disabled Grant	17,980	17,980	17,980	-
Miscellaneous	4,000	4,000	-	(4,000)
Municipal revenue sharing	31,099	31,099	31,099	-
Total intergovernmental revenues	4,226,837	4,226,837	4,830,976	604,139
Use of money:				
Interest on investments	75,000	75,000	515,339	440,339
Miscellaneous revenues:				
Town Clerk	1,600	1,600	5,635	4,035
Use of Facilities	4,000	4,000	7,361	3,361
Sewer usage	33,250	33,250	33,250	-
Building Inspection	100	100	153	53
Assessor's Office	500	500	934	434
Health Dept Misc.	-	-	5,778	5,778
Telecommunication - PILOT	25,000	25,000	26,314	1,314
Mattabassett - PILOT	100,000	100,000	100,000	-
Boards & Commissions Miscellaneous	20	20	-	(20)
Public Works	300	300	7,254	6,954
Police	10,000	10,000	12,597	2,597
Senior Services	-	-	1,575	1,575
Insurance dividends/returns	20,000	20,000	47,387	27,387
Other miscellaneous revenue - Town	30,000	30,000	72,967	42,967
Board of Education miscellaneous	2,000	2,000	6,690	4,690
Fire District Fees	56,208	56,208	56,209	1
SRO - Board of Education	61,248	61,248	62,992	1,744
Total miscellaneous revenues	344,226	344,226	447,096	102,870
Total revenues	48,742,534	48,742,534	50,659,489	1,916,955

(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, 2019

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Other financing sources:				
Transfers in:				
Capital Projects Fund	\$ -	\$ -	\$ 199,456	\$ 199,456
Town Aid Road Fund	276,287	276,287	276,136	(151)
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	75,000	75,000	111,727	36,727
Total other financing sources	365,287	365,287	601,319	236,032
Total budgeted revenues and transfers	\$ 49,107,821	\$ 49,107,821	51,260,808	\$ 2,152,987

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

2,078,253

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

403,192

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

\$ 53,742,253

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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
General government:				
Town Manager:				
Salaries	\$ 310,085	\$ 310,988	\$ 305,997	\$ 4,991
Departmental expense	5,000	7,700	7,563	137
Miscellaneous expense	1,000	-	-	-
HR Related Expenses	5,000	3,973	2,841	1,132
Other Capital Expenses	1,000	-	-	-
Part-time wages	40,000	40,327	40,326	1
Mayor's Office	3,000	3,000	2,140	860
Town Guide & annual Reports	500	500	-	500
Total	365,585	366,488	358,867	7,621
Town clerk:				
Salaries	184,741	187,267	186,867	400
Overtime wages	200	200	28	172
Departmental expenses	1,300	1,300	1,278	22
Filing land records	25,000	25,000	14,388	10,612
Vital statistics	300	300	292	8
Total	211,541	214,067	202,853	11,214
Registrar of voters:				
Salaries	45,202	44,914	44,914	-
Departmental expenses	3,635	2,115	2,115	-
Election Day expense	9,620	11,144	11,143	1
Part-time wages - workers	5,266	7,463	7,463	-
Poll workers	7,700	7,523	7,523	-
Total	71,423	73,159	73,158	1
Planning commission:				
Part-time wages	2,100	2,100	1,675	425
Departmental expenses	1,425	1,425	717	708
Total	3,525	3,525	2,392	1,133
Economic development:				
Professional services	3,000	3,000	-	3,000
Economic Development Coordinator	16,161	16,541	16,541	-
Departmental expenses	2,800	2,800	2,425	375
Part-time wages	1,800	1,800	1,250	550
Middlesex Expo	1,000	1,000	625	375
Total	24,761	25,141	20,841	4,300
Board of finance:				
Part-time wages	1,300	1,295	934	361
Departmental expenses	50	55	55	-
Total	1,350	1,350	989	361

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Finance department:				
Salaries	\$ 366,992	\$ 370,478	\$ 369,904	\$ 574
Part-time Wages	1	1	-	1
Over-time Wages	1	1	-	1
Contracted Services	25,410	25,410	20,564	4,846
Bank Account Fees	2,000	2,000	1,771	229
Capital Items	1	1	-	1
Departmental Expenses	5,000	5,000	4,962	38
Total	399,405	402,891	397,201	5,690
Tax collector:				
Salaries	123,255	122,661	108,785	13,876
Part-time wages	1	1	-	1
Departmental expenses	2,535	2,979	2,913	66
Tax refunds	2,000	2,743	2,742	1
Overtime wages	1,000	1,011	1,010	1
Contracted services	15,900	15,900	13,355	2,545
Total	144,691	145,295	128,805	16,490
Assessor's office:				
Salaries	205,202	207,565	207,565	-
Part-time wages	1	1	-	1
Overtime wages	400	398	14	384
Contracted services	20,470	20,470	19,772	698
Departmental expenses	5,959	5,959	5,956	3
Total	232,032	234,393	233,307	1,086
Developer/Planner:				
Salaries	124,900	127,837	127,836	1
Departmental expenses	2,320	2,320	1,550	770
Total	127,220	130,157	129,386	771
Development Compliance:				
Salaries	93,203	95,395	95,394	1
Departmental expenses	2,130	2,130	527	1,603
Total	95,333	97,525	95,921	1,604
Charter Revision Committee:				
Part-time wages	1	1	-	1
Departmental expenses	1	1	-	1
Total	2	2	-	2
Board of Assessment Appeals:				
Departmental expenses	200	200	116	84
Part-time wages	1,500	1,500	626	874
Total	1,700	1,700	742	958

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Zoning Board of Appeals:				
Part-time wages	\$ 900	\$ 900	\$ 600	\$ 300
Departmental expenses	335	335	164	171
Total	1,235	1,235	764	471
Inland and Wetlands:				
Part-time wages	900	900	480	420
Departmental expenses	1,400	1,400	1,227	173
Total	2,300	2,300	1,707	593
Commission to Support People with Disabilities:				
Departmental expenses	100	100	-	100
Total	100	100	-	100
Conservation Commission:				
Departmental expenses	310	310	65	245
Part-time wages	900	900	300	600
Total	1,210	1,210	365	845
Central Services:				
Legal notices	8,000	10,105	9,321	784
Departmental expenses	2,800	2,800	2,276	524
Equipment maintenance	500	500	-	500
Duplicating cost	18,000	16,571	15,697	874
Postage	40,000	39,324	33,436	5,888
Computer system maintenance and support	71,000	71,000	68,179	2,821
Total	140,300	140,300	128,909	11,391
Insurance expense:				
Package policy	230,000	230,000	213,925	16,075
Worker's compensation benefit payments	27,340	27,340	-	27,340
Workmen's compensation	310,000	299,670	280,491	19,179
Deductible	12,500	12,830	12,830	-
Town Clerk and Tax Collector liability	1,500	1,500	1,093	407
Total	581,340	571,340	508,339	63,001
Town Council:				
Certificate of Achievement	505	505	505	-
Audit & Endorsements	35,250	35,250	35,250	-
Part-time wages	2,400	2,400	1,456	944
Total	38,155	38,155	37,211	944

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Legal expense:				
Town Attorney	\$ 110,000	\$ 100,925	\$ 100,869	\$ 56
Probate Court	17,264	17,264	17,264	-
Labor relations	70,000	101,234	93,899	7,335
Special Council	2,500	-	-	-
Evictions	500	1,893	1,893	-
Contracted services	12,500	1,448	1,448	-
Total	212,764	222,764	215,373	7,391
Employee benefits:				
Education enhancement	10,000	10,000	2,000	8,000
Social Security	677,529	677,529	613,489	64,040
Health insurance	1,610,000	1,576,609	1,403,226	173,383
Pension	895,000	895,000	823,880	71,120
Wage adjustment	66,000	22,758	-	22,758
Unemployment Compensation	8,000	40,850	38,793	2,057
Life insurance	18,000	18,000	17,045	955
Dental plan insurance	75,000	75,000	60,432	14,568
Employee physicals	1,500	1,500	792	708
Sick leave incentive	21,000	21,000	18,074	2,926
Drug and alcohol testing	2,000	2,100	2,100	-
Shots, vaccines etc.	350	350	-	350
Employee assistance program	4,000	4,000	2,458	1,542
Long term disability insurance	13,500	13,941	13,940	1
Post retirement admin expense	101,500	101,500	86,383	15,117
Post retirement medical expense	60,000	60,000	34,383	25,617
Total	3,563,379	3,520,137	3,116,995	403,142
Other expenses:				
Inventory	2,000	2,000	1,423	577
CT River Coastal Co	2,072	2,072	2,072	-
Midstate Regional	14,227	14,227	14,183	44
Ordinance expense	3,000	2,350	1,827	523
CT River COG	500	500	500	-
Cromwell Riverport Festival	1	1	-	1
Cromwell Riverport Festival	1	1	-	1
Chamber of Commerce	650	650	635	15
Community Renewal Team	3,000	3,000	3,000	-
Contingency	5,000	5,000	-	5,000
Lease - Parking Lot	9,000	9,000	3,750	5,250
Middletown Area Transit	4,000	4,000	4,000	-
Council of Small Towns (COST)	925	925	925	-
Cromwell Arts Alliance	1,000	1,000	1,000	-
Hillside Cemetery	3,000	3,000	3,000	-
CT Conference of Municipalities (CCM)	8,486	8,486	8,486	-
Total	56,862	56,212	44,801	11,411
Total general government	6,276,213	6,249,446	5,698,926	550,520

(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, 2019

	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
Public Works Supplies	5,000	5,000	4,132	868
Departmental expenses	2,900	2,900	1,250	1,650
Total	19,950	19,950	17,382	2,568
Police Department:				
Salaries	2,763,195	2,683,881	2,645,417	38,464
Part-time wages	7,000	7,593	1,053	6,540
Overtime wages	335,000	413,721	413,721	-
Holiday pay	21,906	21,906	13,447	8,459
Departmental expenses	23,000	23,088	22,903	185
Equipment maintenance and replacement	7,000	7,000	6,624	376
Vehicle maintenance	25,000	33,000	31,949	1,051
Gasoline and fluids	55,000	47,000	42,755	4,245
Uniforms	39,000	39,000	38,264	736
Telephone costs	21,000	17,011	14,008	3,003
Training / workshops	30,000	33,000	32,398	602
Communications	67,240	67,240	66,298	942
Services rendered, towing	4,500	5,401	5,277	124
Investigation	1,000	1,000	940	60
Other capital expenses	1	1	-	1
Total	3,399,842	3,399,842	3,335,054	64,788
Animal Control:				
Salary	67,663	67,663	60,197	7,466
Part-time wages	7,000	7,000	7,593	(593)
Miscellaneous	50	50	-	50
Overtime wages	2,500	2,500	1,732	768
Total	77,213	77,213	69,522	7,691
Total public safety	3,497,005	3,497,005	3,421,958	75,047

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Public Works:				
Public Works Administration:				
Salaries	\$ 233,831	\$ 236,365	\$ 236,365	\$ -
Departmental expenses	7,420	7,420	3,606	3,814
Other Capital Expenses	1	1	-	1
Uniforms	31,000	31,000	21,461	9,539
Total	272,252	274,786	261,432	13,354
Engineering				
Salaries	193,891	198,449	198,448	1
Departmental expenses	19,769	19,769	10,327	9,442
Capital expenses	5,000	5,000	550	4,450
Easement Expense	1,500	1,500	1,275	225
Contracted services	12,500	12,500	9,519	2,981
Total	232,660	237,218	220,119	17,099
Building inspection:				
Salaries	188,435	192,871	192,870	1
Departmental expenses	4,000	4,000	2,008	1,992
Contract services	1,500	1,500	1,357	143
part-time wages	1	1	-	1
Overtime Wages	1	1	-	1
Permit Fees Refund	1	1	-	1
Total	193,938	198,374	196,235	2,139
Public Work general expense:				
Sewer use and assessments	5,400	5,400	4,868	532
Street lights	120,000	120,000	109,995	10,005
Telephone costs	22,500	22,500	18,799	3,701
Electricity	155,000	155,000	142,750	12,250
Water usage	24,750	24,750	16,546	8,204
Heating oil	2,000	2,709	2,709	-
Contract Services	10,875	25,784	25,784	-
Gasoline & Other Fuel	60,000	44,382	43,863	519
Total	400,525	400,525	365,314	35,211

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Highway department:				
Salaries	\$ 664,313	\$ 627,921	\$ 584,960	\$ 42,961
Part-time wages	9,000	9,000	7,207	1,793
Overtime wages	125,000	125,000	86,921	38,079
Equipment maintenance	5,000	5,000	1,185	3,815
Gasoline and fuel	50,250	50,250	36,569	13,681
Supplies	2,000	2,000	245	1,755
Public Works Supplies	240,000	200,417	184,757	15,660
Signs	10,000	10,000	725	9,275
Tree work	37,500	37,500	31,385	6,115
Departmental expenses	3,500	3,500	2,244	1,256
Small equipment	8,000	8,000	5,850	2,150
Contracted services	220,000	236,272	232,045	4,227
Other Capital Expense	6,000	6,000	-	6,000
Total	1,380,563	1,320,860	1,174,093	146,767
Building maintenance:				
Salaries	387,186	387,186	373,103	14,083
Part-time wages	7,500	7,500	5,777	1,723
Overtime wages	22,000	22,000	19,739	2,261
Contract service	96,260	109,312	108,995	317
Supplies	30,000	29,765	28,754	1,011
Departmental expenses	1,200	1,200	953	247
Public Works Supplies	40,500	34,500	27,771	6,729
Equipment maintenance	12,000	4,948	2,371	2,577
Small equipment replacement	2,500	2,735	2,735	-
Capital expenses	12,000	12,000	12,000	-
Total	611,146	611,146	582,198	28,948
Solid waste removal/recycling center:				
Salaries	70,516	70,516	70,515	1
Part-time wages	20,933	20,933	20,448	485
Tipping fees	252,000	252,000	203,829	48,171
Materials	3,000	3,000	1,843	1,157
Contract services	150,000	150,000	130,640	19,360
Overtime wages	8,000	7,811	2,045	5,766
Departmental expenses	2,000	2,000	1,025	975
Equipment maintenance	1,000	1,000	-	1,000
Gasoline and fuel	3,800	3,800	2,599	1,201
Reimbursement program	119,728	119,728	111,035	8,693
Hazardous Waste Col	9,000	9,000	6,946	2,054
Total	639,977	639,788	550,925	88,863

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Parks and grounds:				
Salaries	\$ 245,122	\$ 245,122	\$ 210,976	\$ 34,146
Part-time wages	48,000	48,000	43,759	4,241
Overtime wages	23,500	23,500	17,483	6,017
Gasoline and fuel	12,200	11,381	11,381	-
Departmental expenses	1,900	425	425	-
Public Works Supplies	27,500	28,365	27,825	540
Contract services	27,500	49,946	49,946	-
Equip. repair/maintenance	6,000	9,834	9,834	-
Small equipment	5,000	4,616	4,292	324
Other Capital	18,658	17,502	17,502	-
Total	415,380	438,691	393,423	45,268
Vehicle maintenance:				
Salaries	146,664	183,056	183,056	-
Part-time wages	5,000	5,000	11	4,989
Overtime wages	10,000	10,000	3,436	6,564
Contracted services	55,000	55,000	43,941	11,059
Equipment maintenance	85,000	85,000	59,530	25,470
Departmental expense	1,000	1,000	242	758
Supplies	500	500	-	500
Materials	1,000	1,000	27	973
Gasoline and fuel	29,100	29,100	21,205	7,895
Small equipment	3,000	3,000	2,999	1
Total	336,264	372,656	314,447	58,209
Total public works	4,482,705	4,494,044	4,058,186	435,858
Culture and recreation:				
Recreation Department:				
Salaries	186,281	191,234	191,234	-
Therapeutic Recreation	15,000	15,000	7,265	7,735
Contracted Services	11,200	11,200	9,027	2,173
Program subsidy	5,000	4,451	4,020	431
Equipment and supplies	1,000	1,000	513	487
Departmental expenses	18,581	18,581	17,307	1,274
Total	237,062	241,466	229,366	12,100
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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Belden Library:				
Salaries	\$ 313,954	\$ 324,765	\$ 324,764	\$ 1
Part-time wages	145,085	139,485	117,746	21,739
Department expenses	9,000	8,150	7,153	997
Equipment maintenance	500	-	-	-
Duplicating costs	1,000	1,000	904	96
Program subsidies	5,000	5,000	4,968	32
Contracted services	37,000	38,350	38,166	184
Operation and material	63,000	41	-	41
Adult Books & Materials	-	8,470	8,469	1
Childrens Books & Materials	-	11,102	11,101	1
Adult Magazines	-	5,816	5,815	1
Young Adult Books & Magazines	-	3,503	3,502	1
Reference Books	-	4,999	4,998	1
Adult Popular Materials	-	29,069	29,128	(59)
Total	574,539	579,750	556,714	23,036
Memorial Day	3,000	3,000	2,947	53
Total culture and recreation	822,601	832,216	797,027	35,189
Human services:				
Health department:				
Salaries	109,614	112,457	112,456	1
Part-time wages	15,336	15,336	15,269	67
Mental Health Clinic	2,500	2,500	2,500	-
Departmental expenses	2,900	2,640	2,540	100
Public Health Nursing	3,050	3,050	1,445	1,605
Community Health Center	1,200	1,200	1,200	-
Sexual Assault Crisis	1,200	1,200	1,200	-
Region 2 Board	737	737	737	-
Kuhn Center	4,125	4,125	4,125	-
Substance abuse council	500	500	500	-
Mosquito Control	47,200	47,200	47,139	61
Total	188,362	190,945	189,111	1,834
Human services administration:				
Salaries	120,130	120,875	120,874	1
Department expenses	1,800	1,800	1,701	99
Emergency Basic Needs	2,000	2,000	2,000	-
EDDY Center	1,000	1,000	1,000	-
Total	124,930	125,675	125,575	100

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Youth services:				
Salaries	\$ 67,166	\$ 67,166	\$ 56,273	\$ 10,893
Part-time wages	19,168	19,168	18,011	1,157
Departmental expenses	4,568	5,063	5,057	6
Supplies	3,500	3,005	3,004	1
Revenue/expense	4,000	4,000	3,110	890
General supplies	2,500	2,500	2,480	20
Total	100,902	100,902	87,935	12,967
Senior services:				
Salaries	52,222	53,851	53,851	-
Part-time wages	26,014	23,250	23,249	1
Contract services	-	3,825	3,825	
Department expenses	2,800	2,800	2,379	421
Program subsidies	16,200	15,119	15,022	97
Revenue/expense	1,500	1,331	1,331	-
Total	98,736	100,176	99,657	519
Transportation services:				
Salaries	44,764	45,810	42,619	3,191
Part-time wages	56,065	56,065	52,928	3,137
Overtime wages	1,000	810	636	174
Departmental expenses	2,500	2,500	2,479	21
Vehicle maintenance	5,700	3,527	3,527	-
Gasoline and fuel	14,800	17,163	17,162	1
Total	124,829	125,875	119,351	6,524
Total human services	637,759	643,573	621,629	21,944
Education:				
Board of Education	29,724,214	29,724,214	29,719,447	4,767
Bonded debt:				
Notes Payable	110,000	110,000	110,000	-
Bonds - principal	2,780,000	2,780,000	2,780,000	-
Bonds - interest	797,300	797,300	797,300	-
Total debt services	3,687,300	3,687,300	3,687,300	-
Total expenditures	49,127,797	49,127,798	48,004,473	1,123,325

(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, 2019

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Other financing uses:				
Operating transfers out:				
Sidewalk Fund	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Dog License Fund	10,024	10,024	10,024	-
Road Improvement Fund	50,000	50,000	50,000	-
Heart & Hypertension Fund	25,000	25,000	25,000	-
Capital Projects Funds	519,000	919,000	919,000	-
Total other financing uses	609,024	1,009,024	1,009,024	-
Total budgeted operations	\$ 49,736,821	\$ 50,136,822	49,013,497	\$ 1,123,325
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, net			2,078,253	
Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54			399,297	
Change in encumbrances			(10,264)	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 51,480,783</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, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
User Charges	\$ 1,998,817	\$ 1,998,817	\$ 2,022,649	\$ 23,832
Outlet charge	-	-	299,800	299,800
Permits & inspection charges	10,000	10,000	8,959	(1,041)
Service charges	20,000	20,000	15,819	(4,181)
Income on investments	6,000	6,000	42,530	36,530
Other	-	-	250	250
Total revenues	2,034,817	2,034,817	2,390,007	355,190
Expenditures:				
Regular wages	436,034	436,034	419,872	16,162
Part-time wages	15,020	15,020	13,366	1,654
Overtime wages	57,401	57,401	40,840	16,561
Department expenses	29,700	29,700	14,091	15,609
Outside services	89,970	89,970	64,959	25,011
Vehicle maintenance	8,000	8,000	3,611	4,389
Gasoline and fuel	10,290	10,290	7,876	2,414
Equipment repair and maintenance	25,000	25,000	14,890	10,110
Liability and property insurance	38,000	38,000	35,088	2,912
Materials and supplies	26,000	26,000	24,224	1,776
Utilities and oil	35,000	35,000	34,866	134
Payments for Sewer Treatment	909,000	909,000	892,782	16,218
Meter and pump station repairs	25,000	25,000	12,626	12,374
Prior year obligations	3,500	3,500	-	3,500
Damage claims	100	100	-	100
Employee benefits	242,802	242,802	193,132	49,670
Total expenditures	1,950,817	1,950,817	1,772,223	178,594
Other financing sources (uses):				
Transfer out	(84,000)	(84,000)	(84,000)	-
Total other financing sources (uses)	(84,000)	(84,000)	(84,000)	-
Net change in fund balances	\$ -	\$ -	533,784	\$ 176,596
Fund balance, beginning of year			1,463,029	
Fund balance, end of year			<u>\$ 1,996,813</u>	

See notes to required supplementary information.

Note to Required Supplementary Information - Unaudited

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 \$400,000.

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.

This page intentionally left blank.

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

General Fund

Town of Cromwell, Connecticut

**Balance Sheet
General Fund
June 30, 2019**

Assets

Cash and cash equivalents	\$ 14,538,716
Property taxes receivable, net	1,365,002
Accounts receivable	425,340
Due from other funds	<u>61,585</u>
Total assets	\$ 16,390,643

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:	
Accounts payable and accrued liabilities	\$ 744,157
Total liabilities	<u>744,157</u>

Deferred inflows of resources:	
Unavailable revenues	<u>1,093,304</u>
Total deferred inflows of resources	<u>1,093,370</u>

Fund balance:	
Committed	879,001
Assigned	28,683
Unassigned	<u>13,645,432</u>
Total fund balance	<u>14,553,116</u>

Total liabilities, deferred inflows of resources and fund balance	\$ 16,390,643
--	----------------------

Town of Cromwell, Connecticut

Report of the Tax Collector
General Fund
For the Year Ended June 30, 2019

Grand List Year	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2019
		Additions	Deductions				
2017	\$ 44,007,976	\$ 58,930	\$ 189,136	\$ 940	\$ 43,876,830	\$ 43,220,120	\$ 656,710
2016	420,228	4,295	16,473	1,200	406,850	208,577	198,273
2015	207,840	2,720	2,754	1,378	206,428	63,213	143,215
2014	119,152	110	1,521	1,020	116,721	14,150	102,571
2013	92,889	8	4,985	3,550	84,362	6,884	77,478
2012	43,572	-	4,915	5,332	33,325	3,384	29,941
2011	21,684	2,757	5,932	4,733	13,776	(3,975)	17,751
2010	2,576	-	-	60	2,516	(28)	2,544
2009	(1,257)	-	-	-	(1,257)	(1,257)	-
2008	(169)	-	-	-	(169)	(169)	-
2007	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
	<u>\$ 44,914,491</u>	<u>\$ 68,820</u>	<u>\$ 225,716</u>	<u>\$ 18,213</u>	<u>\$ 44,739,382</u>	<u>\$ 43,510,899</u>	<u>\$ 1,228,483</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

Debt Service Fund

The Debt Service Fund is used to account for and report resources for the payment of future debt service payments.

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.

This page intentionally left blank.

Town of Cromwell, Connecticut

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 12,941	\$ 48,816	\$ 200,850
Intergovernmental receivable	-	-	-	-	754
Inventory	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 12,941	\$ 48,816	\$ 201,604
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,300	\$ 628
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	24,650	-
Total liabilities	-	-	-	29,950	628
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	12,941	-	200,976
Committed	-	-	-	18,866	-
Total fund balance	-	-	12,941	18,866	200,976
Total liabilities and fund balances	\$ -	\$ -	\$ 12,941	\$ 48,816	\$ 201,604

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
\$	24,996	\$ 299,952	\$ 142,312	\$ 439,771	\$ 10,456	\$ 11,338	\$ 37,051	\$ 203,663
	2,652	46,043	21,201	-	-	-	-	-
	-	9,703	-	-	-	-	-	-
\$	27,648	\$ 355,698	\$ 163,513	\$ 439,771	\$ 10,456	\$ 11,338	\$ 37,051	\$ 203,663
\$	9,871	\$ 60,278	\$ 4,648	\$ -	\$ 150	\$ -	\$ -	\$ -
	-	36,173	25,412	-	-	-	-	-
	-	21,131	8,411	-	-	-	-	-
	9,871	117,582	38,471	-	150	-	-	-
	-	9,703	-	-	-	-	-	-
	17,777	228,413	125,042	-	-	11,338	37,051	-
	-	-	-	439,771	10,306	-	-	203,663
	17,777	238,116	125,042	439,771	10,306	11,338	37,051	203,663
\$	27,648	\$ 355,698	\$ 163,513	\$ 439,771	\$ 10,456	\$ 11,338	\$ 37,051	\$ 203,663

(Continued)

Town of Cromwell, Connecticut

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2019

	Special Revenue Funds				
	River Landing Park	Public Health Emergency Prep	Recreation Revolving Fund	Field Maintenance	Police Communications Revolving Fund
Assets					
Cash and cash equivalents	\$ 10,064	\$ 8,672	\$ 259,059	\$ 31,521	\$ 299,360
Accounts receivable	-	-	6,550	-	-
Inventory	-	-	-	-	-
Total assets	\$ 10,064	\$ 8,672	\$ 265,609	\$ 31,521	\$ 299,360
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 20,639	\$ 1,722	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	20,639	1,722	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	10,064	8,672	244,970	-	-
Committed	-	-	-	29,799	299,360
Total fund balance	10,064	8,672	244,970	29,799	299,360
Total liabilities and fund balances	\$ 10,064	\$ 8,672	\$ 265,609	\$ 31,521	\$ 299,360

Special Revenue Funds				Debt Service	Permanent Fund		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Solar Incentive	Total	Capitalized Interest	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ 16,413	\$ 744	\$ 2,057,979	\$ 535,594	\$ 10,416	\$ 53,232	\$ 2,657,221
-	-	-	77,200	-	-	-	77,200
-	-	-	9,703	-	-	-	9,703
<u>\$ -</u>	<u>\$ 16,413</u>	<u>\$ 744</u>	<u>\$ 2,144,882</u>	<u>\$ 535,594</u>	<u>\$ 10,416</u>	<u>\$ 53,232</u>	<u>\$ 2,744,124</u>
\$ -	\$ -	\$ -	103,236	\$ -	\$ -	\$ -	\$ 103,236
-	-	-	61,585	-	-	1,000	62,585
-	-	-	54,192	-	-	-	54,192
<u>-</u>	<u>-</u>	<u>-</u>	<u>219,013</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>220,013</u>
-	-	-	9,703	-	6,237	50,000	65,940
-	16,413	744	914,401	535,594	4,179	2,232	1,456,406
-	-	-	1,001,765	-	-	-	1,001,765
<u>-</u>	<u>16,413</u>	<u>744</u>	<u>1,925,869</u>	<u>535,594</u>	<u>10,416</u>	<u>52,232</u>	<u>2,524,111</u>
<u>\$ -</u>	<u>\$ 16,413</u>	<u>\$ 744</u>	<u>\$ 2,144,882</u>	<u>\$ 535,594</u>	<u>\$ 10,416</u>	<u>\$ 53,232</u>	<u>\$ 2,744,124</u>

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
Revenues:					
Intergovernmental revenues	\$ 276,136	\$ 14,000	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	-	-	229	864	-
Miscellaneous	-	-	-	-	59,834
Total revenues	276,136	14,000	229	864	59,834
Expenditures:					
Current:					
Public safety	-	-	-	-	1,727
Public works	-	-	-	7,500	-
Culture and recreation	-	-	-	-	22,285
Human services	-	-	-	-	12,443
Education	-	-	-	-	-
Total expenditures	-	-	-	7,500	36,455
Revenues over (under) expenditures	276,136	14,000	229	(6,636)	23,379
Other financing sources (uses):					
Transfers in	-	-	-	5,000	-
Transfers out	(276,136)	(14,000)	-	-	-
Premium	-	-	-	-	-
Total other financing sources (uses)	(276,136)	(14,000)	-	5,000	-
Net change in fund balances	-	-	229	(1,636)	23,379
Fund balances, beginning of year	-	-	12,712	20,502	177,597
Fund balances, end of year	\$ -	\$ -	\$ 12,941	\$ 18,866	\$ 200,976

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
\$ -	\$ 304,966	\$ 1,441,674	\$ -	\$ -	3,907	\$ -	\$ -
5,711	449,584	-	-	-	-	-	-
438	-	-	7,783	-	-	1,289	3,605
-	-	-	-	5,380	-	-	-
6,149	754,550	1,441,674	7,783	5,380	3,907	1,289	3,605
15,417	-	-	-	-	3,873	49,818	1,670
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	825,747	1,463,723	-	-	-	-	-
15,417	825,747	1,463,723	-	-	3,873	49,818	1,670
(9,268)	(71,197)	(22,049)	7,783	5,380	34	(48,529)	1,935
10,024	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,024	-	-	-	-	-	-	25,000
756	(71,197)	(22,049)	7,783	5,380	34	(48,529)	26,935
17,021	309,313	147,091	431,988	4,926	11,304	85,580	176,728
\$ 17,777	\$ 238,116	\$ 125,042	\$ 439,771	\$ 10,306	\$ 11,338	\$ 37,051	\$ 203,663

(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, 2019

	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	178	-	-	-	5,288
Miscellaneous	-	-	305,836	14,406	73,382
Total revenues	178	9,696	305,836	14,406	78,670
Expenditures:					
Current:					
Public safety	-	1,024	-	-	38,133
Public works	-	-	-	-	-
Culture and recreation	-	-	231,058	4,227	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Total expenditures	-	1,024	231,058	4,227	38,133
Revenues over (under) expenditures	178	8,672	74,778	10,179	40,537
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Premium	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	178	8,672	74,778	10,179	40,537
Fund balances, beginning of year	9,886	-	170,192	19,620	258,823
Fund balances, end of year	\$ 10,064	\$ 8,672	\$ 244,970	\$ 29,799	\$ 299,360

Special Revenue Funds				Debt Service	Permanent Funds		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Solar Incentive	Total	Capitalized Interest	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ -	\$ -	\$ 2,050,379	\$ -	\$ -	\$ -	\$ 2,050,379
-	-	-	455,295	-	-	-	455,295
-	-	-	19,674	-	184	426	20,284
-	-	-	458,838	-	-	-	458,838
-	-	-	2,984,186	-	184	426	2,984,796
-	-	-	111,662	-	-	-	111,662
-	-	235	7,735	-	-	-	7,735
-	-	-	257,570	-	-	-	257,570
-	-	-	12,443	-	-	-	12,443
-	-	-	2,289,470	-	-	-	2,289,470
-	-	235	2,678,880	-	-	-	2,678,880
-	-	(235)	305,306	-	184	426	305,916
-	-	-	40,024	-	-	-	40,024
-	-	-	(290,136)	-	-	-	(290,136)
-	-	-	-	535,594	-	-	535,594
-	-	-	(250,112)	535,594	-	-	285,482
-	-	(235)	55,194	535,594	184	426	591,398
-	16,413	979	1,870,675	-	10,232	51,806	1,932,713
\$ -	\$ 16,413	\$ 744	\$ 1,925,869	\$ 535,594	\$ 10,416	\$ 52,232	\$ 2,524,111

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, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	
Revenues:				
Income on investments	\$ -	\$ -	\$ 864	\$ 864
Total revenues	-	-	864	864
Expenditures:				
General repairs	7,500	7,500	7,500	-
Total expenditures	7,500	7,500	7,500	-
Other financing sources (uses):				
Transfer in	7,500	7,500	5,000	2,500
Net change in fund balance	\$ -	\$ -	(1,636)	\$ 3,364
Fund balance, beginning of year			20,502	
Fund balance, end of year			\$ 18,866	

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, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
Revenues:				
Charges for Service	\$ 6,524	\$ 6,524	\$ 5,217	\$ (1,307)
Income on investments	-	-	438	438
Canine Officers Receipts	-	-	494	494
Total revenues	6,524	6,524	6,149	(375)
Expenditures:				
Veterinary Fees	4,000	3,880	937	2,943
Contracted Services	10,924	10,924	7,764	3,160
Vehicle Maintenance	1,500	1,500	405	1,095
Equip Repair/Replac.	1,000	1,000	994	6
Departmental Expense	1,200	1,080	1,072	8
Training/Workshops	1,200	1,440	1,372	68
Uniforms	1,200	1,200	1,194	6
Gasoline/Other Fluids	3,000	3,000	1,679	1,321
Total expenditures	24,024	24,024	15,417	8,607
Other financing sources (uses):				
Transfer in	10,000	10,000	10,024	(24)
Net change in fund balance	\$ (7,500)	\$ (7,500)	756	\$ 8,208
Fund balance, beginning of year			17,021	
Fund balance, end of year			<u>\$ 17,777</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, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
Revenues:				
Assessments	\$ 36,600	\$ 36,600	\$ 52,457	\$ 15,857
Income on investments	1,400	1,400	9,940	8,540
Total revenues	38,000	38,000	62,397	24,397
Expenditures:				
Legal fees	10,000	10,000	-	10,000
Data processing	2,000	2,000	-	2,000
Contracted services	45,000	45,000	665	44,335
Construction	25,000	25,000	2,858	22,142
Postage	400	400	-	400
Legal notices	800	800	73	727
Printing expense	200	200	-	200
Prior year obligations	100	100	-	100
Total expenditures	83,500	83,500	3,596	79,904
Net change in fund balance	\$ (45,500)	\$ (45,500)	58,801	\$ 104,301
Fund balance, beginning of year			517,112	
Fund balance, end of year			<u>\$ 575,913</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, 2019**

	Balance July 1, 2018	Revenues	Expenditures	Balance June 30, 2019
Library Donations	\$ 10,176	\$ 15,131	\$ 1,152	\$ 24,155
Senior Donations	15,775	5,153	4,698	16,230
Transportation	5,442	888	-	6,330
Emergency Fuel	4,903	732	-	5,635
Youth Services	10,640	8,827	7,295	12,172
Park and Recreation	11,067	4,558	5,148	10,477
Handicapped Donations	1	-	-	1
Human Service Donations	32,305	16,103	13,964	34,444
Police Department	10,503	3,827	1,687	12,643
Carbon Monoxide Program	4,165	-	39	4,126
Operational fuel	5	-	-	5
CT Clean Energy	780	-	-	780
Rose Garden	78	-	-	78
Flag Fund	2,732	-	1,794	938
Inland/Wetlands	4,382	-	-	4,382
Town Historic Preservation	1,933	-	-	1,933
Library Building	500	-	-	500
Dog Park	4,040	-	-	4,040
Economic Development	300	-	-	300
Valor Green Memorial	254	-	-	254
Library - Elizabeth Maselli Room	43,571	-	-	43,571
Mayor's Event	300	3,100	-	3,400
K-9 Program	13,745	1,515	678	14,582
	<u>\$ 177,597</u>	<u>\$ 59,834</u>	<u>\$ 36,455</u>	<u>\$ 200,976</u>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Sidewalk Fund

For the Year Ended June 30, 2019

	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, 2019

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ (120)	\$ 1,080	\$ 1,072	\$ 8
Training/workshops	1,000	240	1,240	1,372	(132)
Contract services	11,124	-	11,124	7,764	3,360
Vehicle maintenance	1,500	-	1,500	405	1,095
Fuel and fluids	3,000	-	3,000	1,679	1,321
Uniforms	1,200	-	1,200	1,194	6
Veterinarian fees	4,000	(120)	3,880	937	2,943
Equipment, purchase and repair	1,000	-	1,000	994	6
	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 24,024</u>	<u>\$ 15,417</u>	<u>\$ 8,607</u>

This page intentionally left blank.

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, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Student activity fund:				
Assets:				
Cash and cash equivalents	\$ 288,528	\$ 1,191,417	\$ 1,112,159	\$ 367,786
Due from other funds	1,000	-	-	1,000
	<u>\$ 289,528</u>	<u>\$ 1,191,417</u>	<u>\$ 1,112,159</u>	<u>\$ 368,786</u>
Liabilities:				
Due to student groups	<u>\$ 289,528</u>	<u>\$ 1,191,417</u>	<u>\$ 1,112,159</u>	<u>\$ 368,786</u>
Contractor bond fund:				
Assets:				
Cash and cash equivalents	<u>\$ 317,370</u>	<u>\$ 515</u>	<u>\$ 131,443</u>	<u>\$ 186,442</u>
Liabilities:				
Due to others	<u>\$ 317,370</u>	<u>\$ 515</u>	<u>\$ 131,443</u>	<u>\$ 186,442</u>
Health Reimbursement Account				
Assets:				
Cash and cash equivalents	<u>\$ 211,268</u>	<u>\$ 19,200</u>	<u>\$ 71,044</u>	<u>\$ 159,424</u>
Liabilities:				
Due to others	<u>\$ 211,268</u>	<u>\$ 19,200</u>	<u>\$ 71,044</u>	<u>\$ 159,424</u>
Total all funds:				
Assets:				
Cash and cash equivalents	\$ 817,166	\$ 1,211,132	\$ 1,314,646	\$ 713,652
Due from other funds	1,000	-	-	1,000
	<u>\$ 818,166</u>	<u>\$ 1,211,132</u>	<u>\$ 1,314,646</u>	<u>\$ 714,652</u>
Liabilities:				
Due to student groups	\$ 289,528	\$ 1,191,417	\$ 1,112,159	\$ 368,786
Due to others	528,638	19,715	202,487	345,866
	<u>\$ 818,166</u>	<u>\$ 1,211,132</u>	<u>\$ 1,314,646</u>	<u>\$ 714,652</u>

This page intentionally left blank.

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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets:	\$ 95,483,385	\$ 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
Restricted	62,648	62,038	61,524	61,050	60,504	60,062	59,330	59,279	10,018	9,995
Unrestricted	11,608,257	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
Total governmental activities net position	\$ 107,154,290	\$ 103,379,053	\$ 100,644,509	\$ 99,115,817	\$ 98,490,661	\$ 100,741,484	\$ 100,581,538	\$ 100,466,709	\$ 99,550,923	\$ 94,097,910

Notes:

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

Changes In Net Position
Last Ten Fiscal Years (unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
General government	\$ 6,185,820	\$ 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
Public Safety	4,471,459	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
Public Works	8,516,490	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
Culture and Recreation	1,127,466	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
Human Services	623,705	606,146	683,617	623,442	606,338	595,427	610,927	609,527	586,961	569,523
Education	35,455,525	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
Interest on long-term debt	507,863	667,621	680,936	715,187	881,704	948,731	1,164,077	1,275,276	1,377,511	1,360,078
Total governmental activities expenses	56,888,328	58,410,297	58,154,373	55,415,472	54,160,625	52,883,825	51,405,246	51,007,916	49,299,722	49,301,952
Program revenues:										
Charges for services:										
General government	627,956	716,693	737,467	572,676	700,864	695,823	697,430	518,033	449,200	382,977
Public Safety	461,081	465,612	537,403	721,983	527,056	409,662	64,938	318,768	370,556	522,910
Public Works	2,890,947	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
Culture and Recreation	48,260	49,834	54,822	52,573	149,472	150,762	54,089	118,897	122,853	84,122
Human Services	13,821	17,188	14,474	9,856	7,633	10,859	5,186	7,679	5,779	23,530
Education	526,627	519,432	572,506	591,605	615,086	457,598	516,707	595,128	563,268	549,279
Operating grants and contributions	8,902,091	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
Capital grants and contributions	1,944,708	338,128	147,340	880,759	343,140	529,426	206,751	87,739	2,705,585	1,062,700
Total governmental activities program revenues	15,415,491	16,774,446	16,624,685	14,454,988	14,263,707	13,750,700	12,928,015	12,748,869	14,613,736	12,208,053
Net (expense) revenue:										
Governmental activities	(41,472,837)	(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)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	44,067,022	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
Grants and contributions not restricted to specific purposes	57,517	77,996	144,436	152,474	242,913	244,792	230,094	384,656	246,964	269,056
Unrestricted investment earnings	646,578	371,990	150,791	74,416	45,660	46,556	38,321	34,986	71,930	42,838
Other general revenues	476,957	392,924	474,310	253,690	193,413	96,112	89,711	359,789	2,922,546	241,942
Total general revenues and other changes in net position	45,248,074	44,333,120	43,058,380	41,585,640	40,702,927	39,293,071	38,592,060	37,859,833	40,138,999	36,153,738
Capital contributions	-	1,856,522	-	-	-	-	-	1,315,000	-	-
Changes in net position:										
Governmental activities	\$ 3,775,237	\$ 4,553,791	\$ 1,528,692	\$ 625,156	\$ 806,009	\$ 159,946	\$ 114,829	\$ 915,786	\$ 5,453,013	\$ (940,161)

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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,758	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	879,001	629,000	690,000	872,400	1,005,793	161,500	51,000	70,000	37,600	-
Assigned	28,683	21,595	1,621	24,536	50,402	51,186	15,434	8,146	9,830	-
Unassigned	13,645,432	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
Unreserved	-	-	-	-	-	-	-	-	-	4,197,025
Total general fund	\$ 14,553,116	\$ 12,291,646	\$ 10,108,377	\$ 8,660,937	\$ 8,786,893	\$ 7,846,832	\$ 6,605,660	\$ 4,918,721	\$ 4,289,619	\$ 4,221,185
Nonspendable	\$ 65,940	\$ 72,390	\$ 72,295	\$ 72,651	\$ 85,239	\$ 92,458	\$ 95,162	\$ 92,587	\$ 45,464	\$ -
Restricted	7,226,531	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	4,779,767	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	1,852,513	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
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	2,744,475
Capital projects funds	-	-	-	-	-	-	-	-	-	8,935,275
Total all other governmental funds	\$ 13,924,751	\$ 8,887,223	\$ 10,994,400	\$ 8,242,468	\$ 7,297,539	\$ 8,594,137	\$ 10,376,151	\$ 8,055,285	\$ -	\$ 14,309,049

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

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

Town of Cromwell, Connecticut

Table 4

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Property taxes	\$ 43,939,302	\$ 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
Intergovernmental	10,530,630	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
Charges for services	4,224,160	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
Income on investments	646,578	371,990	150,791	74,416	45,660	46,556	38,335	34,986	71,930	42,838
Miscellaneous	754,630	713,551	770,987	479,734	483,111	508,603	490,742	972,120	817,179	241,942
Total revenues	60,095,300	61,070,326	59,593,121	55,824,333	54,686,799	53,016,101	51,591,933	51,406,647	51,815,330	48,476,315
Expenditures:										
General government	5,899,074	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
Public Safety	3,815,962	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
Public Works	5,774,110	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
Culture and Recreation	1,054,597	1,050,555	1,005,917	984,242	939,627	932,059	941,065	938,222	897,512	880,079
Human Services	633,652	605,908	633,474	571,553	556,978	546,442	565,727	549,850	546,407	508,953
Education	34,087,170	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
Debt Services:										
Principal	3,619,111	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
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
Capital outlay	6,012,633	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
Total expenditures	60,896,309	61,085,577	61,532,490	55,047,282	55,051,181	53,556,943	52,700,520	51,965,985	56,812,219	52,940,255
Excess of revenue over (under)										
expenditures	(801,009)	(15,251)	(1,939,369)	777,051	(364,382)	(540,842)	(1,108,587)	(559,338)	(4,996,889)	(4,463,940)
Other financing sources (uses):										
Transfers in	1,874,344	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
Transfers out	(1,874,344)	(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)
Proceeds from sale of bonds	6,940,000	6,540,000	5,520,000	-	-	-	14,075,000	-	-	6,730,000
Premium on bonds	950,014	787,192	618,741	-	-	-	1,933,149	-	-	235,350
Payment to refunded bond escrow agent	-	(7,235,849)	-	-	-	-	(10,891,758)	-	-	-
Capital leased issued	-	-	-	-	-	-	-	-	-	-
Total other financing										
sources (uses)	7,890,014	91,343	6,138,741	-	-	-	5,116,391	-	-	6,965,350
Net change in fund balance	\$ 7,089,005	\$ 76,092	\$ 4,199,372	\$ 777,051	\$ (364,382)	\$ (540,842)	\$ 4,007,804	\$ (559,338)	\$ (4,996,889)	\$ 2,501,410
Debt service as a percentage of										
noncapital expenditures	6.59%	6.61%	6.58%	7.08%	7.07%	6.49%	9.20%	7.86%	8.67%	7.97%

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							
2019	\$ 907,313,244	\$ 229,769,337	\$ 175,124,261	\$ 164,241,820	\$ 116,742,813	\$ 148,445,958	\$ 1,444,745,517	30.33	\$ 2,063,922,167	70.00%
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%

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
2019	10.00	2.13	18.20	30.33	2.50	32.83
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

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	2019			2010		
	Taxable Assessed Value as of October 1, 2019	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value as of October 1, 2010	Rank	Percentage of Total Town Taxable Assessed Value
Algonquin Gas Trans Co.	\$ 59,416,070	1	4.39%	\$ 10,025,780	3	0.74%
Covenant Home Inc.	24,174,250	2	1.79%	24,714,490	1	1.83%
HBN-CSC LLC	16,718,240	3	1.24%	-	-	-
Cromwell Realty	11,906,398	4	0.88%	-	-	-
TNO Cromwell LLC	10,994,340	5	0.81%	-	-	-
Connecticut Light and Power	10,793,780	6	0.80%	7,027,290	7	0.52%
Infinity Cromwell Property Limited	8,958,740	7	0.66%	8,761,700	4	0.65%
Main Street Equity LLC	8,518,300	8	0.63%	8,733,930	5	-
R A Cromwell LLC	8,050,000	9	0.60%	6,789,200	8	0.50%
GKN Aerospace Services Structures Corp	7,691,400	10	0.57%	-	-	-
Shaner SPE Associates Limited	-	-	-	10,409,014	2	0.77%
IRNM Fee Cromwell LLC	-	-	-	7,175,000	6	0.53%
Leigh Cromwell LLC	-	-	-	6,720,000	9	0.50%
Shunpike West Limited Partnership	-	-	-	6,580,000	10	0.49%
	<u>\$ 167,221,518</u>		<u>12.36%</u>	<u>\$ 96,936,404</u>		<u>7.17%</u>

Source: Town of Cromwell Assessor's Office.

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
2019	30.33	\$ 43,606,214	\$ 43,272,536	99.23%	\$ -	\$ 43,272,536	99.23%
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%

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
2019	\$ 27,472,036	\$ 154,290	\$ 27,626,326	1.34%	4.26%	1,959
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

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, 2019 (unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Shares of Direct and Overlapping Debt</u>
Overlapping debt:			
Cromwell Fire District*	\$ 3,699,262	22%	\$ 801,428
Mattabassett*	<u>5,270,377</u>	0%	<u>-</u>
Total overlapping debt	8,969,639		801,428
Town direct debt	27,626,326		<u>27,626,326</u>
Total			<u>\$ 28,427,754</u>

*The \$3,699,262 represents the outstanding general obligation bonds for the Fire District as of June 30, 2019 and includes \$2,897,834 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, 2019 (unaudited)

Total tax collections (including fire district)					\$ 47,499,071
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation					
2-1/4 times base	\$ 106,872,910	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	213,745,820	-	-	-
3-3/4 times base	-	-	178,121,516	-	-
3-1/4 times base	-	-	-	154,371,981	-
3 times base	-	-	-	-	142,497,213
Total debt limitation	106,872,910	213,745,820	178,121,516	154,371,981	142,497,213
Indebtedness					
Long-term debt					
outstanding	17,095,969	7,339,031	-	-	-
Overlapping debt	801,428	-	-	-	-
Bonds authorized and unissued	8,106,000	-	-	-	-
Total Indebtedness	26,003,397	7,339,031	-	-	-
Debt limitation in excess of indebtedness	\$ 80,869,513	\$ 206,406,789	\$ 178,121,516	\$ 154,371,981	\$ 142,497,213

Note 1: In no case shall total indebtedness exceed \$332,493,497 or seven times annual receipts from taxation.

Note 2: Water Division debt (\$2,898,367) and Mattabasset/Nitrogen Upgrade project debt (\$5,270,378) 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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limitation	\$ 332,493,497	\$ 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
Total net debt applicable to limit	33,342,428	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
Legal debt margin	\$ 299,151,069	\$ 296,805,125	\$ 284,504,530	\$ 269,234,855	\$ 260,258,437	\$ 250,918,077	\$ 246,072,808	\$ 248,482,804	\$ 237,868,364	\$ 226,749,541
Total net debt applicable to the limit as a percentage of debt limit	10.03%	8.20%	9.54%	12.10%	13.28%	13.78%	14.13%	11.60%	13.53%	15.02%

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

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)
2019	14,021	\$ 45,954	\$ 644,321,034	\$ 85,856	43	1,946	3.0%
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%

* Information not available or attainable.

(1) Source: State of Connecticut Health Department, except 2013 and 2015 which is a CERC estimate.

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

(3) Source: Superintendent of Schools

(4) Source: Connecticut Labor Department

Town of Cromwell, Connecticut

Table 14

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

Employer	Nature of Business	2019			2010		
		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	4.94%	215	6	2.82%
Stop & Shop	Supermarket	298	2	3.83%	160	4	2.10%
GKN Aerospace *	Aircraft Parts	287	3	3.68%	N/A	N/A	N/A
Wal-Mart	Department Store	286	4	3.67%	270	1	3.55%
Covenant Village	Retirement Village	234	5	3.00%	186	2	2.44%
Cromwell Growers	Landscaping/Florist	195	6	2.50%	100	10	1.31%
Shop Rite	Supermarket	148	7	1.90%	N/A	N/A	N/A
Autumn Lake Health Care (formerly Haven Health Center)	Convalescent Home	130	8	1.67%	147	5	1.93%
Tournament Players Club	Country Club	125	8	1.60%	N/A	N/A	N/A
DSM/i-Health	Pharmaceutical Company	125	9	1.60%	N/A	N/A	N/A
Lowe's	Home Supply Store	113	10	1.45%	115	8	1.51%
The Children's Home	Residential School	N/A	N/A	N/A	176	3	2.31%
Cromwell Crowne Plaza	Hotel/Conference Center	N/A	N/A	N/A	126	6	1.65%
Liturgical Publications	Publisher	N/A	N/A	N/A	120	7	1.58%
K-Mart	Department Store	N/A	N/A	N/A	104	9	1.37%

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government	35	36	36	36	37	36	36	35	35	35
Police	38	37	37	37	38	36	36	36	36	36
Fire	10	10	10	10	10	11	9	9	9	9
Refuse collection	1	1	1	1	1	2	2	2	2	2
Other Public Works	30	30	30	30	30	31	31	32	32	32
Parks and Recreation	3	3	2	2	2	2	2	2	2	2
Library	5	5	5	5	5	17	17	17	17	17
Education	304	296	301	304	304	306	311	313	310	317
	426	418	422	425	427	441	444	446	443	450

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government: (1)										
Building permits issued	688	667	603	638	855	853	916	930	785	666
Police: (2)										
Physical arrests	350	261	326	347	428	492	399	428	443	437
Parking violations	96	114	126	132	141	113	61	104	144	246
Traffic violations	469	646	611	683	782	901	570	558	601	481
Other public works: (3)										
Street resurfacing (miles)	2.8	5.3	2	*	1.93	2.73	2	1.73	6	1.68
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	225	223	216	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	62,096	68,924	70,525	77,728	83,765	83,647	83,423	82,536	81,990	80,120
Total volumes borrowed	95,092	74,931	71,227	81,501	99,986	101,772	99,038	105,223	105,252	102,003

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.

Town of Cromwell, Connecticut

Table 17

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	16	15	15	14	14	14
Other public works: (2)										
Streets (miles)	57.78	56.7	56.7	56.7	56.7	56.7	56.35	56.35	56	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**	1227	1218	1218	1208	1208	1166	1164	1163	1153	1153
Traffic signals**	21	21	21	21	21	15	15	15	15	15
Parks and Recreation: (3)										
Acreage***	200	200	200	200	200	200	156.9	156.9	156.9	156.9
Playgrounds	2	2	2	2	2	2	3	3	3	3
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	15
Soccer/football fields	18	18	18	14	14	14	10	10	10	10
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.

This page intentionally left blank.