

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

TOWN OF DEEP RIVER, CONNECTICUT
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide	
Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds to the Government-wide Statement of Activities	21
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Financial Statements	28
Required Supplementary Information (Unaudited):	
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual - General Fund - Budgetary Basis	67

TOWN OF DEEP RIVER, CONNECTICUT
TABLE OF CONTENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	Page
Required Supplementary Information (Unaudited): <i>(Continued)</i>	
Schedule of Changes in Net Pension Liability - Town Pension Plan	68
Schedule of Contributions and Investment Returns - Town Pension Plan	69
Schedule of Changes in Net Pension Liability - Firefighters' Pension Plan	70
Schedule of Contributions and Investment Returns - Firefighters' Pension Plan	71
Schedule of the Town's Proportionate Share of the Collective Net Pension Liability - Connecticut Municipal Employees' Retirement System	72
Schedule of Contributions - Connecticut Municipal Employees' Retirement System	73
Schedule of the Town's Proportionate Share of the Collective Net Pension Liability - Connecticut Teachers' Retirement System	74
Schedule of Changes in Total OPEB Liability - Other Post-Employment Benefits Program	75
Schedule of the Town's Proportionate Share of the Collective Net Other Post-Employment Benefits Liability - Connecticut Teachers' Retirement System	76
Notes to the Required Supplementary Information	77
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Combining Balance Sheet	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	84
Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund - Budgetary Basis	85
Schedule of Expenditures - Budget and Actual - General Fund - Budgetary Basis	87
Schedule of Property Taxes Levied, Collected and Outstanding	93
Schedule of Debt Limitation	94
Proprietary Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sewer Fund	95
Nonmajor Governmental Funds:	
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98
Fiduciary Funds:	
Pension Trust Funds:	
Combining Statement of Fiduciary Net Position - Pension Trust Funds	100
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	101

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Deep River, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Deep River, Connecticut (the "Town"), as of and for the year ended June 30, 2021, 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 Town'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 Town'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Deep River, Connecticut, as of June 30, 2021, 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 through 15 and the information on pages 67 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 83 through 101 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, 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 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.



Certified Public Accountants
Glastonbury, Connecticut
January 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

As management of the Town of Deep River, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,567,651 (net position). Of this amount, \$1,474,300 represents the Town's unrestricted net position.
- The Town's total net position increased by \$1,668 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,557,671, an increase of \$584,596 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,811,095 or 15.4% of the Town's final budgetary expenditure appropriations for the year ended June 30, 2021. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund budgetary expenditure appropriations.
- The Town's total capital assets decreased by \$984,792 or 3.9% during the current year.
- The Town's total long-term debt decreased by \$323,331 or 6.3% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public safety, public works, health and social services, recreational services, and education. The business-type activity of the Town is for sewer operations.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 18 through 22 of this report.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules, which can be found on pages 67 through 101 of this report.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The Town's net position as of June 30, 2021 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's net position of \$18,525. Net position of the Town (governmental and business-type activities combined) totaled \$21,567,651 and \$21,565,983, as restated, as of June 30, 2021 and 2020, respectively, and are summarized as follows:

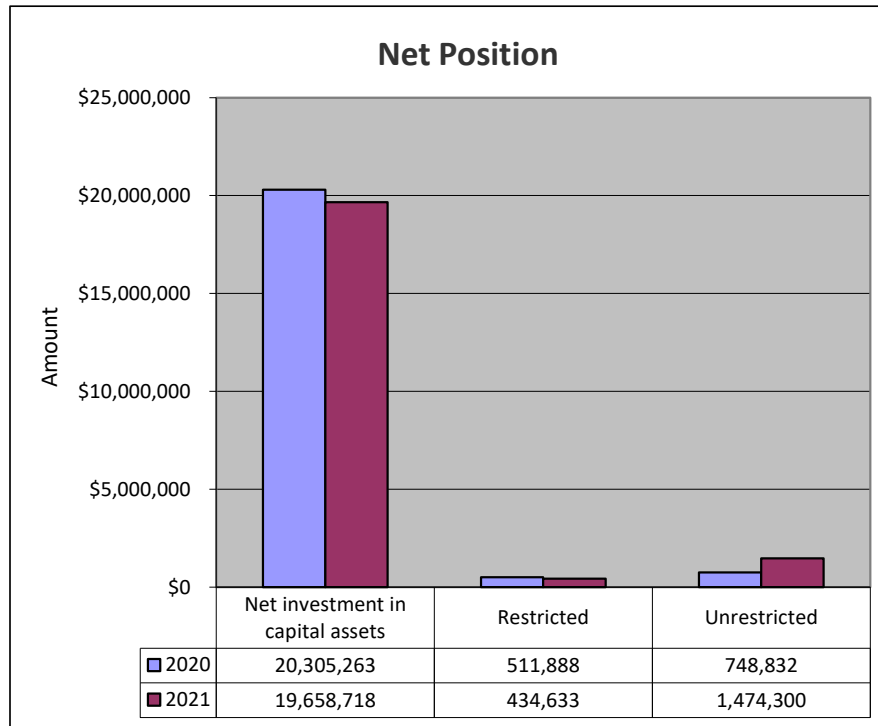
	June 30, 2021			June 30, 2020 (As Restated)		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 5,331,552	\$ 903,746	\$ 6,235,298	\$ 4,892,720	\$ 1,342,578	27.4%
Capital assets	11,265,501	13,044,326	24,309,827	25,294,619	(984,792)	-3.9%
Total assets	16,597,053	13,948,072	30,545,125	30,187,339	357,786	1.2%
Deferred outflows of resources	1,295,040	224,081	1,519,121	816,265	702,856	86.1%
Other liabilities	1,339,251	76,475	1,415,726	782,271	633,455	81.0%
Long-term liabilities	3,677,854	4,677,503	8,355,357	8,214,491	140,866	1.7%
Total liabilities	5,017,105	4,753,978	9,771,083	8,996,762	774,321	8.6%
Deferred inflows of resources	677,185	48,327	725,512	477,909	247,603	51.8%
Net position:						
Net investment in capital assets	10,925,985	8,732,733	19,658,718	20,305,263	(646,545)	-3.2%
Restricted	206,262	228,371	434,633	511,888	(77,255)	-15.1%
Unrestricted	1,065,556	408,744	1,474,300	748,832	725,468	96.9%
Total net position	\$ 12,197,803	\$ 9,369,848	\$ 21,567,651	\$ 21,565,983	\$ 1,668	0.0%

	June 30, 2020 (As Restated)		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 4,110,479	\$ 782,241	\$ 4,892,720
Capital assets	11,915,762	13,378,857	25,294,619
Total assets	16,026,241	14,161,098	30,187,339
Deferred outflows of resources	711,618	104,647	816,265
Other liabilities	761,010	21,261	782,271
Long-term liabilities	3,260,511	4,953,980	8,214,491
Total liabilities	4,021,521	4,975,241	8,996,762
Deferred inflows of resources	454,397	23,512	477,909
Net position:			
Net investment in capital assets	11,479,559	8,825,704	20,305,263
Restricted	227,098	284,790	511,888
Unrestricted	592,334	156,498	748,832
Total net position	\$ 12,298,991	\$ 9,266,992	\$ 21,565,983

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



The majority of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 2.0% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted. Overall, net position increased by \$1,668.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

The change in net position for the year ended June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's change in net position of \$3,847 for the year ended June 30, 2020. Changes in net position for the years ended June 30, 2021 and 2020, as restated, are as follows:

	2021			2020 (As Restated)		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Revenues						
Program revenues:						
Charges for services	\$ 662,690	\$ 1,399,715	\$ 2,062,405	\$ 2,031,588	\$ 30,817	1.5%
Operating grants and contributions	3,285,286	51,388	3,336,674	2,800,044	536,630	19.2%
Capital grants and contributions	22,630	-	22,630	230,817	(208,187)	-90.2%
General revenues:						
Property taxes, levied for general purposes	15,401,045	-	15,401,045	15,070,590	330,455	2.2%
Grants and contributions	14,787	-	14,787	15,029	(242)	-1.6%
Unrestricted investment earnings	39,229	-	39,229	66,659	(27,430)	-41.1%
Total revenues	19,425,667	1,451,103	20,876,770	20,214,727	662,043	3.3%
Expenses						
General government	2,121,837	-	2,121,837	2,069,313	52,524	2.5%
Public safety	851,375	-	851,375	918,614	(67,239)	-7.3%
Public works	1,654,872	-	1,654,872	1,328,661	326,211	24.6%
Health and social services	201,231	-	201,231	180,246	20,985	11.6%
Recreational services	379,750	-	379,750	406,823	(27,073)	-6.7%
Education	14,014,717	-	14,014,717	13,385,567	629,150	4.7%
Interest expense	9,179	-	9,179	7,565	1,614	21.3%
Sewers	-	1,642,141	1,642,141	1,752,813	(110,672)	-6.3%
Total expenses	19,232,961	1,642,141	20,875,102	20,049,602	825,500	4.1%
Changes in net position before transfers	192,706	(191,038)	1,668	165,125	(163,457)	-99.0%
Transfers, net	(293,894)	293,894	-	-	-	-
Change in net position	(101,188)	102,856	1,668	165,125	\$ (163,457)	-99.0%
Net position - beginning	12,298,991	9,266,992	21,565,983	21,400,858		
Net position - ending	\$ 12,197,803	\$ 9,369,848	\$ 21,567,651	\$ 21,565,983		

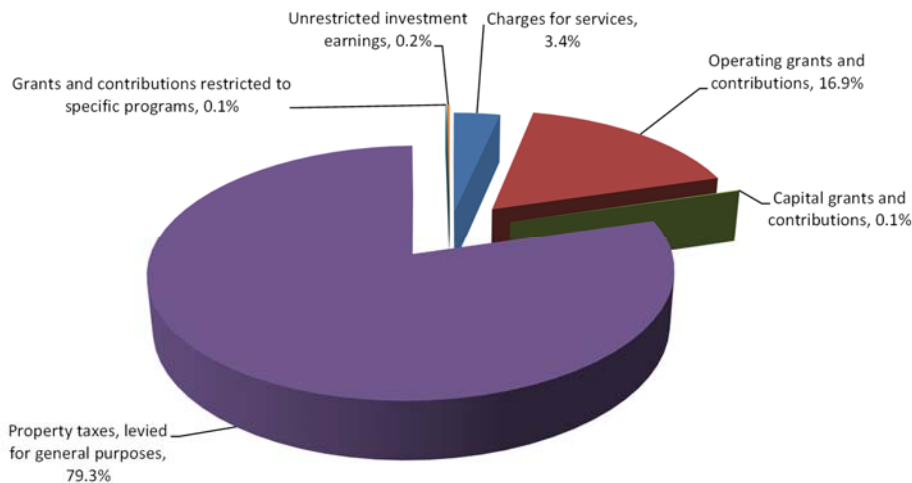
TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

	2020 (As Restated)		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 652,899	\$ 1,378,689	\$ 2,031,588
Operating grants and contributions	2,788,236	11,808	2,800,044
Capital grants and contributions	230,817	-	230,817
General revenues:			
Property taxes, levied for general purposes	15,070,590	-	15,070,590
Grants and contributions	15,029	-	15,029
Unrestricted investment earnings	66,659	-	66,659
Total revenues	<u>18,824,230</u>	<u>1,390,497</u>	<u>20,214,727</u>
Expenses			
General government	2,069,313	-	2,069,313
Public safety	918,614	-	918,614
Public works	1,328,661	-	1,328,661
Health and social services	180,246	-	180,246
Recreational services	406,823	-	406,823
Education	13,385,567	-	13,385,567
Interest expense	7,565	-	7,565
Sewers	-	1,752,813	1,752,813
Total expenses	<u>18,296,789</u>	<u>1,752,813</u>	<u>20,049,602</u>
Changes in net position before transfers	527,441	(362,316)	165,125
Transfers, net	(310,388)	310,388	-
Change in net position	<u>217,053</u>	<u>(51,928)</u>	<u>165,125</u>
Net position - beginning, as originally reported	12,067,260	9,318,920	21,386,180
Adjustments	14,678	-	14,678
Net position - beginning, as adjusted	<u>12,081,938</u>	<u>9,318,920</u>	<u>21,400,858</u>
Net position - ending	<u>\$ 12,298,991</u>	<u>\$ 9,266,992</u>	<u>\$ 21,565,983</u>

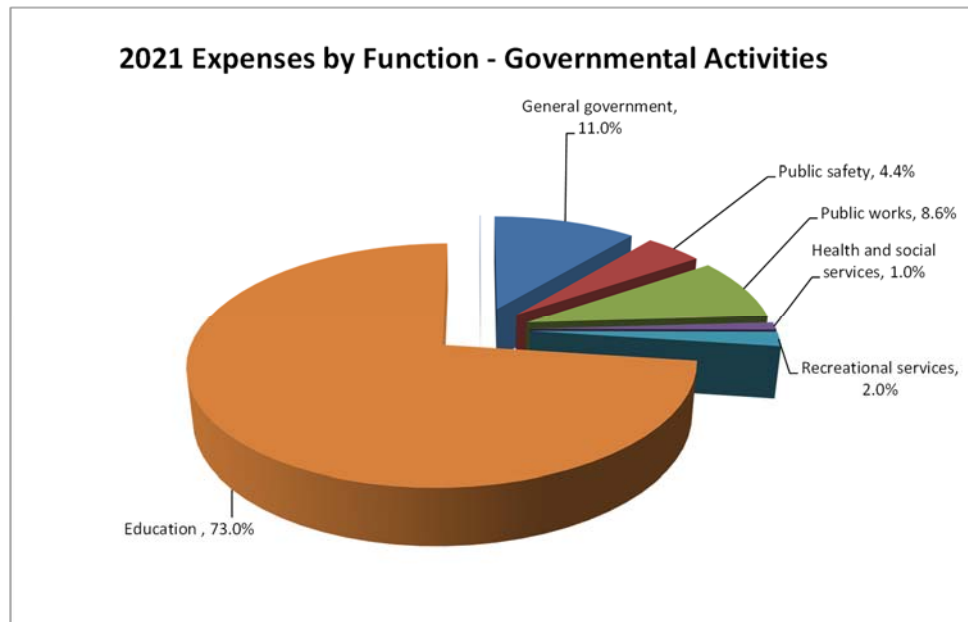
2021 Revenue by Source - Governmental Activities



TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



Governmental Activities

Governmental activities decreased the Town's net position by \$101,188. Revenues generated by the Town increased by \$601,437 or 3.2% in comparison to the prior year. Significant changes in revenues were as follows:

- an increase in operating grants and contributions of \$497,050 or 17.8% driven by an increase in the on-behalf contributions related to the Town's participation in the Connecticut Teachers' Retirement System, the receipt of non-recurring grants relating to reimbursement of costs incurred in response to natural disasters, and the classification of infrastructure improvement grants as operating in the current fiscal year due to the nature of costs incurred;
- an increase in property taxes of approximately \$330,455 or 2.2% primarily due to a 1.9% increase in the Town's mill rate;
- offset by a decrease in capital grants and contributions of approximately \$208 thousand due to the reclassification of grant revenues from capital to operating as previously discussed above.

Expenses increased by \$936,172 or 5.1% in comparison to the prior year. Significant changes in expenses consisted of an increase in public works expenses and education expenses. The increase in public works expenses is primarily due to an increase in non-capitalized road improvements. The increase in education expenses is primarily driven by increases in on-behalf pension and other post-employment expenses related to the Town's participation in the Connecticut Teachers' Retirement System.

Business-type Activities

Business-type activities increased the Town's net position by a current year change of \$102,856. Revenues increased by \$60,606 or 4.4%, in comparison to the prior year. Expenses decreased by \$110,672 or 6.3%, in comparison to the prior year.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,557,671, an increase of \$584,596 in comparison with the prior year. Of this amount, \$2,808,615 represents the total unassigned fund balance of the Town.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,811,095, while total fund balance was \$2,876,539. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.4% of the Town's final budgetary expenditure appropriations for the year ended June 30, 2021. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund budgetary expenditure appropriations.

The fund balance of the Town's General Fund increased by \$581,620 during the current fiscal year, as a direct result of favorable current year operating results, outlined in the General Fund Budgetary Highlights section below.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original operating budget for the General Fund planned for the use of fund balance in the amount of \$165,804. During the year, additional appropriations of \$42,908 were authorized from fund balance, resulting in a planned use of fund balance in the amount of \$208,712. The actual change in fund balance on a budgetary basis was an increase of \$607,030.

Revenues exceeded budgetary estimates by \$318,982, primarily as a result of favorable collections on property taxes, building permits, and conveyance taxes.

Expenditures were \$541,570 less than budgeted.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totaled \$24,309,827 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, infrastructure, and sewer plant and collection system. The Town's investment in capital assets decreased by \$984,792 or 3.9%.

This decrease can be attributed to various capital additions as outlined in further detail below, offset by current year depreciation expense.

Major governmental activities capital asset events during the current fiscal year included the following:

- An increase of approximately \$103 thousand in machinery and equipment primarily for the purchase of public safety equipment; and
- Depreciation expense of approximately \$802 thousand.

Major business-type activities capital asset events during the current fiscal year included the following:

- An increase of approximately \$40 thousand in construction in progress primarily for expenses incurred in connection with billing system upgrades;
- An increase of approximately \$39 thousand in machinery and equipment for expenses incurred relating to the purchase of a snowblower and supervisory control and data acquisition upgrades; and
- Depreciation expense of approximately \$414 thousand.

The following table is a two-year comparison of the investment in capital assets, net of accumulated depreciation:

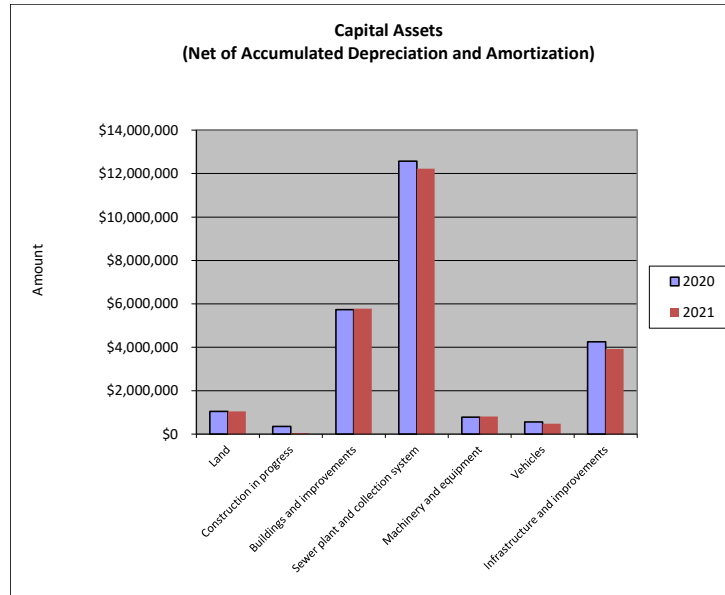
Capital Assets, Net			
June 30, 2021			
	Governmental Activities	Business-type Activities	Total
Land	\$ 684,688	\$ 360,214	\$ 1,044,902
Construction in progress	15,605	40,121	55,726
Buildings and improvements	5,778,257	-	5,778,257
Sewer plant and collection system	-	12,227,336	12,227,336
Machinery and equipment	440,561	374,058	814,619
Vehicles	430,738	42,597	473,335
Infrastructure and improvements	3,915,652	-	3,915,652
Totals	<u>\$ 11,265,501</u>	<u>\$ 13,044,326</u>	<u>\$ 24,309,827</u>

Capital Assets, Net			
June 30, 2020			
	Governmental Activities	Business-type Activities	Total
Land	\$ 684,688	\$ 360,214	\$ 1,044,902
Construction in progress	352,124	-	352,124
Buildings and improvements	5,735,231	-	5,735,231
Sewer plant and collection system	-	12,568,750	12,568,750
Machinery and equipment	383,258	393,617	776,875
Vehicles	508,335	56,276	564,611
Infrastructure and improvements	4,252,126	-	4,252,126
Totals	<u>\$ 11,915,762</u>	<u>\$ 13,378,857</u>	<u>\$ 25,294,619</u>

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$4,776,109, all of which is backed by the full faith and credit of the government. The Town's total debt decreased by \$323,331 or 6.3% due to scheduled debt repayments.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two-year comparison of long-term debt:

Long-term Debt
June 30, 2021

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 339,516	\$ -	\$ 339,516
Notes payable	-	4,311,593	4,311,593
Contract payable	125,000	-	125,000
Totals	<u>\$ 464,516</u>	<u>\$ 4,311,593</u>	<u>\$ 4,776,109</u>

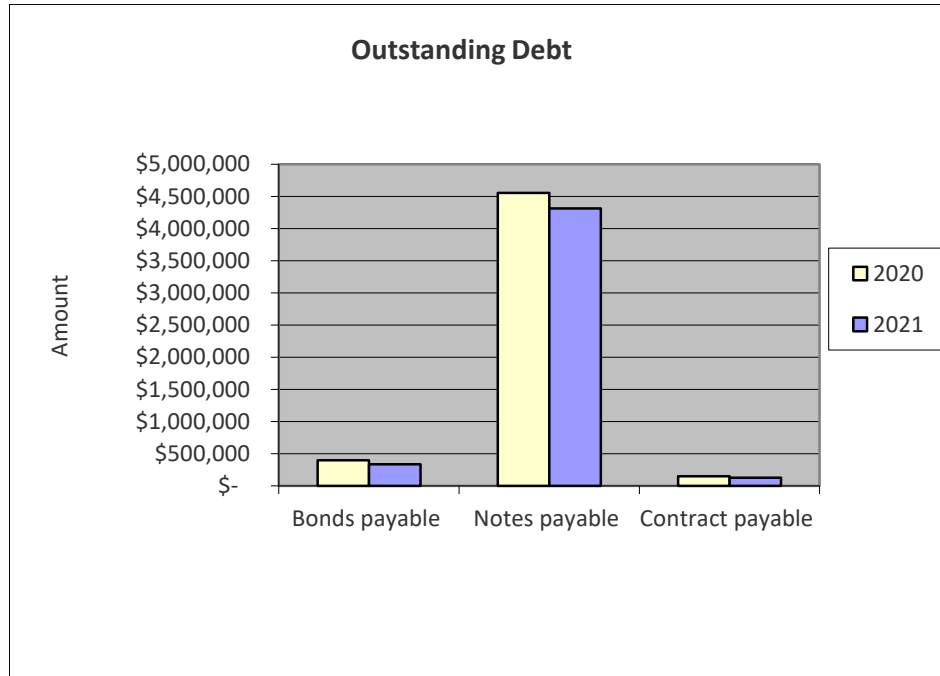
Long-term Debt
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 396,287	\$ -	\$ 396,287
Notes payable	-	4,553,153	4,553,153
Contract payable	150,000	-	150,000
Totals	<u>\$ 546,287</u>	<u>\$ 4,553,153</u>	<u>\$ 5,099,440</u>

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt *(Continued)*



Additional information on the Town's debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2022, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.
- In 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES *(Continued)*

All of these factors were considered in preparing the Town's budget for fiscal year 2022. The Town's fiscal year 2022 budget was approved at a Town Meeting on May 17, 2021. The fiscal year 2022 budget contemplated expenditures of \$19,279,257, an increase of \$1,022,319 or 5.6% over the original fiscal year 2021 budgeted expenditures. The approved mill rate for the fiscal year 2022 budget is 29.58, a decrease of 0.41 mills or 1.4% over the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the First Selectman, 174 Main Street, Town Hall, Deep River, CT 06417, Telephone (860) 526-6020.

BASIC FINANCIAL STATEMENTS

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,571,575	\$ 416,829	\$ 4,988,404
Receivables:			
Property taxes and interest, net	485,021	-	485,021
Sewer usage and assessments, net	-	94,593	94,593
Grants and contracts	112,142	30,589	142,731
Other	168,922	144,464	313,386
Inventories	6,733	-	6,733
Internal balances	(12,841)	12,841	-
Assessments, long-term	-	204,430	204,430
Capital assets:			
Non-depreciable	700,293	400,335	1,100,628
Depreciable, net	10,565,208	12,643,991	23,209,199
Total assets	<u>16,597,053</u>	<u>13,948,072</u>	<u>30,545,125</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related:			
CT Municipal Employees' Retirement System	58,760	-	58,760
Town and Fire Plans	1,208,699	224,081	1,432,780
OPEB related	27,581	-	27,581
Total deferred outflows of resources	<u>1,295,040</u>	<u>224,081</u>	<u>1,519,121</u>
LIABILITIES			
Accounts payable	442,374	76,475	518,849
Accrued liabilities	187,231	-	187,231
Unearned revenue	672,928	-	672,928
Due to others	36,718	-	36,718
Noncurrent liabilities:			
Due within one year	112,409	256,948	369,357
Due in more than one year	3,565,445	4,420,555	7,986,000
Total liabilities	<u>5,017,105</u>	<u>4,753,978</u>	<u>9,771,083</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related:			
CT Municipal Employees' Retirement System	19,382	-	19,382
Town and Fire Plans	323,296	48,327	371,623
OPEB related	334,507	-	334,507
Total deferred inflows of resources	<u>677,185</u>	<u>48,327</u>	<u>725,512</u>
NET POSITION			
Net investment in capital assets	10,925,985	8,732,733	19,658,718
Restricted for:			
Grant programs	206,262	-	206,262
Repayment of debt	-	228,371	228,371
Unrestricted	1,065,556	408,744	1,474,300
Total net position	<u>\$ 12,197,803</u>	<u>\$ 9,369,848</u>	<u>\$ 21,567,651</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
<i>Governmental activities:</i>							
General government	\$ 2,121,837	\$ 549,089	\$ 26,124	\$ -	\$ (1,546,624)	\$ -	\$ (1,546,624)
Public safety	851,375	72,658	1,210	-	(777,507)	-	(777,507)
Public works	1,654,872	-	360,997	22,630	(1,271,245)	-	(1,271,245)
Health and social services	201,231	-	52,487	-	(148,744)	-	(148,744)
Recreational services	379,750	34,141	4,820	-	(340,789)	-	(340,789)
Education	14,014,717	6,802	2,839,648	-	(11,168,267)	-	(11,168,267)
Interest expense	9,179	-	-	-	(9,179)	-	(9,179)
Total governmental activities	19,232,961	662,690	3,285,286	22,630	(15,262,355)	-	(15,262,355)
<i>Business-type activities:</i>							
Sewer	1,642,141	1,399,715	51,388	-	-	(191,038)	(191,038)
Total business-type activities	1,642,141	1,399,715	51,388	-	-	(191,038)	(191,038)
Total primary government	\$ 20,875,102	\$ 2,062,405	\$ 3,336,674	\$ 22,630	(15,262,355)	(191,038)	(15,453,393)
General revenues:							
Property taxes, levied for general purposes					15,401,045	-	15,401,045
Grants and contributions not restricted to specific programs					14,787	-	14,787
Income from investments					39,229	-	39,229
Transfers, net					(293,894)	293,894	-
Total general revenues					15,161,167	293,894	15,455,061
Change in net position					(101,188)	102,856	1,668
Net position - beginning, as originally reported					12,280,466	9,266,992	21,547,458
Cumulative effect of implementing new accounting standard (see Note 1)					18,525	-	18,525
Net position - beginning, as adjusted					12,298,991	9,266,992	21,565,983
Net position - ending					\$ 12,197,803	\$ 9,369,848	\$ 21,567,651

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,870,988	\$ 700,587	\$ 4,571,575
Receivables:			
Property taxes and interest, net	485,021	-	485,021
Grants and contracts	59,049	53,093	112,142
Other	82,125	86,797	168,922
Due from other funds	109,566	-	109,566
Inventories	-	6,733	6,733
Total assets	<u>\$ 4,606,749</u>	<u>\$ 847,210</u>	<u>\$ 5,453,959</u>
LIABILITIES			
Accounts payable	\$ 438,054	\$ 4,320	\$ 442,374
Accrued liabilities	182,453	-	182,453
Due to others	-	36,718	36,718
Due to other funds	12,841	109,566	122,407
Unearned revenue	657,454	15,474	672,928
Total liabilities	<u>1,290,802</u>	<u>166,078</u>	<u>1,456,880</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Property taxes and interest	439,408	-	439,408
Total deferred inflows of resources	<u>439,408</u>	<u>-</u>	<u>439,408</u>
FUND BALANCES			
Nonspendable	-	6,733	6,733
Restricted	-	206,262	206,262
Committed	26,317	470,617	496,934
Assigned	39,127	-	39,127
Unassigned	2,811,095	(2,480)	2,808,615
Total fund balances	<u>2,876,539</u>	<u>681,132</u>	<u>3,557,671</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,606,749</u>	<u>\$ 847,210</u>	<u>\$ 5,453,959</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balance for governmental funds	\$	3,557,671
---	----	-----------

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	684,688	
Construction in progress		15,605	
Buildings and improvements		14,111,937	
Machinery and equipment		1,326,494	
Vehicles		2,905,841	
Infrastructure and improvements		7,100,964	
Accumulated depreciation		<u>(14,880,028)</u>	
Total capital assets, net			11,265,501

Some of the Town's taxes, assessments, interest and usage receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		439,408
---	--	---------

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(4,778)	
Long-term debt:		
Bond payable	(339,516)	
Other long-term liabilities:		
Contract payable	(125,000)	
Compensated absences	(210,633)	
Post-closure landfill costs	(641,788)	
Net pension liabilities	(2,149,625)	
Total OPEB liability	<u>(211,292)</u>	
Total long-term liabilities		(3,682,632)

Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statements of net position.		<u>617,855</u>
--	--	----------------

Net position of governmental activities	\$	<u><u>12,197,803</u></u>
---	----	--------------------------

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 15,380,871	\$ -	\$ 15,380,871
Grants and contracts	2,486,613	279,117	2,765,730
Charges for services	628,737	56,583	685,320
Investment income	38,420	809	39,229
Other	199,764	18,835	218,599
Total revenues	<u>18,734,405</u>	<u>355,344</u>	<u>19,089,749</u>
EXPENDITURES			
Current:			
General government	1,797,757	18,637	1,816,394
Public safety	699,198	-	699,198
Public works	1,338,813	-	1,338,813
Health and social services	118,153	32,036	150,189
Recreational services	340,897	-	340,897
Education	13,164,425	361,134	13,525,559
Capital outlays	224,209	49,038	273,247
Debt service:			
Principal payments	56,771	-	56,771
Interest and fiscal charges	10,191	-	10,191
Total expenditures	<u>17,750,414</u>	<u>460,845</u>	<u>18,211,259</u>
Excess (deficiency) of revenues over expenditures	983,991	(105,501)	878,490
OTHER FINANCING SOURCES (USES)			
Transfers in	57,149	109,207	166,356
Transfers out	(459,520)	(730)	(460,250)
Total other financing sources (uses)	<u>(402,371)</u>	<u>108,477</u>	<u>(293,894)</u>
Net change in fund balances	581,620	2,976	584,596
Fund balances - beginning, as originally reported	2,294,919	659,631	2,954,550
Adjustments (see Note 1)	-	18,525	18,525
Fund balances - beginning, as adjusted	<u>2,294,919</u>	<u>678,156</u>	<u>2,973,075</u>
Fund balances - ending	<u>\$ 2,876,539</u>	<u>\$ 681,132</u>	<u>\$ 3,557,671</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	584,596
--	----	---------

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$	151,870	
Depreciation and amortization expense		(802,131)	
Net adjustment			(650,261)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:			
Bonds payable		56,771	
Contract payable		25,000	
Net adjustment			81,771

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in unavailable revenues.		20,174
---	--	--------

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount represents the effect of such items.

Accrued interest		1,012	
Compensated absences		41,518	
Net pension liabilities		(553,933)	
Total OPEB liability		13,301	
			(498,102)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2021

Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are amortized as a component of pension or OPEB expense in the statement of activities.	<u>\$ 360,634</u>
Change in net position of governmental activities	<u><u>\$ (101,188)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
AS OF JUNE 30, 2021

	Business-type Activities Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 416,829
Receivables:	
Assessments and interest, net	23,941
User charges and interest, net	70,652
Intergovernmental	30,589
Other	144,464
Due from other funds	12,841
Total current assets	<u>699,316</u>
Noncurrent assets:	
Receivables:	
Assessments	204,430
Capital assets:	
Non-depreciable	400,335
Depreciable, net	12,643,991
Total noncurrent assets	<u>13,248,756</u>
Total assets	<u>13,948,072</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>224,081</u>
LIABILITIES	
Current liabilities:	
Accounts payable	76,475
Compensated absences	10,193
Notes payable	246,755
Total current liabilities	<u>333,423</u>
Noncurrent liabilities:	
Compensated absences	91,739
Net pension liability	263,978
Notes payable	4,064,838
Total non-current liabilities	<u>4,420,555</u>
Total liabilities	<u>4,753,978</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>48,327</u>
NET POSITION	
Net investment in capital assets	8,732,733
Restricted for debt service	228,371
Unrestricted	408,744
Total net position	<u>\$ 9,369,848</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,399,715
Grants and contracts	51,388
Total operating revenues	<u>1,451,103</u>
OPERATING EXPENSES	
Salaries and benefits	352,415
Contracted services	19,507
Utilities	125,036
Operations	538,293
Safety	2,118
Laboratory	17,514
Replacement	23,489
Repairs and maintenance	41,194
Depreciation	413,822
Total operating expenses	<u>1,533,388</u>
Operating loss	(82,285)
NON-OPERATING EXPENSE	
Interest expense	<u>(108,753)</u>
Change in net position before transfers	(191,038)
TRANSFERS	
Transfers in - debt service	350,313
Transfers out - assessments	<u>(56,419)</u>
Total transfers	<u>293,894</u>
Change in net position	102,856
Net position - beginning	<u>9,266,992</u>
Net position - ending	<u><u>\$ 9,369,848</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Charges for services	\$ 1,470,900
Intergovernmental	29,357
Cash paid for the following:	
Payroll and benefits	(484,061)
Goods and services	(709,827)
Net cash provided by operating activities	<u>306,369</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Interfund activity	<u>(106,956)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	<u>(79,291)</u>
Net increase in cash and cash equivalents	120,122
Cash and cash equivalents, beginning of year	<u>296,707</u>
Cash and cash equivalents, end of year	<u><u>\$ 416,829</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (82,285)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	413,822
Changes in assets and liabilities:	
Decrease in receivables	49,154
Decrease in net pension liability and related deferred outflows and inflows	(113,406)
Decrease in compensated absences	(16,130)
Increase in accounts payable	55,214
Net cash provided by operating activities	<u><u>\$ 306,369</u></u>
SCHEDULE OF NON-CASH CAPITAL AND FINANCING ACTIVITIES	
Principal payments made by the General Fund	\$ 241,560
Interest payments made by the General Fund	108,753

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2021

	Pension Trust Funds
ASSETS	
Investments:	
Insurance contracts	\$ 1,590,634
Total assets	<u>1,590,634</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 1,590,634</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF CHANGES -
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 250,167
Total contributions	<u>250,167</u>
Investment earnings:	
Net change in the fair value of investments, net of fees	492,465
Interest and dividends	<u>388</u>
Total investment earnings	<u>492,853</u>
Total additions	<u>743,020</u>
DEDUCTIONS	
Benefit payments	2,167,769
Administrative expenses	<u>250</u>
Total deductions	<u>2,168,019</u>
Change in net position	(1,424,999)
Net position - beginning	<u>3,015,633</u>
Net position - ending	<u><u>\$ 1,590,634</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Deep River, Connecticut (the "Town"), conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town was incorporated in 1635. The Town is located on the Connecticut River and is seven miles north of Long Island Sound. The Town is traversed by Connecticut Routes 9, 80, 145, and 154. The Town operates under a Town Meeting form of government. The First Selectman serves as the Chief Executive Officer. The Town provides a full range of services including education, public safety, roads, sanitation, health, social services, culture and recreation, planning, zoning, and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Related Organizations

The Town is a member of the Lower Connecticut River Valley Council of Governments, which provides its member towns with access to transportation and land use planning services. The First Selectman of the Town serves on the Board of Directors of this organization.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

The Town reports the following major proprietary fund:

Sewer Fund - This fund is used to account for the operations of the Town's sewer systems.

In addition, the Town reports the following fiduciary fund type:

Pension Trust Fund - This fund type is used to account for the activities of the Town's Employees' Retirement System and the Firefighters' Retirement system, which accumulates resources for pension benefit payments to qualified employees.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are prepared 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 if they are collected 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 the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest have been recognized as revenues in the current fiscal year to the extent amounts have been collected by the end of the fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when the cash is received.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The proprietary and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund consist of sewer charges to customers for services. Operating expenses of the Town's enterprise fund include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of New Accounting Standards

Effective July 1, 2020, the Town implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (Statement No. 84). 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. Based on the application of Statement No. 84, the Town has recharacterized certain activities previously reported as fiduciary activities. The Town has reported the cumulative effect of applying Statement No. 84 as a restatement of its beginning net position and fund balances as follows:

	Governmental Activities	Governmental Funds
Net Position/Fund balance - beginning, as originally reported	\$ 12,280,466	\$ 2,954,550
Recharacterization of certain activities previously reported as fiduciary activities	<u>18,525</u>	<u>18,525</u>
Net Position/Fund balance - beginning, as adjusted	<u>\$ 12,298,991</u>	<u>\$ 2,973,075</u>

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in insurance contracts as described below.

Investments in insurance contracts consists of fixed and variable separate accounts. Investments in these types of contracts are measured by the Town at contract value, which approximates fair value.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance (Continued)

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years, at which time they cease to be carried as receivables. However, they remain valid claims for up to 15 years after being levied. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2021 of \$834,028 and \$118,414, respectively.

Sewer Charges

The Town operates a Main Street sewer pipeline and treatment facility. Upon completion of projects, sewer assessments are levied and assessed to the users annually over a 20-30 year period. Bills for sewer operation and maintenance are mailed to the owners of properties along the sewer line annually. Users can chose to pay the charge in a lump sum amount or receive a second billing installment. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible sewer usage fees of \$1,000 as of June 30, 2021.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements, and \$100,000 for infrastructure and an estimated useful life of in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds is included as part of the capitalized cost of the assets constructed.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance (Continued)

Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Land improvements	15-25
Buildings	20-75
Machinery and equipment	5-25
Infrastructure	50-100
Sewer plant	20-100
Sewer lines	60

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows and inflows of resources include deferred charges on pension and OPEB expenses reported in the government-wide financial statements. Deferred pension and OPEB expenses result from certain changes in the components of the Town's net pension and OPEB liabilities and are being amortized as a component of pension and OPEB expense on a systematic and rational basis.

Deferred inflows of resources also consists of revenues that are considered unavailable under the modified accrual basis of accounting. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement based on the provisions of negotiated contracts or other personnel policies. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources. Vested sick leave and accumulated vacation leave of proprietary funds are recorded as an expense and liability of those funds and the benefits accrue to employees. Compensated absences are generally paid out of the General Fund. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements in the current year to the extent they have matured (i.e. due to resignation or retirement).

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance (Continued)

Long-term Obligations

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

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

Net Position and Fund Balances

The government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows/inflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority of the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - 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.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances *(Continued)*

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance (Continued)

Interfund Activities (Continued)

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

Use of Estimates

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2021 is as follows:

Government-wide statement of net position	<u>\$ 4,988,404</u>
---	---------------------

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town 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. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$4,320,916 of the Town's bank balance of \$5,183,290 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,888,824
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>432,092</u>
	<u>\$ 4,320,916</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits (Continued)

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

A reconciliation of the Town's investments as of June 30, 2021 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Statement of fiduciary net position:	
Investments - pension trust funds	1,590,634
	<u>\$ 1,590,634</u>

As of June 30, 2021, the Town's fiduciary investments consisted of fixed and variable insurance contracts entered into with Empower Retirement. The insurance contracts are recorded at contract value, which approximates fair value.

Interest Rate Risk

With the exception of its pension funds, the Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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's fiduciary investments in insurance contracts are not evidenced by securities and are therefore not exposed to custodial credit risk.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut general statutes. Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2021, 100% of the Town's fiduciary investments were invested in insurance contracts entered into with Empower Retirement.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS

Capital asset activity for governmental activities the year ended June 30, 2021 consisted of the following:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 684,688	\$ -	\$ -	\$ 684,688
Construction in progress	352,124	29,038	(365,557)	15,605
Total capital assets, not being depreciated	<u>1,036,812</u>	<u>29,038</u>	<u>(365,557)</u>	<u>700,293</u>
Capital assets, being depreciated:				
Buildings and improvements	13,746,380	-	365,557	14,111,937
Machinery and equipment	1,223,662	102,832	-	1,326,494
Vehicles	2,905,841	-	-	2,905,841
Infrastructure and improvements	7,080,964	20,000	-	7,100,964
Total capital assets, being depreciated	<u>24,956,847</u>	<u>122,832</u>	<u>365,557</u>	<u>25,445,236</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	8,011,149	322,531	-	8,333,680
Machinery and equipment	840,404	45,529	-	885,933
Vehicles	2,397,506	77,597	-	2,475,103
Infrastructure and improvements	2,828,838	356,474	-	3,185,312
Total accumulated depreciation and amortization	<u>14,077,897</u>	<u>802,131</u>	<u>-</u>	<u>14,880,028</u>
Total capital assets, being depreciated, net	<u>10,878,950</u>	<u>(679,299)</u>	<u>365,557</u>	<u>10,565,208</u>
Governmental activities capital assets, net	<u>\$ 11,915,762</u>	<u>\$ (650,261)</u>	<u>\$ -</u>	<u>\$ 11,265,501</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 152,405
Public safety	128,341
Public works	312,831
Health and social services	16,042
Recreational services	24,064
Education	<u>168,447</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 802,131</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2021 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 360,214	\$ -	\$ -	\$ 360,214
Construction in progress	-	40,121	-	40,121
Total capital assets, not being depreciated	<u>360,214</u>	<u>40,121</u>	<u>-</u>	<u>400,335</u>
Capital assets, being depreciated:				
Sewer plant	6,581,152	-	-	6,581,152
Sewer collection system	13,289,841	-	-	13,289,841
Machinery and equipment	2,337,372	39,170	-	2,376,542
Vehicles	250,299	-	-	250,299
Total capital assets, being depreciated	<u>22,458,664</u>	<u>39,170</u>	<u>-</u>	<u>22,497,834</u>
Less accumulated depreciation and amortization for:				
Sewer plant	3,987,514	123,915	-	4,111,429
Sewer collection system	3,314,729	217,499	-	3,532,228
Machinery and equipment	1,943,755	58,729	-	2,002,484
Vehicles	194,023	13,679	-	207,702
Total accumulated depreciation and amortization	<u>9,440,021</u>	<u>413,822</u>	<u>-</u>	<u>9,853,843</u>
Total capital assets, being depreciated, net	<u>13,018,643</u>	<u>(374,652)</u>	<u>-</u>	<u>12,643,991</u>
Business-type activities capital assets, net	<u>\$ 13,378,857</u>	<u>\$ (334,531)</u>	<u>\$ -</u>	<u>\$ 13,044,326</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Other Governmental Funds	<u>\$ 109,566</u>
Business-Type Activities Funds:		
Sewer Fund	General Fund	<u>\$ 12,841</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Sewer Fund	\$ 56,419
	Other Governmental Funds	730
		<u>57,149</u>
Other Governmental Funds	General Fund	<u>109,207</u>
Total Transfers In - Governmental Funds		<u>\$ 166,356</u>
Business-Type Activities Funds:		
Sewer Fund	General Fund	<u>350,313</u>
Total Transfers in - Business-Type Activities Funds		<u>\$ 350,313</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

Changes in long-term debt for the year ended June 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Direct borrowings:					
General obligation bonds	\$ 396,287	\$ -	\$ (56,771)	\$ 339,516	\$ 56,771
Contract payable	150,000	-	(25,000)	125,000	25,000
	<u>\$ 546,287</u>	<u>\$ -</u>	<u>\$ (81,771)</u>	<u>\$ 464,516</u>	<u>\$ 81,771</u>
Business-type Activities					
Direct borrowings:					
Notes payable	<u>\$ 4,553,153</u>	<u>\$ -</u>	<u>\$ (241,560)</u>	<u>\$ 4,311,593</u>	<u>\$ 246,755</u>

The above liabilities have typically been liquidated by the General Fund.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Direct Borrowings

A summary of direct borrowings outstanding at June 30, 2021 is as follows:

Purpose	Fiscal Date of Issue	Original Amount	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities					
Bonds payable:					
General obligation bonds	2017	\$ 200,000	2.75%	2024	\$ 85,716
General obligation bonds	2020	282,000	2.75%	2030	253,800
					<u>339,516</u>
Contract payable	2018	250,000	0.00%	2026	125,000
					<u>\$ 464,516</u>
Business-type Activities:					
Notes Payable:					
USDA Rural Service bond	2016	2,910,000	2.625%	2056	\$ 2,688,724
USDA Rural Service bond	2016	144,000	2.625%	2056	133,050
USDA Rural Service bond	2016	605,000	2.25%	2056	555,386
					<u>3,377,160</u>
Clean Water Fund note	2006	3,375,000	2.00%	2026	934,433
					<u>\$ 4,311,593</u>

Annual debt service requirements to maturity on direct borrowings for governmental and business-type activities are as follows as of June 30, 2021:

Year ending June 30:	Governmental Activities			
	Bonds Payable		Contract	Total
	Principal	Interest	Payable	
2022	\$ 56,771	\$ 8,949	\$ 25,000	\$ 90,720
2023	56,771	7,387	25,000	89,158
2024	56,774	5,827	25,000	87,601
2025	28,200	4,266	25,000	57,466
2026	28,200	3,490	25,000	56,690
2027-2030	112,800	6,205	-	119,005
	<u>\$ 339,516</u>	<u>\$ 36,124</u>	<u>\$ 125,000</u>	<u>\$ 500,640</u>

Year ending June 30:	Business-type Activities		
	Notes Payable		Total
	Principal	Interest	
2022	\$ 246,755	\$ 103,555	\$ 350,310
2023	252,067	98,247	350,314
2024	257,489	92,824	350,313
2025	263,035	86,778	349,813
2026	234,887	81,641	316,528
2027-2031	362,892	373,788	736,680
2032-2036	411,807	324,873	736,680
2037-2041	467,342	269,338	736,680
2042-2046	530,385	206,295	736,680
2047-2051	601,963	134,717	736,680
2052-2056	682,971	53,448	736,419
	<u>\$ 4,311,593</u>	<u>\$ 1,825,504</u>	<u>\$ 6,137,097</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Contract Payable

The Town has entered into an agreement with a natural gas distribution company to partially offset the revenue requirement associated with the costs of construction of the natural gas pipeline. The Town agreed to contribute an amount of \$250,000 towards the project. As of June 30, 2021, the Town has made payments of \$125,000. The remaining balance of \$125,000 will be paid by the Town in equal annual installments of \$25,000.

Overlapping Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 4's (the "District") outstanding debt. At June 30, 2021, the outstanding indebtedness of the District was \$2,850,000. The Town of Deep River's share will be approximately 35.83% of the total or \$1,021,155. Such outstanding indebtedness represents debt of Regional School District No. 4 and its member towns. However, the Town is not required to record its share of the debt in the accompanying statement of net position.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2021.

NOTE 7 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 252,151	\$ 21,667	\$ (63,185)	\$ 210,633	\$ 30,638
Landfill closure and post-closure care	641,788	-	-	641,788	-
Net pension liabilities:					
Town Plan (See Note 9)	1,111,286	653,328	-	1,764,614	-
Fire Plan (See Note 9)	386,943	-	(110,585)	276,358	-
CT CMERS (See Note 9)	97,463	11,190	-	108,653	-
Total OPEB liability (See Note 10)	224,593	-	(13,301)	211,292	-
	<u>\$ 2,714,224</u>	<u>\$ 686,185</u>	<u>\$ (187,071)</u>	<u>\$ 3,213,338</u>	<u>\$ 30,638</u>
Business-type Activities					
Compensated absences	\$ 118,062	\$ 5,805	\$ (21,935)	\$ 101,932	\$ 10,193
Net pension liability - Town Plan (See Note 9)	282,765	-	(18,787)	263,978	-
	<u>\$ 400,827</u>	<u>\$ 5,805</u>	<u>\$ (40,722)</u>	<u>\$ 365,910</u>	<u>\$ 10,193</u>

Landfill Closure and Post-closure Care Liability

State and federal laws and regulations require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for landfill post-closure care costs has a balance of approximately \$641,788 as of June 30, 2021. The liability is accrued in the governmental activities. The estimated total current cost of landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2021. However, costs may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 8 - FUND BALANCE

As of June 30, 2021, fund balances have been classified based on the following purposes:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventories	\$ -	\$ 6,733	\$ 6,733
Restricted for:			
Grant programs	-	37,240	37,240
School lunch program	-	67,934	67,934
Student activities	-	19,520	19,520
Social services programs	-	81,568	81,568
Committed to:			
Incubator building fund	-	167,897	167,897
Other purposes	-	1,561	1,561
Capital projects	-	301,159	301,159
Library operations	26,317	-	26,317
Assigned to:			
General government - encumbrances	39,127	-	39,127
Unassigned	2,811,095	(2,480)	2,808,615
	<u>\$ 2,876,539</u>	<u>\$ 681,132</u>	<u>\$ 3,557,671</u>

Fund Balance Deficits

As of June 30, 2021, the Veterans Fund, a nonmajor special revenue fund, has a deficit fund balance of \$2,480. This deficit is expected to be eliminated from future revenue sources.

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Defined Benefit Plans

Plan Description and Administration

The Town is the administrator of the following two single employer, defined benefit pension plans: the *Town of Deep River Employees' Retirement Plan* and *Town of Deep River Firefighters' Retirement Plan* (the "Plans"). The Town Employee Retirement Plan covers substantially all full time employees and noncertified Board of Education employees. The Firefighters' Retirement Plan covers volunteer firefighters. The Plans were established through ordinances. Plan administration and management is vested in the Pension Committee. The Pension Committee makes recommendations for plan provisions, which are approved by the Boards of Selectmen, Finance, and Town meeting. The pension plans are included in the financial statements individually since the assets from one plan may not be used to pay benefits or refunds of any plan member or beneficiary from the other. Balances of the Plans as of and for the year ended June 30, 2021 are accounted for in the fiduciary fund financial statements as pension trust funds. Separate, stand-alone reports are not issued.

Plan Membership

Town Employees' Pension Plan

Employees of the Town and the Board of Education, excluding those employees participating in the State Teachers' Retirement System, who work at least 1,000 hours a year are eligible to participate in the Plan on the July 1 following the attainment of age 21 and the completion of one year of service. After four years of service, benefits are 40% vested and increase 10% for each year up to ten years, at which time benefits are 100% vested.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Volunteer Firefighters' Retirement Plan

All active volunteer firefighter personnel are eligible to participate in the Plan on the July 1 following the attainment of age 21 and the completion of one year of credited service. After ten years of service, benefits are 50% vested and increase 10% for each year up to fifteen years, at which time benefits are 100% vested.

Membership of the Plans consisted of the following as of the date of the latest actuarial valuations:

	Town Plan	Volunteer Firefighters Plan
Retirees and beneficiaries receiving benefits	1	21
Terminated plan members entitled to but not yet receiving benefits	8	5
Active plan members	14	29
	<u>23</u>	<u>55</u>

Benefit Provisions

Town Employees' Pension Plan

The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. Employees must complete twelve months of service and attain a minimum age of twenty-one to be eligible for the plan. Participants are vested after ten years of service. Certain administrative expenses are funded by investment earnings. Normal retirement age is 65 and 5 years of participation. Early retirement age is 55 and 20 years of service.

Early retirement benefits shall be actuarially reduced for early commencement. In June 2020, the plan was amended to include partial retirement benefits.

Volunteer Firefighters' Retirement Plan

The plan covers substantially all active volunteer firefighters of the Deep River Volunteer Fire Department. In order to be eligible for the plan, the employee must complete one year of service and attain a minimum age of twenty-one. Certain administrative expenses are funded by investment earnings. The monthly retirement benefit to be provided for an original participant who elects the original benefit shall be equal to \$15 per month of credited service (up to a maximum of 20 years).

Normal retirement age is 65 and 10 years of participation. Early retirement age is 55 and 10 years of service.

Contributions

Recommended contributions to the plans are determined each year as part of the actuarial valuation using the projected unit credit cost method. The Town's contribution to the Town Plan totaled \$201,608. The Town's contribution to the Volunteer Firefighters' Plan totaled \$48,559.

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

Summary of Significant Accounting Policies (Continued)

Investments - Investments consist of investments in fixed and variable insurance contracts and are recorded at contract value, which approximates fair value. 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 each plan.

Concentrations - As of June 30, 2021, 100% of each plans' investments were in insurance contracts entered into with Empower Retirement.

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on the Town Plan's and the Volunteer Firefighters' Plan's investments, net of investment expense, was 25.51% and 28.27%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liabilities

The components of the Town's net pension liabilities for each of its plans as of June 30, 2021, were as follows:

	Town Plan	Volunteer Firefighters Plan	Total
Total pension liability	\$ 2,968,437	\$ 927,147	\$ 3,895,584
Plan fiduciary net position	939,845	650,789	1,590,634
Net pension liability	<u>\$ 2,028,592</u>	<u>\$ 276,358</u>	<u>\$ 2,304,950</u>
Plan fiduciary net position as a percentage of the total pension liability	31.66%	70.19%	

The components of the changes in the net pension liability for each of the plans for the year ended June 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2020	\$ 3,897,965	\$ 2,503,914	\$ 1,394,051
Changes for the year:			
Service cost	54,216	-	54,216
Interest	170,721	-	170,721
Differences between expected and actual experience	909,224	-	909,224
Change in assumption	50,111	-	50,111
Contributions - employer	-	201,608	(201,608)
Net investment income	-	348,373	(348,373)
Benefit payments, including refunds	(2,113,800)	(2,113,800)	-
Administrative expense	-	(250)	250
Net changes	<u>(929,528)</u>	<u>(1,564,069)</u>	<u>634,541</u>
Balance as of June 30, 2021	<u>\$ 2,968,437</u>	<u>\$ 939,845</u>	<u>\$ 2,028,592</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

Net Pension Liabilities (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Volunteer Firefighters' Plan			
Balance as of June 30, 2020	\$ 898,662	\$ 511,719	\$ 386,943
Changes for the year:			
Service cost	8,808	-	8,808
Interest	52,301	-	52,301
Differences between expected and actual experience	1,017	-	1,017
Change in assumption	20,328	-	20,328
Contributions - employer	-	48,559	(48,559)
Net investment income	-	144,480	(144,480)
Benefit payments, including refunds	(53,969)	(53,969)	-
Net changes	28,485	139,070	(110,585)
Balance as of June 30, 2021	<u>\$ 927,147</u>	<u>\$ 650,789</u>	<u>\$ 276,358</u>

Actuarial Assumptions - The Town's net pension liabilities were measured as of June 30, 2021. The total pension liabilities were determined by actuarial valuations as of July 1, 2021 for each plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Volunteer Firefighters' Plan
Inflation	2.25%	2.25%
Salary increases, including inflation	3.00%	Not applicable
Investment rate of return, including inflation	6.00%	6.00%
Discount rate	6.00%	6.00%

Mortality rates were based on the RP-2014 with MP-2020 mortality improvements. The long-term expected rate of returns on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	Town Plan	Volunteer Firefighters' Plan	Town Plan	Volunteer Firefighters' Plan
Insurance contracts	100.00%	100.00%	6.00%	6.00%

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

Net Pension Liabilities (Continued)

Discount rate - The discount rate used to measure the total pension liability for the Town Plan and the Volunteer Firefighters' Plan was 6.00%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, each 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 each plan's investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the net pension liabilities of the Town, calculated using the current discount rate for each plan as well as what the Town's net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
Town Plan - Net pension liability	\$ 2,197,809	\$ 2,028,592	\$ 1,872,619
Firefighters Plan - Net pension liability	389,260	276,358	182,291
	<u>\$ 2,587,069</u>	<u>\$ 2,304,950</u>	<u>\$ 2,054,910</u>

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the Town recognized pension expense of \$315,238 for the Town Plan and \$41,192 for the Volunteer Firefighters' Plan. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to each plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Town Plan:			
Difference between expected and actual experience	\$ 1,147,537	\$ (49)	\$ 1,147,488
Changes of assumptions	86,290	(36,544)	49,746
Difference between projected and actual earnings on plan investments	-	(229,505)	(229,505)
	<u>1,233,827</u>	<u>(266,098)</u>	<u>967,729</u>
Volunteer Firefighters' Plan:			
Difference between expected and actual experience	91,931	(6,215)	85,716
Changes of assumptions	107,022	(4,648)	102,374
Difference between projected and actual earnings on plan investments	-	(94,662)	(94,662)
	<u>198,953</u>	<u>(105,525)</u>	<u>93,428</u>
Total Deferred Outflows and Inflows of Resources	<u>\$ 1,432,780</u>	<u>\$ (371,623)</u>	<u>\$ 1,061,157</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)*

Amounts reported as deferred outflows and inflows of resources related to each of the Town's plans will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	Town Plan	Volunteer Firefighters' Plan	Net
2022	\$ 160,091	\$ 3,548	\$ 163,639
2023	175,586	6,652	182,238
2024	178,600	7,470	186,070
2025	116,513	6,996	123,509
2026	130,022	29,832	159,854
Thereafter	206,917	38,930	245,847
	<u>\$ 967,729</u>	<u>\$ 93,428</u>	<u>\$ 1,061,157</u>

Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's plans as of and for the year ended June 30, 2021.

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments:			
Insurance contracts	\$ 939,845	\$ 650,789	\$ 1,590,634
Total assets	<u>939,845</u>	<u>650,789</u>	<u>1,590,634</u>
NET POSITION			
Restricted for:			
Pension benefits	<u>\$ 939,845</u>	<u>\$ 650,789</u>	<u>\$ 1,590,634</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plans (Continued)

Plan Financial Statements (Continued)

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 201,608	\$ 48,559	\$ 250,167
Investment earnings:			
Net change in the fair value of investments, net of fees	347,985	144,480	492,465
Interest and dividends	388	-	388
Total investment earnings	348,373	144,480	492,853
Total additions	549,981	193,039	743,020
DEDUCTIONS			
Benefit payments	2,113,800	53,969	2,167,769
Administrative expenses	250	-	250
Total deductions	2,114,050	53,969	2,168,019
Change in net position	(1,564,069)	139,070	(1,424,999)
Net pension restricted for pension benefits:			
Beginning of year	2,503,914	511,719	3,015,633
End of year	\$ 939,845	\$ 650,789	\$ 1,590,634

Connecticut Municipal Employees' Retirement System

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Certain employees of the Town's school district are eligible to participate in CMERS and are classified within the general employees with social security sub plan. The following disclosures have been provided for this sub plan.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - All full-time employees of the Town, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security.

Benefits provided - The Plan provides retirement, disability and death benefits as defined in the Statutes. General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active non-continuous service. Employees under the age of 55 are eligible to retire with 25 years of service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members covered by social security, the benefit is 1.5% of the average final compensation not in excess of the year's breakpoint plus 2.0% 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, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of 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. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability. The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute 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. There is also an administrative fee per active and retired member.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.0% of compensation, if any, in excess of such base.

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Collective Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2020 was \$1.1 billion, the most recent available reporting provided by the Board. The collective net pension liability of the CMERS sub plan for general employees with social security was \$392.7 million as of June 30, 2020. The portion that was associated with the Town totaled approximately \$108,653 or approximately 0.028% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The portion of the net pension liability associated with the Town was based on the 2020 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Target Expected Real Rate of Return</u>
Domestic Equity	20.0%	5.3%
Developed Market International	11.0%	5.1%
Emerging Market International	9.0%	7.4%
Core Fixed Income	16.0%	1.6%
Inflation Linked Bond	5.0%	1.3%
Emerging Market Debt	5.0%	2.9%
High Yield Bond	6.0%	3.4%
Real Estate	10.0%	4.7%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	3.2%
Liquidity Fund	1.0%	0.9%
	<u>100.0%</u>	

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

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the collective net pension liability for the general employees with social security sub plan calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Proportionate share of the collective net pension liability	\$ 152,032	\$ 108,653	\$ 72,075

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the Town recognized a pension expense benefit related to the CMERS of \$29,234. At June 30, 2021, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ 7,199	\$ (13,891)	\$ (6,692)
Difference between projected and actual earnings on pension plan investments	11,402	-	11,402
Change of assumptions	17,890	-	17,890
Contributions paid to the CMERS subsequent to the measurement date	7,118	-	7,118
Other	15,151	(5,491)	9,660
	<u>\$ 58,760</u>	<u>\$ (19,382)</u>	<u>\$ 39,378</u>

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

Year ended June 30,	
2022	\$ 14,813
2023	16,856
2024	5,054
2025	2,655
	<u>\$ 39,378</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Plan Description *(Continued)*

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

Benefit Provisions

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

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Contributions (Continued)

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net pension liability at June 30, 2020 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the 2020 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.032% as of the most recent measurement date.

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2020, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 18,846,090,000</u>
	Proportion	Proportionate Share
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.032%	<u>\$ 5,978,000</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$383,415 or 0.032% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2021.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$856,263 or 0.032% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3.0% and a maximum of 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Long-Term Rate of Return (Continued)

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100%	

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 the State 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.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Board of Education Other Post-Employment Benefits Plan

Plan Description

The Town offers post-retirement medical and dental benefits to eligible retirees and their spouses through the Board of Education's single employer defined benefit group health insurance plan (the "Plan"), which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the union representing Town employees. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits Provided

The OPEB Plan provides for medical, prescription, dental and vision insurance benefits to eligible retirees, spouses and beneficiaries. Contributions requirements of the plan members are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, plan members are required to contribute 100% of their healthcare premiums to the Town, less any reimbursements received by the Town from the State Retirement Board. The Town finances the plan on a pay-as-you-go-basis.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Board of Education Other Post-Employment Benefits Plan (Continued)

Employees Covered by Benefit Terms

As of July 1, 2021, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	42
Active participants	12
Total	54

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2021 totaled \$211,292. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Discount rate	2.18% as of June 30, 2021
	2.66% as of June 30, 2020
Healthcare cost trend rates	8.00% decreasing by 0.50% per year, 4.00% ultimate rate

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP-2014 adjusted to 2006 with MP-2020 Mortality Improvements Table.

	Total OPEB Liability
Balance as of June 30, 2020	\$ 224,593
Changes for the year:	
Service cost	10,000
Interest	5,974
Differences between expected and actual experience	(35,727)
Change in assumption	6,452
Net changes	(13,301)
Balance as of June 30, 2021	\$ 211,292

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Board of Education Other Post-Employment Benefits Plan (Continued)

Total OPEB Liability (Continued)

Changes of assumptions primarily reflects a change in the discount rate from 2.66% to 2.18%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 225,871	\$ 211,292	\$ 198,214

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

	<u>1% Decrease In Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase In Trend Rates</u>
Total OPEB Liability	\$ 199,442	\$ 211,292	\$ 224,182

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the Town recognized negative OPEB expense of \$(5,951). As of June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Difference between expected and actual experience	\$ 13,069	\$ (321,556)	\$ (308,487)
Changes in assumptions	14,512	(12,951)	1,561
	<u>\$ 27,581</u>	<u>\$ (334,507)</u>	<u>\$ (306,926)</u>

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

Year ended June 30,	
2022	\$ (21,925)
2023	(21,925)
2024	(21,925)
2025	(21,925)
2026	(21,925)
Thereafter	(197,301)
	<u>\$ (306,926)</u>

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue 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).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Contributions

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

Employers - School District employers are not required to make contributions to the Plan.

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

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net OPEB liability at June 30, 2020 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2020, the date of the latest biennial valuation. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.032% as of the most recent measurement date.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2020, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,810,895,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.032%	<u>\$ 892,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$9,253 or 0.032% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2021.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled \$31,930 or 0.032% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 11 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2021, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims that exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred 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.

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Medical Health Insurance Fund

The Town's school district participates in a medical health insurance fund, which is maintained by Regional School District No. 4. The fund accounts for and finances the retained risk of loss for member Town employee medical benefits coverage. A third party administers the plan for which the fund pays a fee. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$150,000 for each insured occurrence. In addition to Regional School District No. 4, the participating members are the Town of Chester Board of Education, the Town of Essex Board of Education and the Regional Supervision District Board of Education. Members may be subject to additional assessments in the event of a deficiency.

NOTE 12 - OTHER RETIREMENT PLANS

403(b) Plan

The Town's Board of Education offers those who are eligible for benefits, a retirement savings plan created in accordance with Internal Revenue Code Section 403(b). Employees eligible include members of the Municipal Employee Union, SEIU Local 506 (paraprofessionals) and administrators. The Town's Board of Education is required to match employees' contributions up to a maximum of 5.0% of their base pay only, on a before-tax basis. The District's contribution totaled \$2,211 for the year ended June 30, 2021.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 12 - OTHER RETIREMENT PLANS *(Continued)*

Deferred Compensation Plan

The Town offers all employees who are eligible for benefits a deferred compensation plan created by the State of Connecticut in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Town has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

Money Purchase Defined Contribution Pension Plan

The Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and reward such contributions by providing retirement benefits to eligible participants under this plan. All amounts contributed to the plan are invested under a group annuity investment contract issued by an insurance company. For purposes of the plan, the group annuity investment contract serves as the Plan's trust and the Town is treated as the plan's trustee. The plan operates on a fiscal year ending June 30. All Town of Deep River employees are eligible to participate in the plan. There is no minimum age or service requirement to participate in the plan. The Town contributes 5% of the employee's salary to the plan. Employees are not permitted to contribute to the plan. Town contributions for the year ended June 30, 2021 were approximately \$15,000. Participants vest in accordance with the following schedule in regards to Town contributions:

<u>Years of Service</u>	<u>Vested Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

In addition, participants become 100% vested in their Town contribution account upon retirement, death, or becoming totally and permanently disabled. Normal retirement age under the plan is 65 years.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received federal awards and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be material.

As of June 30, 2021, the Town has recorded \$39,127 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2021.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement that relate to the accounting and reporting of Section 457 plans are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 15,254,438	\$ 15,254,438	\$ 15,380,871	\$ 126,433
Intergovernmental	2,226,276	2,226,276	2,075,652	(150,624)
Charges for services	503,880	503,880	869,647	365,767
Investment income	61,000	61,000	38,406	(22,594)
Total revenues	18,045,594	18,045,594	18,364,576	318,982
EXPENDITURES				
Current:				
General government	1,883,600	1,906,223	1,830,607	(75,616)
Public safety	728,411	748,224	707,933	(40,291)
Public works	1,353,370	1,353,370	1,312,480	(40,890)
Health and social services	118,686	118,686	118,153	(533)
Recreational services	387,092	387,092	326,931	(60,161)
Education	12,972,615	12,972,620	12,870,329	(102,291)
Capital outlays	396,355	396,355	174,568	(221,787)
Debt service	416,809	417,276	417,275	(1)
Total expenditures	18,256,938	18,299,846	17,758,276	(541,570)
Excess (deficiency) of revenues over expenditures	(211,344)	(254,252)	606,300	860,552
OTHER FINANCING SOURCES				
Transfers in	45,540	45,540	730	(44,810)
Appropriation of fund balance	165,804	208,712	-	(208,712)
Total other financing sources	211,344	254,252	730	(253,522)
Net change in fund balance	\$ -	\$ -	\$ 607,030	\$ 607,030

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
TOWN PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 54,216	\$ 90,034	\$ 92,780	\$ 103,534	\$ 116,192	\$ 129,162	\$ 130,425	\$ 127,970
Interest	170,721	238,833	255,429	245,317	222,391	192,973	194,320	183,873
Differences between expected and actual experience	909,224	262,352	53,522	(109)	90,742	269,406	99,116	22,046
Changes of assumptions	50,111	(44,583)	(12,825)	59,981	-	46,030	-	-
Benefit payments, including refunds	(2,113,800)	(940,001)	(368,872)	(125,000)	-	(591,074)	(301,569)	(17,968)
Net change in total pension liability	(929,528)	(393,365)	20,034	283,723	429,325	46,497	122,292	315,921
Total pension liability - beginning	3,897,965	4,291,330	4,271,296	3,987,573	3,558,248	3,511,751	3,389,459	3,073,538
Total pension liability - ending	2,968,437	3,897,965	4,291,330	4,271,296	3,987,573	3,558,248	3,511,751	3,389,459
Plan fiduciary net position:								
Contributions - employer	201,608	200,442	213,798	221,448	262,455	296,968	455,724	208,548
Net investment income	348,373	154,411	212,086	242,032	259,926	(14,710)	40,074	316,336
Benefit payments, including refunds	(2,113,800)	(940,001)	(368,872)	(125,000)	-	(591,074)	(301,569)	(17,968)
Administrative expense	(250)	-	(250)	(1,770)	-	-	-	-
Net change in plan fiduciary net position	(1,564,069)	(585,148)	56,762	336,710	522,381	(308,816)	194,229	506,916
Plan fiduciary net position - beginning	2,503,914	3,089,062	3,032,300	2,695,590	2,173,209	2,482,025	2,287,796	1,780,880
Plan fiduciary net position - ending	939,845	2,503,914	3,089,062	3,032,300	2,695,590	2,173,209	2,482,025	2,287,796
Town's net pension liability	\$ 2,028,592	\$ 1,394,051	\$ 1,202,268	\$ 1,238,996	\$ 1,291,983	\$ 1,385,039	\$ 1,029,726	\$ 1,101,663
Plan fiduciary net position as a percentage of total pension liability	31.66%	64.24%	71.98%	70.99%	67.60%	61.08%	70.68%	67.50%
Covered payroll	\$ 962,891	\$ 1,227,389	\$ 1,408,146	\$ 1,521,485	\$ 1,494,780	\$ 1,472,759	\$ 1,513,578	\$ 1,523,697
Town's net pension liability as a percentage of covered payroll	210.68%	113.58%	85.38%	81.43%	86.43%	94.04%	68.03%	72.30%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
TOWN PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 201,608	\$ 200,442	\$ 213,548	\$ 220,691	\$ 262,962	\$ 239,778	\$ 260,189	\$ 267,568
Contributions in relation to the actuarially determined contribution	<u>201,608</u>	<u>200,442</u>	<u>213,548</u>	<u>221,448</u>	<u>262,455</u>	<u>296,968</u>	<u>455,724</u>	<u>208,548</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (757)</u>	<u>\$ 507</u>	<u>\$ (57,190)</u>	<u>\$ (195,535)</u>	<u>\$ 59,020</u>
Covered payroll	\$ 962,891	\$ 1,227,389	\$ 1,408,146	\$ 1,521,485	\$ 1,494,780	\$ 1,472,759	\$ 1,513,578	\$ 1,523,697
Contributions as a percentage of covered payroll	20.94%	16.33%	15.17%	14.55%	17.56%	20.16%	30.11%	13.69%
Annual money-weighted rate of return, net of investment expense	25.51%	4.97%	7.25%	9.12%	11.96%	2.40%	1.69%	Not available

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
FIREFIGHTERS' PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 8,808	\$ 9,186	\$ 8,813	\$ 10,501	\$ 10,751	\$ 5,376	\$ 4,174	\$ 1,997
Interest	52,301	54,211	49,516	46,705	43,154	38,239	37,191	34,578
Differences between expected and actual experience	1,017	(7,549)	64,354	15,299	43,868	9,362	11,822	37,759
Changes of assumptions	20,328	(3,266)	(2,656)	17,344	-	166,978	-	-
Benefit payments, including refunds	(53,969)	(42,601)	(47,211)	(42,541)	(39,352)	(39,352)	(39,352)	(39,352)
Net change in total pension liability	28,485	9,981	72,816	47,308	58,421	180,603	13,835	34,982
Total pension liability - beginning	898,662	888,681	815,865	768,557	710,136	529,533	515,698	480,716
Total pension liability - ending	927,147	898,662	888,681	815,865	768,557	710,136	529,533	515,698
Plan fiduciary net position:								
Contributions - employer	48,559	45,287	61,786	-	20,734	48,729	25,500	22,061
Net investment income	144,480	26,455	29,983	41,732	47,316	(716)	6,710	59,413
Benefit payments, including refunds	(53,969)	(42,601)	(47,211)	(42,541)	(39,352)	(39,352)	(39,352)	(39,352)
Administrative expense	-	-	-	(1,678)	-	-	-	-
Net change in plan fiduciary net position	139,070	29,141	44,558	(2,487)	28,698	8,661	(7,142)	42,122
Plan fiduciary net position - beginning	511,719	482,578	438,020	440,507	411,809	403,148	410,290	368,168
Plan fiduciary net position - ending	650,789	511,719	482,578	438,020	440,507	411,809	403,148	410,290
Town's net pension liability	\$ 276,358	\$ 386,943	\$ 406,103	\$ 377,845	\$ 328,050	\$ 298,327	\$ 126,385	\$ 105,408
Plan fiduciary net position as a percentage of total pension liability	70.19%	56.94%	54.30%	53.69%	57.32%	57.99%	76.13%	79.56%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
FIREFIGHTERS' PENSION PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 48,559	\$ 45,287	\$ 40,052	\$ 32,841	\$ 56,388	\$ 32,254	\$ 36,104	\$ 36,507
Contributions in relation to the actuarially determined contribution	<u>48,559</u>	<u>45,287</u>	<u>61,786</u>	<u>-</u>	<u>20,734</u>	<u>48,729</u>	<u>25,550</u>	<u>22,061</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,734)</u>	<u>\$ 32,841</u>	<u>\$ 35,654</u>	<u>\$ (16,475)</u>	<u>\$ 10,554</u>	<u>\$ 14,446</u>
Annual money-weighted rate of return, net of investment expense	28.27%	5.34%	6.85%	9.92%	12.00%	-0.18%	1.66%	Not available

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.028%	0.026%	0.011%	0.020%	0.012%	0.015%	0.009%
Town's proportionate share of the collective net pension liability	<u>\$ 108,653</u>	<u>\$ 97,463</u>	<u>\$ 40,246</u>	<u>\$ 33,330</u>	<u>\$ 39,575</u>	<u>\$ 29,465</u>	<u>\$ 22,138</u>
Town's covered payroll	\$ 48,000	\$ 49,000	\$ 46,000	\$ 49,000	\$ 48,000	\$ 48,000	\$ 48,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	226.4%	198.9%	87.5%	68.0%	82.4%	61.4%	46.1%
Plan fiduciary net position as a percentage of the collective total pension liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS -
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,118	\$ 6,734	\$ 5,396	\$ 5,735	\$ 6,051	\$ 1,048	\$ 1,022
Contributions in relation to the contractually required contribution	<u>7,118</u>	<u>6,734</u>	<u>5,396</u>	<u>5,735</u>	<u>6,051</u>	<u>1,048</u>	<u>1,022</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 48,000	\$ 49,000	\$ 46,000	\$ 49,000	\$ 48,000	\$ 48,000	\$ 48,000
Contributions as a percentage of covered employee payroll	14.83%	13.74%	11.73%	11.70%	12.61%	2.18%	2.13%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*
(Rounded to nearest thousand)

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	5,978,000	6,900,000	5,320,000	5,636,000	5,946,000	4,382,000	4,050,000
Total	<u>\$ 5,978,000</u>	<u>\$ 6,900,000</u>	<u>\$ 5,320,000</u>	<u>\$ 5,636,000</u>	<u>\$ 5,946,000</u>	<u>\$ 4,382,000</u>	<u>\$ 4,050,000</u>
Town's covered payroll	\$ 1,381,000	\$ 1,774,000	\$ 1,747,000	\$ 1,786,000	\$ 1,722,000	\$ 1,629,000	\$ 1,570,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PROGRAM (UNAUDITED)
LAST FOUR FISCAL YEARS*

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Interest	5,974	13,128	18,980	18,651
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(35,727)	(219,274)	(117,806)	18,557
Changes of assumptions	6,452	1,311	(16,065)	10,845
Benefit payments, including refunds	-	-	-	-
Net change in total OPEB liability	(13,301)	(194,835)	(104,891)	58,053
Total OPEB liability - beginning	224,593	419,428	524,319	466,266
Total OPEB liability - ending	<u>\$ 211,292</u>	<u>\$ 224,593</u>	<u>\$ 419,428</u>	<u>\$ 524,319</u>

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS*
(Rounded to Nearest Thousand)

	2021	2020	2019	2018
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	892,000	1,076,000	1,064,000	1,451,000
Total	<u>\$ 892,000</u>	<u>\$ 1,076,000</u>	<u>\$ 1,064,000</u>	<u>\$ 1,451,000</u>
Town's covered payroll	\$ 1,408,000	\$ 1,774,000	\$ 1,747,000	\$ 1,786,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.50%	2.08%	1.49%	1.79%

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

See accompanying notes to required supplementary information.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

BUDGETARY INFORMATION

A legally adopted budget is authorized annually for the General Fund. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of Connecticut General Statutes:

- A budget for the General Fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - Department heads submit detailed estimates of expenditures to the Board of Finance.
 - The Board of Finance acts upon the department requests and approves the departmental budgets to be forwarded to the Town Meeting.
 - The citizens of the Town vote on the recommended budget.
 - The Board of Finance sets the tax rate for the fiscal year.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Finance. The Board of Finance acts on the requests.
- All budget transfers must be approved by the Board of Finance. The Board of Finance may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except for those in the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Special revenue funds: The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the State and other grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND *(Continued)*

BUDGETARY INFORMATION *(Continued)*

Capital project funds: Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2021:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 18,364,576	\$ 17,758,276	\$ 730	\$ 607,030
"On-behalf" payments -				
State Teachers' Retirement Fund	392,668	392,668	-	-
Library Fund	33,791	76,935	43,443	299
Certain transfers recorded as revenues or expenditures for GAAP purposes	(56,419)	(502,963)	(446,544)	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	215	215	-	-
Adjustment for encumbrances	(426)	25,283	-	(25,709)
GAAP basis	<u>\$ 18,734,405</u>	<u>\$ 17,750,414</u>	<u>\$ (402,371)</u>	<u>\$ 581,620</u>

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2021. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability.

- The discount rate was decreased from 6.25% to 6.00%;
- The long-term rate of return was decreased from 6.25% to 6.00%;
- The pre- and post-retirement mortality assumption utilized was RP-2014 (adjusted to 2006) with MP-2020 mortality improvements (previously, MP-2019).

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

- Actuarial cost method: Entry age normal
- Amortization method: Level percentage of payroll, closed
- Remaining amortization period: 20 years from 7/1/2017
- Asset valuation method: Fair market value
- Discount rate: 6.25%
- Inflation: 2.00%
- Investment rate of return: 6.25%
- Salary increases: 4.00%
- Retirement age: Age 65
- Mortality: RP-2014 adjusted to 2006
- Mortality projection scale (to valuation date): MP-2018

NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - FIREFIGHTERS' PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2021. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability.

- The discount rate was decreased from 6.25% to 6.00%;
- The long-term rate of return was decreased from 6.25% to 6.00%;
- The pre- and post-retirement mortality assumption utilized was RP-2014 (adjusted to 2006) with MP-2020 mortality improvements (previously, MP-2019).

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - FIREFIGHTERS' PENSION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

- Actuarial cost method: Unit Credit
- Amortization method: Level percentage of payroll, closed
- Remaining amortization period: 20 years from 7/1/2017
- Asset valuation method: Fair market value
- Discount rate: 6.25%
- Inflation: 2.00%
- Investment rate of return: 6.25%
- Salary increases: Not applicable
- Retirement age: Age 65
- Mortality: RP-2014 adjusted to 2006
- Mortality projection scale (to valuation date): MP-2018

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the collective total pension liability.

NOTE 7 - SCHEDULE OF CONTRIBUTIONS - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 7 - SCHEDULE OF CONTRIBUTIONS - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(Continued)

Methods and Assumptions Utilized

- Actuarial cost method: Entry Age Actuarial Cost Method;
- Amortization method: Level dollar, closed;
- Remaining amortization period: 21 years;
- Asset valuation method: 5-year smoothed market with 20% recognition of investment gains and losses;
- Inflation: 3.25%;
- Investment rate of return: 8.00%, net of investment related expenses;
- Salary increases: Varies 4.25% to 11.00%;
- Cost of living adjustments: 2.50% for those retiring on or after January 1, 2002, for retirements prior to January 1, 2002 2.50% up to age 65, 3.25% afterwards;
- Social Security Wage Base: 3.50%;
- 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; and
- 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%.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. The liabilities were estimated based on a measurement date of June 30, 2020. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the Town's collective net pension liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the Town's collective net pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2021

NOTE 9 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PROGRAM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The Total OPEB Liability was determined based upon the results of the actuarial valuation as of July 1, 2021, adjusted to the measurement date of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total OPEB liability.

- The discount rate was reduced from 2.66% to 2.18%.

NOTE 10 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the Town's collective net OPEB liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the Town's collective net OPEB liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e. general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS
AS OF JUNE 30, 2021

	General Fund	Library Fund	Eliminations	Combined General Fund
ASSETS				
Cash and cash equivalents	\$ 3,844,671	\$ 26,317	\$ -	\$ 3,870,988
Receivables:				
Property taxes and interest, net	485,021	-	-	485,021
Grants and contracts	59,049	-	-	59,049
Other	82,125	-	-	82,125
Due from other funds	109,566	-	-	109,566
Total assets	<u>\$ 4,580,432</u>	<u>\$ 26,317</u>	<u>\$ -</u>	<u>\$ 4,606,749</u>
LIABILITIES				
Accounts payable	\$ 438,054	\$ -	\$ -	\$ 438,054
Accrued liabilities	182,453	-	-	182,453
Due to other funds	12,841	-	-	12,841
Unearned revenue	657,454	-	-	657,454
Total liabilities	<u>1,290,802</u>	<u>-</u>	<u>-</u>	<u>1,290,802</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes and interest	439,408	-	-	439,408
Total deferred inflows of resources	<u>439,408</u>	<u>-</u>	<u>-</u>	<u>439,408</u>
FUND BALANCES				
Committed	-	26,317	-	26,317
Assigned	39,127	-	-	39,127
Unassigned	2,811,095	-	-	2,811,095
Total fund balances	<u>2,850,222</u>	<u>26,317</u>	<u>-</u>	<u>2,876,539</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,580,432</u>	<u>\$ 26,317</u>	<u>\$ -</u>	<u>\$ 4,606,749</u>

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Library Fund	Eliminations	Combined General Fund
REVENUES				
Property taxes	\$ 15,380,871	\$ -	\$ -	\$ 15,380,871
Grants and contracts	2,462,954	23,659	-	2,486,613
Charges for services	618,619	10,118	-	628,737
Investment income	38,406	14	-	38,420
Other	199,764	-	-	199,764
Total revenues	<u>18,700,614</u>	<u>33,791</u>	<u>-</u>	<u>18,734,405</u>
EXPENDITURES				
Current:				
General government	1,797,757	-	-	1,797,757
Public safety	699,198	-	-	699,198
Public works	1,338,813	-	-	1,338,813
Health and social services	118,153	-	-	118,153
Library, parks and recreation	283,488	57,409	-	340,897
Education	13,164,425	-	-	13,164,425
Capital outlays	204,683	19,526	-	224,209
Debt service:				
Principal	56,771	-	-	56,771
Interest and fiscal charges	10,191	-	-	10,191
Total expenditures	<u>17,673,479</u>	<u>76,935</u>	<u>-</u>	<u>17,750,414</u>
Excess (deficiency) of revenues over expenditures	1,027,135	(43,144)	-	983,991
OTHER FINANCING SOURCES (USES)				
Transfers in	57,149	43,443	(43,443)	57,149
Transfers out	(502,963)	-	43,443	(459,520)
Total other financing sources (uses)	<u>(445,814)</u>	<u>43,443</u>	<u>-</u>	<u>(402,371)</u>
Net change in fund balances	581,321	299	-	581,620
Fund balances - beginning	<u>2,268,901</u>	<u>26,018</u>	<u>-</u>	<u>2,294,919</u>
Fund balance - ending	<u>\$ 2,850,222</u>	<u>\$ 26,317</u>	<u>\$ -</u>	<u>\$ 2,876,539</u>

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current taxes	\$ 14,939,438	\$ 14,939,438	\$ 15,000,626	\$ 61,188
Prior taxes	150,000	150,000	160,305	10,305
Interest and lien fees	55,000	55,000	94,756	39,756
Motor Vehicle Supplemental	110,000	110,000	125,184	15,184
Total Property Taxes	15,254,438	15,254,438	15,380,871	126,433
INTERGOVERNMENTAL REVENUES				
Education cost sharing	1,662,870	1,662,870	1,662,870	-
Telecomm Property Tax Grant	7,500	7,500	10,730	3,230
FEMA Fire Equipment	205,000	205,000	57,601	(147,399)
Town Road Maintenance	197,901	197,901	197,811	(90)
PILOT - State-owned property	7,424	7,424	7,424	-
Pequot funds	4,490	4,490	4,490	-
Elections	-	-	5,000	5,000
Tax relief for the renters	-	-	371	371
Muni CRF Grant	-	-	11,897	11,897
Tax Relief for Veterans	-	-	2,502	2,502
Local capital improvements grant	31,455	31,455	-	(31,455)
Town clerk grant	5,500	5,500	5,500	-
Registrar and Clerk Grant	-	-	5,320	5,320
Grants for Municipal Projects	104,136	104,136	104,136	-
Total Intergovernmental Revenues	2,226,276	2,226,276	2,075,652	(150,624)
CHARGES FOR SERVICES				
Licenses and Permits:				
Other licenses and permits	500	500	290	(210)
Building permits	50,000	50,000	120,950	70,950
Planning and zoning fees	10,000	10,000	9,271	(729)
Conveyance tax	40,000	40,000	133,293	93,293
Town clerk fees	42,000	42,000	55,895	13,895
Fire marshal permits and fees	100	100	470	370
Inland wetlands and conservation permits	1,000	1,000	731	(269)
Total Licenses and Permits	143,600	143,600	320,900	177,300
Charges for Services:				
WPCA Administrative Services	20,000	20,000	20,000	-
Municipal Energy Upgrade - DRES	26,000	26,000	-	(26,000)
Kirtland/River Street - sewer expansion	22,780	22,780	59,049	36,269
Rental income - Town equipment	27,000	27,000	28,565	1,565
Bulky waste site usage contract	70,000	70,000	70,000	-
Total Charges for Services	165,780	165,780	177,614	11,834

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
CHARGES FOR SERVICES (Continued)				
Miscellaneous:				
Recycling fees	\$ 15,000	\$ 15,000	\$ 30,689	\$ 15,689
Park and recreation fees	100,000	100,000	34,141	(65,859)
Miscellaneous	12,000	12,000	16,145	4,145
Insurance premium credits	-	-	3,216	3,216
Public safety/police	40,000	40,000	73,398	33,398
Newsletter	20,000	20,000	14,955	(5,045)
Commercial property assessment clean energy	5,500	5,500	5,084	(416)
Auditorium	2,000	2,000	-	(2,000)
Insurance reimbursement/claims	-	-	4,471	4,471
Region 4 and Supervision District surplus	-	-	189,034	189,034
Total Miscellaneous	194,500	194,500	371,133	176,633
Total Charges for Services	503,880	503,880	869,647	365,767
INVESTMENT INCOME	61,000	61,000	38,406	(22,594)
Total Revenues	18,045,594	18,045,594	18,364,576	318,982
OTHER FINANCING SOURCES				
Transfers in	45,540	45,540	730	(44,810)
Appropriation of fund balance	165,804	208,712	-	(208,712)
Total Other Financing Sources	211,344	254,252	730	(253,522)
Total Revenues and Other Financing Sources	\$ 18,256,938	\$ 18,299,846	\$ 18,365,306	\$ 65,460

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
Selectman:				
First Selectman salary	\$ 71,575	\$ 71,575	\$ 71,588	\$ 13
Selectmen salary	8,180	8,180	8,180	-
Treasurer salary	8,355	8,355	8,562	207
Administrative assistant salary	37,922	37,922	40,139	2,217
Accounts Manager	66,960	66,960	69,897	2,937
Assistant to the Accounts Manager	16,640	16,640	8,662	(7,978)
Economic Development Commission	5,000	5,000	3,942	(1,058)
Engineering services	4,000	4,000	1,072	(2,928)
Expense allowance	3,000	3,000	3,000	-
Office supplies and postage	21,000	21,000	17,148	(3,852)
School/meetings	1,250	1,250	1,122	(128)
Grant writer	1,500	1,500	-	(1,500)
Legal notices/fees	25,000	25,000	21,355	(3,645)
Total Selectman	270,382	270,382	254,667	(15,715)
Elections:				
Registrars' salary	12,000	17,723	17,723	-
Part-time elections salary	4,527	6,404	6,404	-
Printing expenses	5,076	7,783	8,730	947
Education fees	1,200	1,200	253	(947)
Total Elections	22,803	33,110	33,110	-
Building Operations:				
Fuel oil/gas -buildings/vehicles	87,500	87,500	65,306	(22,194)
Water	8,500	8,500	6,961	(1,539)
Electricity	61,500	61,500	60,125	(1,375)
Sewer fees	4,200	4,200	4,568	368
Custodial services and supplies	27,000	27,000	25,198	(1,802)
Telephone - Town Dept.	36,000	36,000	43,162	7,162
Building repairs	50,000	57,576	76,487	18,911
Quarterly sprinkler/elevator inspections	4,500	4,500	4,969	469
Total Building Operations	279,200	286,776	286,776	-
Town Clerk:				
Town Clerk salary	52,846	52,846	52,856	10
Assistant's salary	21,771	24,091	25,174	1,083
Index land records	875	875	527	(348)
School/meetings	1,125	1,125	498	(627)
Micro filming	6,720	6,720	6,720	-
Vital Statistics	790	790	1,002	212
State of CT dog licensing fees	2,700	2,700	2,370	(330)
Town Clerk Grant	5,500	5,500	5,500	-
Total Town Clerk	92,327	94,647	94,647	-

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Board of Finance:				
Part-time clerical salary	\$ 100	\$ 100	\$ -	\$ (100)
Auditor/Consultant	20,500	20,500	15,500	(5,000)
Printing expense	3,000	3,000	4,553	1,553
Total Board of Finance	23,600	23,600	20,053	(3,547)
Tax Review:				
Tax reviewer salary	500	500	-	(500)
Total Tax Review	500	500	-	(500)
Assessor:				
Assessor salary	80,245	84,337	88,310	3,973
Assessor's assistant	34,362	34,362	35,120	758
Valuation appeals	15,000	15,000	12,207	(2,793)
Audits	1,500	1,500	1,500	-
Computer maintenance and service	19,500	19,500	19,455	(45)
Update maps	1,500	1,500	844	(656)
School/meetings	3,120	3,120	2,146	(974)
Auto mileage expense	700	700	437	(263)
Total Assessor	155,927	160,019	160,019	-
Tax Collector:				
Tax Collector salary	45,951	45,951	45,959	8
Part-time clerical salary	18,000	3,597	3,471	(126)
Computer maintenance and services	10,000	10,000	9,704	(296)
School/meetings	1,000	1,000	174	(826)
Legal notices	-	-	74	74
Commercial property assessment clean energy	5,000	5,000	4,584	(416)
Printing/mailling services	7,500	7,500	2,968	(4,532)
Total Tax Collector	87,451	73,048	66,934	(6,114)
Special Services:				
Data processing services	11,000	11,000	10,439	(561)
Copier	5,500	5,500	8,257	2,757
BMSI license/computer support fee	21,000	21,000	20,664	(336)
Beautification committee	1,000	1,000	654	(346)
Memorial Day	1,500	1,500	988	(512)
Auditorium	1,000	1,000	-	(1,000)
Newsletter/brochure	20,000	20,000	20,840	840
Tree warden fees	2,500	2,500	2,500	-
Dog fund salary	15,000	15,000	13,252	(1,748)
Essex Dog Run lease	6,180	6,180	5,572	(608)
Bank fees	3,600	3,600	3,846	246
Contingency	12,000	12,000	5,943	(6,057)
Total Special Services	100,280	100,280	92,955	(7,325)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Planning and Zoning:				
Enforcement officer salary	\$ 17,229	\$ -	\$ -	\$ -
Part-time clerical salary	4,056	4,056	2,412	(1,644)
Equipment	500	500	-	(500)
Engineering services	5,000	5,000	-	(5,000)
Printing expenses	500	500	500	-
Engineering review/professional services	15,000	7,424	2,683	(4,741)
Consulting	-	42,000	42,000	-
Training/meetings	2,500	2,500	-	(2,500)
Total Planning and Zoning	44,785	61,980	47,595	(14,385)
Zoning Board of Appeals:				
Part-time clerical salary	315	315	60	(255)
Building Official:				
Building Official salary	32,253	32,253	32,191	(62)
Secretary salary	16,018	16,018	11,058	(4,960)
Reference manuals/books	1,000	1,000	293	(707)
State training fees	1,400	1,400	1,788	388
Total Building Official	50,671	50,671	45,330	(5,341)
Inland Wetlands and Conservation:				
Enforcement agent salary	8,810	8,810	2,746	(6,064)
Part-time clerical salary	3,336	3,336	2,230	(1,106)
Middlesex Soil Conservation Services	1,577	1,577	-	(1,577)
Total Inland Wetlands and Conservation	13,723	13,723	4,976	(8,747)
Insurance and Bonds	107,000	107,000	103,248	(3,752)
Political Subdivisions:				
Estuary Transit District	11,200	11,200	10,620	(580)
Estuary Council Seniors	17,000	17,000	17,000	-
Tri-Town Services	6,000	6,000	6,000	-
Public Service Agencies	3,500	3,500	2,743	(757)
CT River Council of Governments	8,989	8,989	8,989	-
CCM	3,100	3,100	2,988	(112)
Total Political Subdivisions	49,789	49,789	48,340	(1,449)
				(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Employee Benefits:				
Medical insurance	\$ 302,974	\$ 283,161	\$ 282,023	\$ (1,138)
Life insurance	6,723	6,256	5,949	(307)
Pension plan	137,000	137,000	138,123	1,123
Salary contingency	24,000	42,136	42,672	536
FICA/Social Security - Employer	114,050	111,730	102,528	(9,202)
Unemployment compensation	100	100	602	502
Total Employee Benefits	584,847	580,383	571,897	(8,486)
Total General Government	1,883,600	1,906,223	1,830,607	(75,616)
PUBLIC SAFETY				
Police:				
Crossing guard salary	5,287	5,287	4,646	(641)
Part-time officers	138,996	133,014	125,114	(7,900)
Resident trooper	233,140	233,140	190,511	(42,629)
Miscellaneous supplies	2,800	2,800	10,309	7,509
Vehicle maintenance	7,500	7,500	15,096	7,596
Training	2,250	2,250	2,542	292
Uniforms	5,000	5,000	6,148	1,148
Over-Time FT Officer/Resident Trooper Muster	13,000	13,000	599	(12,401)
Funded special police services	30,000	30,000	53,840	23,840
Total Police	437,973	431,991	408,805	(23,186)
Fire department:				
Part-time clerical salary	1,091	1,091	948	(143)
Communications equipment maintenance	7,500	7,500	7,500	-
Miscellaneous building supplies	7,500	7,500	7,183	(317)
Fire equipment and supplies	18,000	18,000	18,272	272
Vehicle maintenance	32,000	37,982	38,890	908
Operating expenses	22,200	22,200	26,917	4,717
Training	6,000	6,000	4,311	(1,689)
Physicals	4,000	4,000	1,760	(2,240)
Banquet	4,200	4,200	3,537	(663)
Personal losses	400	400	29	(371)
Incentive program	62,535	62,535	62,537	2
Supplemental insurance	5,000	5,000	4,525	(475)
Total fire department	170,426	176,408	176,409	1
Fire marshal:				
Fire marshal salary	18,663	18,663	18,670	7
Deputy marshal salary	1,000	1,000	628	(372)
Miscellaneous supplies	650	650	646	(4)
Deputy fire marshal auto expense	125	125	125	-
Fire marshal auto expense	750	750	750	-
Computer software fee	500	500	-	(500)
Total fire marshal	21,688	21,688	20,819	(869)
Public service communications:				
Valley Shore communications contract	70,000	70,000	71,284	1,284
Dispatcher salary	26,824	26,824	9,303	(17,521)
Total public service communications	96,824	96,824	80,587	(16,237)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC SAFETY (Continued)				
Civil preparedness	\$ 1,500	\$ 21,313	\$ 21,313	\$ -
Total Public Safety	728,411	748,224	707,933	(40,291)
PUBLIC WORKS				
Highway Department:				
Road crew salary	333,967	333,967	308,174	(25,793)
Equipment maintenance	92,500	92,500	65,006	(27,494)
General road maintenance	200,000	200,000	213,033	13,033
Town aid road maintenance	198,414	198,414	198,414	-
MS4	15,000	15,000	14,444	(556)
Salt and sand	15,000	15,000	21,668	6,668
Tree removal	40,000	40,000	33,150	(6,850)
Contingency/storms	15,000	15,000	26,456	11,456
Total Highway Department	909,881	909,881	880,345	(29,536)
Public Utilities:				
Street lighting	52,500	52,500	47,614	(4,886)
Fire hydrant service	90,961	90,961	86,471	(4,490)
Total Public Utilities	143,461	143,461	134,085	(9,376)
Waste/recycle:				
Transfer station operator salary	41,955	41,955	43,716	1,761
Recycling salary	6,500	6,500	-	(6,500)
Assistant station operator	22,495	22,495	21,048	(1,447)
Water tests/engineering	20,000	20,000	13,507	(6,493)
MIRA tipping fees	94,000	94,000	91,787	(2,213)
Recycling fees	10,178	10,178	12,165	1,987
Bulky waste/wood chipping	92,000	92,000	104,948	12,948
Sanitary lavatory rental	900	900	-	(900)
Household hazardous waste facility	12,000	12,000	10,879	(1,121)
Total Waste/recycle	300,028	300,028	298,050	(1,978)
Total Public Works	1,353,370	1,353,370	1,312,480	(40,890)
HEALTH AND SOCIAL SERVICES				
Sanitarian:				
Health District	51,095	51,095	51,095	-
Public Health Nursing Service:				
Social services salary	20,861	20,861	20,865	4
Social service person stipend	1,200	1,200	1,200	-
LVVNA	40,530	40,530	40,530	-
MM Paramedic Service	5,000	5,000	4,463	(537)
Total Public Health Nursing Service	67,591	67,591	67,058	(533)
Total Health and Social Services	118,686	118,686	118,153	(533)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
RECREATIONAL SERVICES				
Parks and Recreation:				
Program director salary	\$ 46,818	\$ 46,818	\$ 47,838	\$ 1,020
Life-Gate guard salary	8,200	8,200	18,044	9,844
Maintenance - all facilities	31,000	31,000	38,219	7,219
Water-Devitt field	4,500	4,500	2,434	(2,066)
RecDesk software	4,000	4,000	3,580	(420)
Seasonal programs	14,000	14,000	13,816	(184)
New programs	1,000	1,000	1,107	107
Summer youth program	54,000	54,000	26,379	(27,621)
Self-funding programs	35,000	35,000	2,216	(32,784)
Youth basketball	11,000	11,000	-	(11,000)
Total Parks and Recreation	209,518	209,518	153,633	(55,885)
Library:				
Librarian salary	65,488	65,488	65,532	44
Assistants salary	66,513	66,513	62,375	(4,138)
Library programs	43,443	43,443	43,443	-
Total Library	175,444	175,444	171,350	(4,094)
Probate:				
Probate Court	2,130	2,130	1,948	(182)
Total Recreational Services	387,092	387,092	326,931	(60,161)
DEBT SERVICE				
Debt redemption:				
Sewer construction bonds	202,977	202,977	202,977	-
Kirtland/River Street - sewer project	147,337	147,337	147,336	(1)
DRES boiler project	30,928	31,395	31,391	(4)
Municipal energy upgrade	35,567	35,567	35,571	4
Total Debt Service	416,809	417,276	417,275	(1)
EDUCATION				
Elementary school	5,464,144	5,464,144	5,363,402	(100,742)
Regional School District No. 4	7,493,471	7,493,476	7,493,476	-
Elementary school maintenance	15,000	15,000	13,451	(1,549)
Total Education	12,972,615	12,972,620	12,870,329	(102,291)
CAPITAL OUTLAYS				
Revaluation	40,000	40,000	40,000	-
Infrastructure Grant (LOCIP)	31,455	31,455	-	(31,455)
Park Upgrades	5,400	5,400	-	(5,400)
Architectural/Engineering - Fire	10,000	10,000	-	(10,000)
Fire Department - Equipment	205,000	205,000	70,068	(134,932)
Fountain Hill Cemetery	35,000	35,000	35,000	-
Town Hall Gas Conversion	25,000	25,000	25,000	-
Fire Department - Stations	4,500	4,500	4,500	-
Elementary School Roof	40,000	40,000	-	(40,000)
Total Capital Outlays	396,355	396,355	174,568	(221,787)
Total Expenditures	\$ 18,256,938	\$ 18,299,846	\$ 17,758,276	\$ (541,570)
				(Concluded)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2021

Grand List Year	Balance Uncollected June 30, 2020	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2021
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2019	\$ -	\$ 16,161,406	\$ 9,121	\$ 25,962	\$ 782	\$ 16,143,783	\$ 15,147,514	\$ 39,446	\$ 15,186,960	\$ 996,269
2018	233,315	-	3,400	18,482	3,032	215,201	100,935	28,126	129,061	114,266
2017	81,273	-	11,315	138	15,669	76,781	31,371	14,772	46,143	45,410
2016	57,401	-	-	6,652	15,207	35,542	3,656	7,257	10,913	31,886
2015	13,951	-	975	-	419	14,507	1,046	118	1,164	13,461
2014	6,723	-	1	-	562	6,162	-	-	-	6,162
2013	5,756	-	-	-	47	5,709	-	4,596	4,596	5,709
2012	1,047	-	178	-	46	1,179	178	27	205	1,001
2011	248	-	-	-	45	203	-	-	-	203
2010	44	-	-	-	44	-	-	-	-	-
2009	43	-	-	-	43	-	-	-	-	-
2008	43	-	-	-	43	-	-	-	-	-
2007	43	-	-	-	43	-	-	-	-	-
	<u>\$ 399,887</u>	<u>\$ 16,161,406</u>	<u>\$ 24,990</u>	<u>\$ 51,234</u>	<u>\$ 35,982</u>	<u>\$ 16,499,067</u>	<u>\$ 15,284,700</u>	<u>\$ 94,342</u>	<u>\$ 15,379,042</u>	<u>\$ 1,214,367</u>

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF DEBT LIMITATION -
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2021

Total cash collections for the year ended
June 30, 2021:

Taxes	\$ 15,284,700
Interest and lien fees	94,342
Total	<u>15,379,042</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	-
--------------------------	---

Base	<u>\$ 15,379,042</u>
------	----------------------

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 34,602,845	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	69,205,689	-	-	-
3-3/4 times base	-	-	57,671,408	-	-
3-1/4 times base	-	-	-	49,981,887	-
3 times base	-	-	-	-	46,137,126
Total debt limitation	<u>34,602,845</u>	<u>69,205,689</u>	<u>57,671,408</u>	<u>49,981,887</u>	<u>46,137,126</u>
Indebtedness:					
Bonds payable	53,693	285,823	-	-	-
Notes payable	-	-	4,311,593	-	-
Bonds payable - Regional School District No. 4	-	1,021,155	-	-	-
Total indebtedness	<u>53,693</u>	<u>1,306,978</u>	<u>4,311,593</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 34,549,152</u>	<u>\$ 67,898,711</u>	<u>\$ 53,359,815</u>	<u>\$ 49,981,887</u>	<u>\$ 46,137,126</u>
Total capacity of borrowing (7 times base)	\$ 107,653,294				
Total present indebtedness	5,672,264				
Margin for additional borrowing	<u>\$ 101,981,030</u>				

The Town is a member of Regional School District No. 4. This amount represents the Town's proportional share of the District's outstanding bonds payable as of June 30, 2021, calculated as follows:

Bonds payable, net - Regional School District No. 4	\$ 2,850,000
Town's proportionate share	35.83%
	<u>\$ 1,021,155</u>

SEWER FUND

The Sewer Fund is used to account for the operations of the Town's sewer systems.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Sewer use charges	\$ 393,767	\$ 393,767	\$ 427,829	\$ 34,062
Sewer use interest and liens	10,729	10,729	11,687	958
Intergovernmental grants	-	-	51,388	51,388
Permits and fees	50	50	975	925
Septic Hauler fees	750,000	750,000	841,429	91,429
Paid in Arrears	21,346	21,346	-	(21,346)
Chester flow	50,000	50,000	38,977	(11,023)
Chester O&M	17,000	17,000	21,665	4,665
Test station and other	19,500	19,500	48,431	28,931
Total revenues	<u>1,262,392</u>	<u>1,262,392</u>	<u>1,442,381</u>	<u>179,989</u>
EXPENDITURES				
Salaries and administration	428,348	428,348	481,951	53,603
Contracted services	38,901	38,901	19,507	(19,394)
Utilities	130,300	130,300	125,036	(5,264)
Operations	497,500	497,500	538,293	40,793
Safety	3,000	3,000	2,118	(882)
Laboratory	18,500	18,500	17,514	(986)
Replacement	35,000	35,000	41,489	6,489
Capital expenditures	110,843	110,843	102,485	(8,358)
Total expenditures	<u>1,262,392</u>	<u>1,262,392</u>	<u>1,328,393</u>	<u>66,001</u>
Excess of revenues over expenditures - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	113,988	<u>\$ 113,988</u>
RECONCILIATION TO CHANGE IN NET POSITION - SEWER ENTERPRISE FUND:				
Adjustments to record sewer assessments and user fees on a full accrual basis			8,722	
Adjustment to record transfer in from the General Fund to fund debt service			185,141	
Adjustments to record the change in the allocated net pension liability and related deferred outflows and inflows of resources			113,406	
Adjustment to record change in compensated absences			16,130	
Adjustment to record current year depreciation and capital asset activity			(334,531)	
Total adjustments			<u>(11,132)</u>	
Change in net position - Sewer Enterprise Fund			<u>\$ 102,856</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes. Nonmajor special revenue funds include the following:

School Cafeteria Fund - A fund used to account for the operations of the food program by the school system.

Student Activities Fund - To account for expenditures for educational extracurricular activities at the elementary school. Financing is provided by individual fundraising projects.

Incubator Building Fund - A fund used to account for fees collected and expenditures relating to the Incubator buildings located at Plattwood Park Industrial Area.

Small Cities Program Fund - A fund used to account for project or improvements.

Grant Account Fund - A fund used to account for Town Federal and State grants.

Education Grants Fund - To account for funds received from the state and Federal governments, private grants and other contributions for education grants.

Social Services Fund - A fund used to account for the activity of social services.

Veterans Fund - A fund used to account for the maintenance and upkeep of monuments on the Deep River Veterans Green.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects, other than those financed by proprietary funds. The nonmajor capital projects fund consists of the following:

Town Hall Auditorium Fund - A fund used to account for the restoration of the Town Hall auditorium.

Municipal Energy Upgrade Fund - A fund used to account for a facility lighting upgrade project at Deep River Elementary School, Deep River Public Library, and the Deep River Town Hall.

Capital Projects Fund - This fund is used to account for the acquisition and construction of significant capital assets other than those accounted for in the proprietary fund.

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds						
	School Cafeteria Fund	Student Activities Fund	Incubator Building Fund	Small Cities Program Fund	Grant Account Fund	Education Grants Fund	Social Services Fund
ASSETS							
Cash and cash equivalents	\$ 71,180	\$ 19,520	\$ 168,197	\$ 36,915	\$ 325	\$ -	\$ 81,568
Receivables:							
Grants and contracts	17,855	-	-	-	-	35,238	-
Other	2,521	-	-	-	-	84,276	-
Due from other funds	-	-	-	-	-	-	-
Inventories	6,733	-	-	-	-	-	-
Total assets	<u>\$ 98,289</u>	<u>\$ 19,520</u>	<u>\$ 168,197</u>	<u>\$ 36,915</u>	<u>\$ 325</u>	<u>\$ 119,514</u>	<u>\$ 81,568</u>
LIABILITIES							
Accounts payable	\$ 1,444	\$ -	\$ 300	\$ -	\$ -	\$ 2,576	\$ -
Due to others	10,584	-	-	-	-	26,134	-
Due to other funds	11,594	-	-	-	-	75,330	-
Unearned revenue	-	-	-	-	-	15,474	-
Total liabilities	<u>23,622</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>119,514</u>	<u>-</u>
FUND BALANCES							
Nonspendable	6,733	-	-	-	-	-	-
Restricted	67,934	19,520	-	36,915	325	-	81,568
Committed	-	-	167,897	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>74,667</u>	<u>19,520</u>	<u>167,897</u>	<u>36,915</u>	<u>325</u>	<u>-</u>	<u>81,568</u>
Total liabilities and fund balances	<u>\$ 98,289</u>	<u>\$ 19,520</u>	<u>\$ 168,197</u>	<u>\$ 36,915</u>	<u>\$ 325</u>	<u>\$ 119,514</u>	<u>\$ 81,568</u>

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds				Total Nonmajor Governmental Funds
	Veterans Fund	Total Nonmajor Special Revenue Funds	Town Hall Auditorium Restoration Fund	Municipal Energy Upgrade Fund	Capital Projects Funds	Total Capital Projects Funds	
ASSETS							
Cash and cash equivalents	\$ 2,720	\$ 380,425	\$ 1,561	\$ -	\$ 318,601	\$ 320,162	\$ 700,587
Receivables:							
Grants and contracts	-	53,093	-	-	-	-	53,093
Other	-	86,797	-	-	-	-	86,797
Inventories	-	6,733	-	-	-	-	6,733
Total assets	<u>\$ 2,720</u>	<u>\$ 527,048</u>	<u>\$ 1,561</u>	<u>\$ -</u>	<u>\$ 318,601</u>	<u>\$ 320,162</u>	<u>\$ 847,210</u>
LIABILITIES							
Accounts payable	\$ -	\$ 4,320	\$ -	\$ -	\$ -	\$ -	\$ 4,320
Due to others	-	36,718	-	-	-	-	36,718
Due to other funds	5,200	92,124	-	-	17,442	17,442	109,566
Unearned revenue	-	15,474	-	-	-	-	15,474
Total liabilities	<u>5,200</u>	<u>148,636</u>	<u>-</u>	<u>-</u>	<u>17,442</u>	<u>17,442</u>	<u>166,078</u>
FUND BALANCES							
Nonspendable	-	6,733	-	-	-	-	6,733
Restricted	-	206,262	-	-	-	-	206,262
Committed	-	167,897	1,561	-	301,159	302,720	470,617
Unassigned	(2,480)	(2,480)	-	-	-	-	(2,480)
Total fund balances	<u>(2,480)</u>	<u>378,412</u>	<u>1,561</u>	<u>-</u>	<u>301,159</u>	<u>302,720</u>	<u>681,132</u>
Total liabilities and fund balances	<u>\$ 2,720</u>	<u>\$ 527,048</u>	<u>\$ 1,561</u>	<u>\$ -</u>	<u>\$ 318,601</u>	<u>\$ 320,162</u>	<u>\$ 847,210</u>

(Concluded)

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds						
	School Cafeteria Fund	Student Activities Fund	Incubator Building Fund	Small Cities Program Fund	Grant Account Fund	Education Grants Fund	Social Services Fund
REVENUES							
Grants and contracts	\$ 84,841	\$ -	\$ -	\$ -	\$ -	\$ 194,276	\$ -
Charges for services	993	5,809	45,040	-	-	-	-
Interest income	-	-	2	62	-	-	-
Other	-	-	1	-	-	-	18,834
Total revenues	85,834	5,809	45,043	62	-	194,276	18,834
EXPENDITURES							
Current:							
General government	-	-	18,627	-	-	-	-
Health and social services	-	-	-	-	-	-	32,036
Education	162,044	4,814	-	-	-	194,276	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	162,044	4,814	18,627	-	-	194,276	32,036
Excess (deficiency) of revenues over expenditures	(76,210)	995	26,416	62	-	-	(13,202)
OTHER FINANCING SOURCES (USES)							
Transfers in	109,207	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	109,207	-	-	-	-	-	-
Net change in fund balances	32,997	995	26,416	62	-	-	(13,202)
Fund balances - beginning, as originally reported	41,670	-	141,481	36,853	325	-	94,770
Adjustments (see Note 1)	-	18,525	-	-	-	-	-
Fund balances - beginning, as adjusted	41,670	18,525	141,481	36,853	325	-	94,770
Fund balances - ending	\$ 74,667	\$ 19,520	\$ 167,897	\$ 36,915	\$ 325	\$ -	\$ 81,568
							(Continued)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds				Total Nonmajor Governmental Funds
	Veterans Fund	Total Nonmajor Special Revenue Funds	Town Hall Auditorium Restoration Fund	Municipal Energy Upgrade Fund	Capital Projects Funds	Total Capital Projects Funds	
REVENUES							
Grants and contracts	\$ -	\$ 279,117	\$ -	\$ -	\$ -	\$ -	\$ 279,117
Charges for services	4,740	56,582	1	-	-	1	56,583
Interest income	2	66	-	-	743	743	809
Other	-	18,835	-	-	-	-	18,835
Total revenues	4,742	354,600	1	-	743	744	355,344
EXPENDITURES							
Current:							
General government	10	18,637	-	-	-	-	18,637
Health and social services	-	32,036	-	-	-	-	32,036
Education	-	361,134	-	-	-	-	361,134
Capital outlays	20,000	20,000	-	29,038	-	29,038	49,038
Total expenditures	20,010	431,807	-	29,038	-	29,038	460,845
Excess (deficiency) of revenues over expenditures	(15,268)	(77,207)	1	(29,038)	743	(28,294)	(105,501)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	109,207	-	-	-	-	109,207
Transfers out	-	-	-	(730)	-	(730)	(730)
Total other financing sources (uses)	-	109,207	-	(730)	-	(730)	108,477
Net change in fund balances	(15,268)	32,000	1	(29,768)	743	(29,024)	2,976
Fund balances - beginning, as originally reported	12,788	327,887	1,560	29,768	300,416	331,744	659,631
Adjustments <i>(see Note 1)</i>	-	18,525	-	-	-	-	18,525
Fund balances - beginning, as adjusted	12,788	346,412	1,560	29,768	300,416	331,744	678,156
Fund balances - ending	\$ (2,480)	\$ 378,412	\$ 1,561	\$ -	\$ 301,159	\$ 302,720	\$ 681,132

(Concluded)

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

PENSION TRUST FUNDS

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans. The Town has two pension plans covering substantially all of its employees, the Town Employees' Pension Plan and the Volunteer Firefighters' Retirement Plan.

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
AS OF JUNE 30, 2021

	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments:			
Insurance contracts	\$ 939,845	\$ 650,789	\$ 1,590,634
Total assets	<u>939,845</u>	<u>650,789</u>	<u>1,590,634</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 939,845</u>	<u>\$ 650,789</u>	<u>\$ 1,590,634</u>

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 201,608	\$ 48,559	\$ 250,167
Total contributions	<u>201,608</u>	<u>48,559</u>	<u>250,167</u>
Investment earnings:			
Net change in the fair value of investments, net of fees	347,985	144,480	492,465
Interest and dividends	388	-	388
Total investment earnings, net	<u>348,373</u>	<u>144,480</u>	<u>492,853</u>
Total additions	<u>549,981</u>	<u>193,039</u>	<u>743,020</u>
DEDUCTIONS			
Benefit payments	2,113,800	53,969	2,167,769
Administrative expenses	250	-	250
Total deductions	<u>2,114,050</u>	<u>53,969</u>	<u>2,168,019</u>
Change in net position	(1,564,069)	139,070	(1,424,999)
Net position - beginning	<u>2,503,914</u>	<u>511,719</u>	<u>3,015,633</u>
Net position - ending	<u><u>\$ 939,845</u></u>	<u><u>\$ 650,789</u></u>	<u><u>\$ 1,590,634</u></u>