

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

TOWN OF DEEP RIVER, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Deep River, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Deep River, Connecticut, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the information on pages 68 through 83 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial 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 March 7, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
March 7, 2024

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, 2023

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, 2023.

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 \$21,967,065 (net position). Of this amount, \$1,993,392 represents the Town's unrestricted net position.
- The Town's total net position increased by \$363,764 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 \$5,330,561, an increase of \$6,179 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,982,041 or 14.9% of the Town's total General Fund expenditure appropriations for fiscal year 2024. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund appropriations.
- The Town's total capital assets increased by \$362,936 or 1.5% during the current fiscal year.
- The Town's total long-term debt decreased by \$428,831 or 7.3% 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, 2023

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 17 and 18 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, 2023

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, the Capital and Nonrecurring Fund, the ARPA Fund and the Incubator Building Fund, all of which are considered to be major funds. 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 19 through 23 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 24 through 26 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 27 and 28 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 29 through 67 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 68 through 103 of this report.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the Town (governmental and business-type activities combined) totaled \$21,967,065 as of June 30, 2023 and \$21,603,301 as of June 30, 2022 and are summarized as follows:

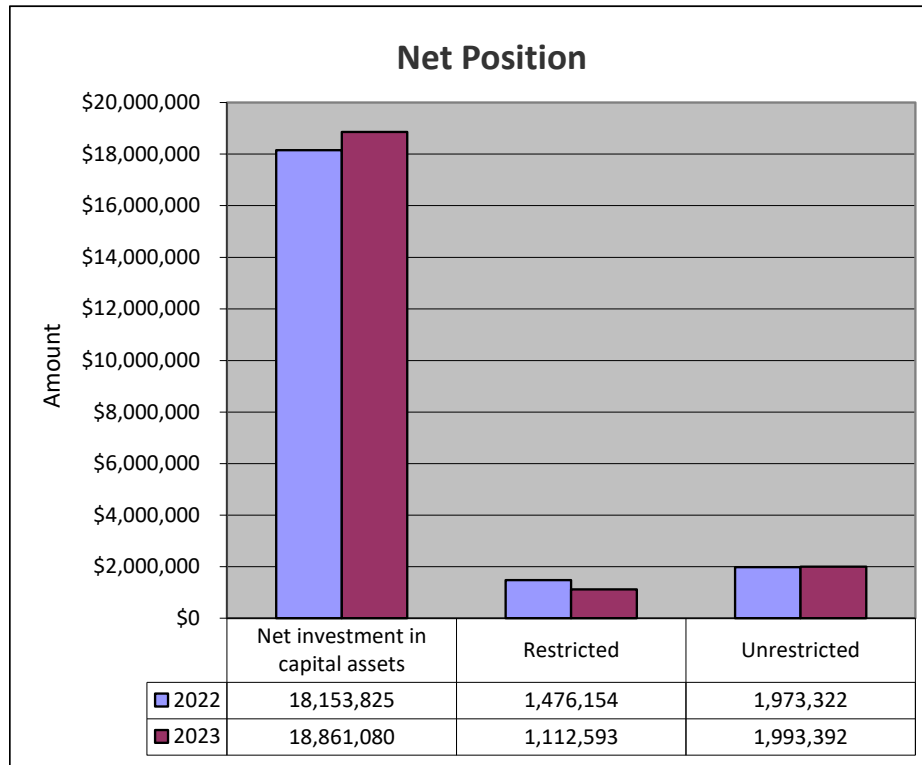
	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 7,662,572	\$ 827,017	\$ 8,489,589	\$ 8,482,597	\$ 6,992	0.1%
Capital assets	11,816,330	12,473,014	24,289,344	23,926,408	362,936	1.5%
Total assets	19,478,902	13,300,031	32,778,933	32,409,005	369,928	1.1%
Deferred outflows of resources	947,242	146,527	1,093,769	1,388,822	(295,053)	-21.2%
Other liabilities	1,652,932	38,847	1,691,779	1,442,300	249,479	17.3%
Long-term liabilities	5,195,160	4,033,814	9,228,974	9,833,309	(604,335)	-6.1%
Total liabilities	6,848,092	4,072,661	10,920,753	11,275,609	(354,856)	-3.1%
Deferred inflows of resources	965,096	19,788	984,884	918,917	65,967	7.2%
Net position:						
Net investment in capital assets	10,200,844	8,660,236	18,861,080	18,153,825	707,255	3.9%
Restricted	932,301	180,292	1,112,593	1,476,154	(363,561)	-24.6%
Unrestricted	1,479,811	513,581	1,993,392	1,973,322	20,070	1.0%
Total net position	\$ 12,612,956	\$ 9,354,109	\$ 21,967,065	\$ 21,603,301	\$ 363,764	1.7%

	June 30, 2022		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 7,574,058	\$ 908,539	\$ 8,482,597
Capital assets	11,220,661	12,705,747	23,926,408
Total assets	18,794,719	13,614,286	32,409,005
Deferred outflows of resources	1,120,702	268,120	1,388,822
Other liabilities	1,388,096	54,204	1,442,300
Long-term liabilities	5,251,407	4,581,902	9,833,309
Total liabilities	6,639,503	4,636,106	11,275,609
Deferred inflows of resources	912,313	6,604	918,917
Net position:			
Net investment in capital assets	9,512,916	8,640,909	18,153,825
Restricted	1,279,837	196,317	1,476,154
Unrestricted	1,570,852	402,470	1,973,322
Total net position	\$ 12,363,605	\$ 9,239,696	\$ 21,603,301

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 5.1% 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 \$363,764.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2023 and 2022 are as follows:

	2023			2022		
	Governmental	Business-type				
	Activities	Activities	Total	Total	\$ Change	% Change
Revenues						
Program revenues:						
Charges for services	\$ 772,279	\$ 1,467,107	\$ 2,239,386	\$ 2,152,563	\$ 86,823	4.0%
Operating grants and contributions	3,258,207	-	3,258,207	3,326,274	(68,067)	-2.0%
Capital grants and contributions	263,941	4,211	268,152	-	268,152	-
General revenues:						
Property taxes, levied for general purposes	16,051,995	-	16,051,995	15,844,086	207,909	1.3%
Grants and contributions	113,819	-	113,819	17,741	96,078	541.6%
Unrestricted investment earnings	119,926	-	119,926	11,737	108,189	921.8%
Total revenues	<u>20,580,167</u>	<u>1,471,318</u>	<u>22,051,485</u>	<u>21,352,401</u>	<u>699,084</u>	<u>3.3%</u>
Expenses						
General government	2,646,048	-	2,646,048	2,272,442	373,606	16.4%
Public safety	988,589	-	988,589	989,572	(983)	-0.1%
Public works	1,628,585	-	1,628,585	1,785,123	(156,538)	-8.8%
Health and social services	222,709	-	222,709	157,955	64,754	41.0%
Recreational services	479,715	-	479,715	431,980	47,735	11.1%
Education	13,978,290	-	13,978,290	13,944,388	33,902	0.2%
Interest expense	52,591	-	52,591	7,606	44,985	591.4%
Sewers	-	1,691,194	1,691,194	1,774,369	(83,175)	-4.7%
Total expenses	<u>19,996,527</u>	<u>1,691,194</u>	<u>21,687,721</u>	<u>21,363,435</u>	<u>324,286</u>	<u>1.5%</u>
Changes in net position before transfers	583,640	(219,876)	363,764	(11,034)	374,798	-3396.8%
Transfers, net	<u>(334,289)</u>	<u>334,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	249,351	114,413	363,764	(11,034)	<u>\$ 374,798</u>	<u>-3396.8%</u>
Net position - beginning	<u>12,363,605</u>	<u>9,239,696</u>	<u>21,603,301</u>	<u>21,614,335</u>		
Net position - ending	<u>\$ 12,612,956</u>	<u>\$ 9,354,109</u>	<u>\$ 21,967,065</u>	<u>\$ 21,603,301</u>		

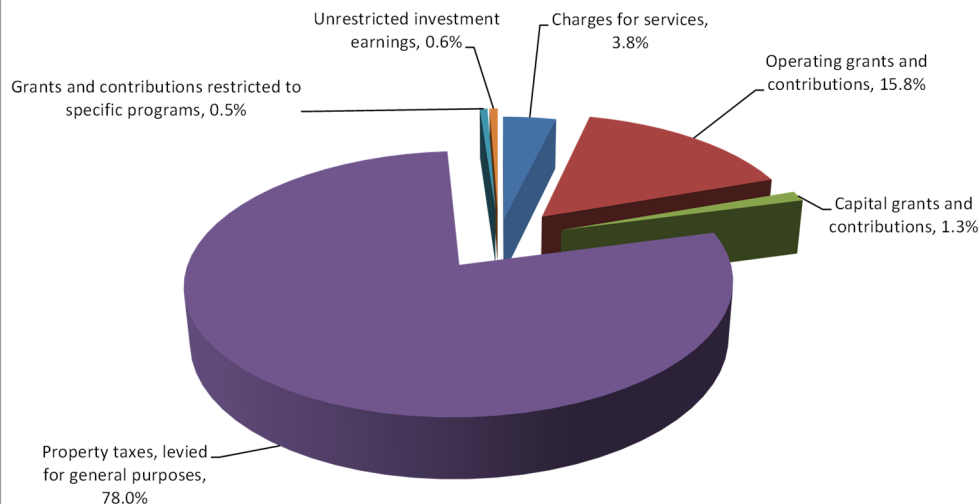
TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 832,721	\$ 1,319,842	\$ 2,152,563
Operating grants and contributions	3,320,158	6,116	3,326,274
Capital grants and contributions	-	-	-
General revenues:			
Property taxes, levied for general purposes	15,844,086	-	15,844,086
Grants and contributions	17,741	-	17,741
Unrestricted investment earnings	11,737	-	11,737
Total revenues	20,026,443	1,325,958	21,352,401
Expenses			
General government	2,272,442	-	2,272,442
Public safety	989,572	-	989,572
Public works	1,785,123	-	1,785,123
Health and social services	157,955	-	157,955
Recreational services	431,980	-	431,980
Education	13,944,388	-	13,944,388
Interest expense	7,606	-	7,606
Sewers	-	1,774,369	1,774,369
Total expenses	19,589,066	1,774,369	21,363,435
Changes in net position before transfers	437,377	(448,411)	(11,034)
Transfers, net	(318,259)	318,259	-
Change in net position	119,118	(130,152)	(11,034)
Net position - beginning	12,244,487	9,369,848	21,614,335
Net position - ending	\$ 12,363,605	\$ 9,239,696	\$ 21,603,301

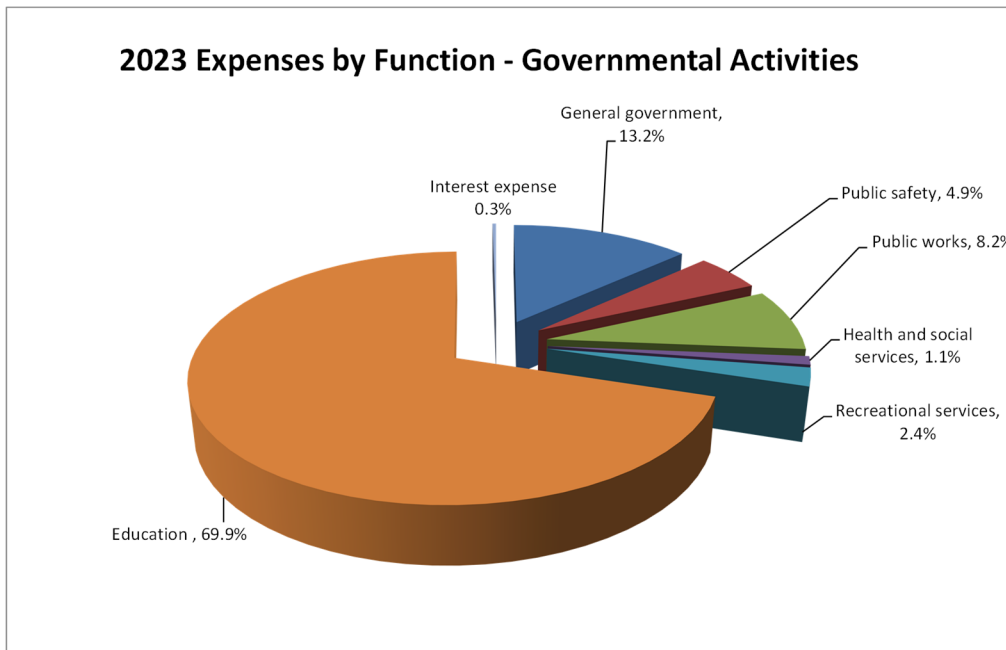
2023 Revenue by Source - Governmental Activities



TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



Governmental Activities

Governmental activities increased the Town's net position by \$249,351.

Revenues generated by the Town increased by \$553,724 or 2.8% in comparison to the prior year. Significant changes in revenues were as follows:

- an increase in property taxes of \$207,909 or 1.3% primarily due to an overall increase in the Town's taxable grand list; and
- an increase in capital grants and contributions in the amount of \$263,941 attributed to revenues recognized for capital acquisitions and projects primarily funded by federal grants.

Expenses increased by \$407,461 or 2.1% in comparison to the prior year. Significant changes in expenses consisted of an increase in general government expenses. The increase is primarily due to an increase in Town employee benefits and expenditures relating to the Town's participation in the sustainable materials management grant program.

Business-type Activities

Business-type activities increased the Town's net position by a current year change of \$114,413. Revenues increased by \$146,360 or 11.0% in comparison to the prior year. Expenses decreased by \$83,175 or 4.7%, 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, 2023

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 \$5,330,561, an increase of \$6,179 in comparison with the prior year. Of this amount, \$2,959,574 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 \$2,982,041, while total fund balance was \$3,844,257. 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 14.9% of the Town's total General Fund expenditure appropriations for fiscal year 2024. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund appropriations.

The fund balance of the Town's General Fund increased by \$394,677 during the current fiscal year, as a direct result of favorable current year operating results, outlined in the General Fund Budgetary Highlights section below.

Capital and Nonrecurring Fund

The Capital and Nonrecurring Fund has a fund balance of \$928,010 as of June 30, 2023, a decrease of \$497,941 from the prior year. This decrease was due primarily to budgetary transfers in from the General Fund, offset by current year outlays expended on authorized projects.

ARPA Fund

The American Rescue Plan Fund was established to account for the receipt of Coronavirus State and Local Fiscal Recovery Fund grant funding provided by the American Rescue Plan Act. Unspent funds are reported as unearned until allowable expenditures are incurred.

Incubator Building Fund

The Incubator Building Fund is used to account for revenue and related expenditures related to commercial real estate leases located at Plattwood Park Industrial Area. The Incubator Building Fund has a fund balance of \$234,269 as of June 30, 2023, an increase of \$34,595 from the prior year.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

The original operating budget for the General Fund planned for the use of fund balance in the amount of \$689,780. During the year, additional appropriations of \$210,000 were authorized from fund balance, resulting in a planned use of fund balance in the amount of \$899,780. The actual change in fund balance on a budgetary basis was an increase of \$416,161, resulting in an overall favorable budgetary variance \$1,315,941.

Revenues exceeded budgetary estimates by \$714,723, primarily as a result of favorable collections on property taxes, building permits, and police special private duty reimbursements.

Expenditures were \$601,218 less than budgeted.

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, 2023 totaled \$24,289,344 (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 increased by \$362,936 or 1.5%. This increase was attributed to capital asset additions offset by current year depreciation expense.

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

- outlays for the purchase of a fire truck and related equipment in the amount of \$407 thousand;
- outlays pertaining to a fire radio and system improvement project in the amount of \$249 thousand;
- outlays for the purchase of a freightliner plow truck in the amount of \$211 thousand; and
- depreciation expense of approximately \$870 thousand.

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

- an increase of \$124 thousand in machinery and equipment for costs incurred in connection with Supervisory Control and Data Acquisition (SCADA) system upgrades and machine and pump repairs; and
- depreciation expense of approximately \$459 thousand.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

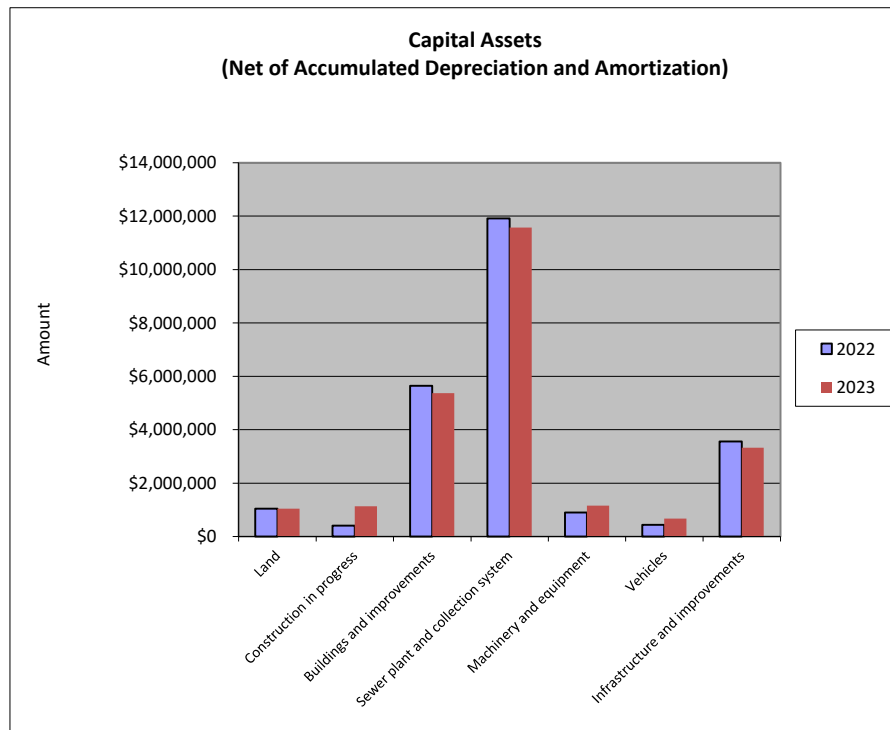
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

Capital Assets, Net			
June 30, 2023			
	Governmental	Business-type	
	Activities	Activities	Total
Land	\$ 684,688	\$ 360,214	\$ 1,044,902
Construction in progress	1,135,615	-	1,135,615
Buildings and improvements	5,371,234	-	5,371,234
Sewer plant and collection system	-	11,572,442	11,572,442
Machinery and equipment	700,350	461,406	1,161,756
Vehicles	593,440	78,952	672,392
Infrastructure and improvements	3,331,003	-	3,331,003
Totals	<u>\$ 11,816,330</u>	<u>\$ 12,473,014</u>	<u>\$ 24,289,344</u>

Capital Assets, Net			
June 30, 2022			
	Governmental	Business-type	
	Activities	Activities	Total
Land	\$ 684,688	\$ 360,214	\$ 1,044,902
Construction in progress	404,689	1,000	405,689
Buildings and improvements	5,648,131	-	5,648,131
Sewer plant and collection system	-	11,915,851	11,915,851
Machinery and equipment	504,136	399,764	903,900
Vehicles	412,929	28,918	441,847
Infrastructure and improvements	3,566,088	-	3,566,088
Totals	<u>\$ 11,220,661</u>	<u>\$ 12,705,747</u>	<u>\$ 23,926,408</u>



Additional information on the Town's capital assets can be found in Note 4 of this report.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

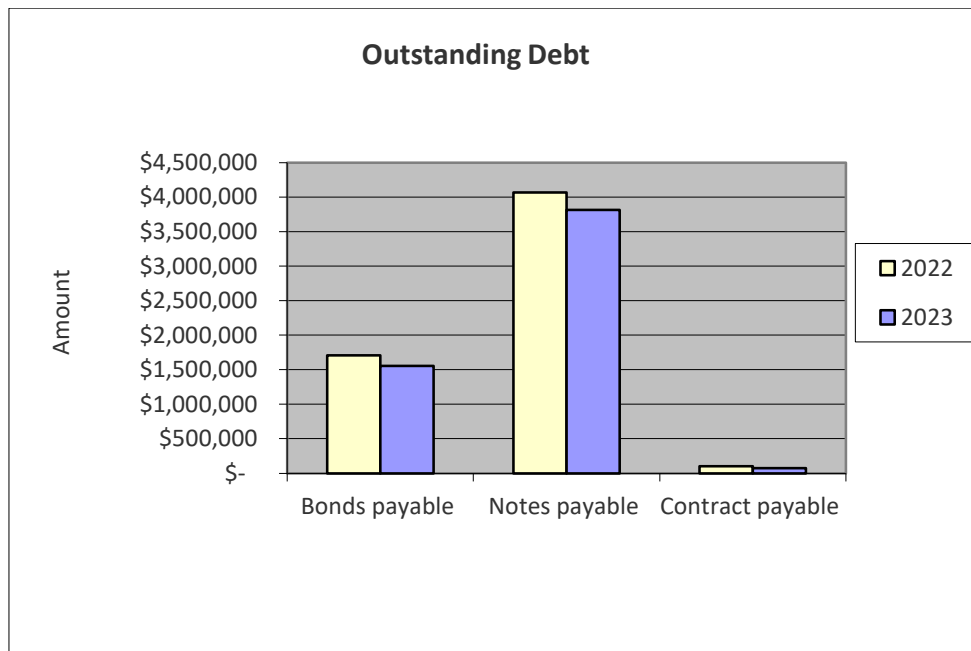
At the end of the current fiscal year, the Town had total long-term debt outstanding of \$5,443,752, all of which is backed by the full faith and credit of the government. The Town's total debt decreased by \$428,831 or 7.3% due to regularly scheduled debt repayments.

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, 2023		
	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 1,555,974	\$ -	\$ 1,555,974
Notes payable	-	3,812,778	3,812,778
Contract payable	75,000	-	75,000
Totals	<u>\$ 1,630,974</u>	<u>\$ 3,812,778</u>	<u>\$ 5,443,752</u>

	Long-term Debt June 30, 2022		
	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 1,707,745	\$ -	\$ 1,707,745
Notes payable	-	4,064,838	4,064,838
Contract payable	100,000	-	100,000
Totals	<u>\$ 1,807,745</u>	<u>\$ 4,064,838</u>	<u>\$ 5,872,583</u>



Additional information on the Town's debt can be found in Note 7 of this report.

TOWN OF DEEP RIVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 2024, 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.

All of these factors were considered in preparing the Town's budget for fiscal year 2024. The Town's fiscal year 2024 budget was approved at a Town Meeting on May 15, 2023. The fiscal year 2024 budget contemplated expenditures of \$19,954,305, an increase of \$667,731 or 3.5% over the original fiscal year 2023 budgeted expenditures. The approved mill rate for the fiscal year 2024 budget is 29.88, an increase of 0.90 mills or 3.1% 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, 2023

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 6,472,769	\$ 382,479	\$ 6,855,248
Receivables:			
Property taxes and interest, net	269,055	-	269,055
Sewer usage and assessments, net	-	104,177	104,177
Grants and contracts	206,950	-	206,950
Leases	60,884	-	60,884
Other	227,680	196,200	423,880
Inventories	7,029	-	7,029
Internal balances	3,651	(3,651)	-
Assessments receivable, long-term	-	147,812	147,812
Leases receivable, long-term	414,059	-	414,059
Prepaid and other	495	-	495
Capital assets:			
Non-depreciable	1,820,303	360,214	2,180,517
Depreciable, net	9,996,027	12,112,800	22,108,827
Total assets	<u>19,478,902</u>	<u>13,300,031</u>	<u>32,778,933</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	925,639	146,527	1,072,166
OPEB related	21,603	-	21,603
Total deferred outflows of resources	<u>947,242</u>	<u>146,527</u>	<u>1,093,769</u>
LIABILITIES			
Accounts payable	476,554	32,640	509,194
Accrued liabilities	144,888	6,207	151,095
Unearned revenue	950,518	-	950,518
Due to others	80,972	-	80,972
Noncurrent liabilities:			
Due within one year	216,748	270,102	486,850
Due in more than one year	4,978,412	3,763,712	8,742,124
Total liabilities	<u>6,848,092</u>	<u>4,072,661</u>	<u>10,920,753</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	192,620	19,788	212,408
OPEB related	358,417	-	358,417
Lease related	414,059	-	414,059
Total deferred inflows of resources	<u>965,096</u>	<u>19,788</u>	<u>984,884</u>
NET POSITION			
Net investment in capital assets	10,200,844	8,660,236	18,861,080
Restricted for:			
Grants and other programs	932,301	-	932,301
Repayment of debt	-	180,292	180,292
Unrestricted	1,479,811	513,581	1,993,392
Total net position	<u>\$ 12,612,956</u>	<u>\$ 9,354,109</u>	<u>\$ 21,967,065</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
<i>Governmental activities:</i>							
General government	\$ 2,646,048	\$ 460,367	\$ 35,496	\$ 14,897	\$ (2,135,288)	\$ -	\$ (2,135,288)
Public safety	988,589	141,466	1,075	249,044	(597,004)	-	(597,004)
Public works	1,628,585	50,509	372,445	-	(1,205,631)	-	(1,205,631)
Health and social services	222,709	-	187,644	-	(35,065)	-	(35,065)
Recreational services	479,715	76,997	-	-	(402,718)	-	(402,718)
Education	13,978,290	42,940	2,661,547	-	(11,273,803)	-	(11,273,803)
Interest expense	52,591	-	-	-	(52,591)	-	(52,591)
Total governmental activities	<u>19,996,527</u>	<u>772,279</u>	<u>3,258,207</u>	<u>263,941</u>	<u>(15,702,100)</u>	<u>-</u>	<u>(15,702,100)</u>
<i>Business-type activities:</i>							
Sewer	<u>1,691,194</u>	<u>1,467,107</u>	<u>-</u>	<u>4,211</u>	<u>-</u>	<u>(219,876)</u>	<u>(219,876)</u>
Total business-type activities	<u>1,691,194</u>	<u>1,467,107</u>	<u>-</u>	<u>4,211</u>	<u>-</u>	<u>(219,876)</u>	<u>(219,876)</u>
Total primary government	<u>\$ 21,687,721</u>	<u>\$ 2,239,386</u>	<u>\$ 3,258,207</u>	<u>\$ 268,152</u>	<u>(15,702,100)</u>	<u>(219,876)</u>	<u>(15,921,976)</u>
General revenues:							
Property taxes, levied for general purposes					16,051,995	-	16,051,995
Grants and contributions not restricted to specific programs					113,819	-	113,819
Income from investments					119,926	-	119,926
Transfers, net					(334,289)	334,289	-
Total general revenues					<u>15,951,451</u>	<u>334,289</u>	<u>16,285,740</u>
Change in net position					249,351	114,413	363,764
Net position - beginning					<u>12,363,605</u>	<u>9,239,696</u>	<u>21,603,301</u>
Net position - ending					<u>\$ 12,612,956</u>	<u>\$ 9,354,109</u>	<u>\$ 21,967,065</u>

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

TOWN OF DEEP RIVER, CONNECTICUT
BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	General Fund	Capital and Nonrecurring Fund	ARPA Fund	Incubator Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,911,226	\$ 1,066,542	\$ 951,749	\$ 234,269	\$ 308,983	\$ 6,472,769
Receivables:						
Property taxes and interest, net	269,055	-	-	-	-	269,055
Grants and contracts	-	-	-	-	206,950	206,950
Leases	-	-	-	474,943	-	474,943
Other	53,386	-	-	-	174,294	227,680
Due from other funds	411,289	-	-	-	-	411,289
Inventories	-	-	-	-	7,029	7,029
Prepaid items and other	495	-	-	-	-	495
Total assets	<u>\$ 4,645,451</u>	<u>\$ 1,066,542</u>	<u>\$ 951,749</u>	<u>\$ 709,212</u>	<u>\$ 697,256</u>	<u>\$ 8,070,210</u>
LIABILITIES						
Accounts payable	\$ 451,908	\$ -	\$ -	\$ -	\$ 24,646	\$ 476,554
Accrued liabilities	125,922	-	-	-	-	125,922
Due to others	-	-	-	-	80,972	80,972
Due to other funds	-	138,532	-	-	269,106	407,638
Unearned revenue	262	-	948,304	-	1,952	950,518
Total liabilities	<u>578,092</u>	<u>138,532</u>	<u>948,304</u>	<u>-</u>	<u>376,676</u>	<u>2,041,604</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Property taxes and interest	223,102	-	-	-	-	223,102
Unavailable revenue - leases	-	-	-	60,884	-	60,884
Lease related	-	-	-	414,059	-	414,059
Total deferred inflows of resources	<u>223,102</u>	<u>-</u>	<u>-</u>	<u>474,943</u>	<u>-</u>	<u>698,045</u>
FUND BALANCES						
Nonspendable	495	-	-	-	7,029	7,524
Restricted	-	613,475	3,445	-	315,381	932,301
Committed	39,295	335,022	-	234,269	150	608,736
Assigned	822,426	-	-	-	-	822,426
Unassigned	2,982,041	(20,487)	-	-	(1,980)	2,959,574
Total fund balances	<u>3,844,257</u>	<u>928,010</u>	<u>3,445</u>	<u>234,269</u>	<u>320,580</u>	<u>5,330,561</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,645,451</u>	<u>\$ 1,066,542</u>	<u>\$ 951,749</u>	<u>\$ 709,212</u>	<u>\$ 697,256</u>	<u>\$ 8,070,210</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, 2023

Total fund balance for governmental funds	\$	5,330,561
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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		1,135,615	
Buildings and improvements		14,358,325	
Machinery and equipment		1,743,716	
Vehicles		3,242,196	
Infrastructure and improvements		7,213,964	
Accumulated depreciation		<u>(16,562,174)</u>	
Total capital assets, net			11,816,330

Some of the Town's taxes, assessments, lease, 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.

283,986

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		(18,966)	
Long-term debt:			
Bond payable		(1,555,974)	
Lease (as lessee)		(59,512)	
Other long-term liabilities:			
Contract payable		(75,000)	
Compensated absences		(240,563)	
Post-closure landfill costs		(641,788)	
Net pension liabilities		(2,474,425)	
Total OPEB liability		<u>(147,898)</u>	
Total long-term liabilities			(5,214,126)

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.

396,205

Net position of governmental activities	\$	<u><u>12,612,956</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital & Nonrecurring Fund	ARPA Fund	Incubator Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 16,179,676	\$ -	\$ -	\$ -	\$ -	\$ 16,179,676
Grants and contracts	2,562,483	-	366,605	-	477,481	3,406,569
Charges for services	694,248	-	-	53,495	16,940	764,683
Investment income	98,397	18,505	2,992	-	32	119,926
Other	10,740	-	-	-	88,785	99,525
Total revenues	<u>19,545,544</u>	<u>18,505</u>	<u>369,597</u>	<u>53,495</u>	<u>583,238</u>	<u>20,570,379</u>
EXPENDITURES						
Current:						
General government	2,091,890	-	-	18,900	84,434	2,195,224
Public safety	802,246	-	-	-	-	802,246
Public works	1,270,988	-	-	-	-	1,270,988
Health and social services	99,432	-	-	-	31,467	130,899
Recreational services	440,461	-	-	-	-	440,461
Education	13,161,077	-	-	-	407,227	13,568,304
Capital outlays	397,991	1,080,490	117,560	-	96,097	1,692,138
Debt service:						
Principal payments	158,246	-	-	-	-	158,246
Interest and fiscal charges	37,392	-	-	-	-	37,392
Total expenditures	<u>18,459,723</u>	<u>1,080,490</u>	<u>117,560</u>	<u>18,900</u>	<u>619,225</u>	<u>20,295,898</u>
Excess (deficiency) of revenues over expenditures	1,085,821	(1,061,985)	252,037	34,595	(35,987)	274,481
OTHER FINANCING SOURCES (USES)						
Lease (as lessee)	65,987	-	-	-	-	65,987
Transfers in	-	564,044	-	-	107,842	671,886
Transfers out	(757,131)	-	(249,044)	-	-	(1,006,175)
Total other financing sources (uses)	<u>(691,144)</u>	<u>564,044</u>	<u>(249,044)</u>	<u>-</u>	<u>107,842</u>	<u>(268,302)</u>
Net change in fund balances	394,677	(497,941)	2,993	34,595	71,855	6,179
Fund balances - beginning	<u>3,449,580</u>	<u>1,425,951</u>	<u>452</u>	<u>199,674</u>	<u>248,725</u>	<u>5,324,382</u>
Fund balances - ending	<u>\$ 3,844,257</u>	<u>\$ 928,010</u>	<u>\$ 3,445</u>	<u>\$ 234,269</u>	<u>\$ 320,580</u>	<u>\$ 5,330,561</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, 2023

Net change in fund balances - total governmental funds	\$	6,179
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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	\$ 1,465,813	
Depreciation and amortization expense	(870,144)	
Net adjustment		595,669

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:

Debt issued or incurred:		
Lease (as lessee)	(65,987)	
Principal repayments:		
Bonds	151,771	
Lease (as lessee)	6,475	
Contract	25,000	
Net adjustment		117,259

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.	(120,581)
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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	(15,199)	
Compensated absences	(25,677)	
Net pension liabilities	(41,081)	
Total OPEB liability	5,746	
		(76,211)

(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, 2023

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.

\$ (272,964)

Change in net position of governmental activities

\$ 249,351

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, 2023

	Business-type Activities Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 382,479
Receivables:	
Assessments and interest, net	32,480
User charges and interest, net	71,697
Other	196,200
Total current assets	<u>682,856</u>
Noncurrent assets:	
Receivables:	
Assessments	147,812
Capital assets:	
Non-depreciable	360,214
Depreciable, net	12,112,800
Total noncurrent assets	<u>12,620,826</u>
Total assets	<u>13,303,682</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>146,527</u>
LIABILITIES	
Current liabilities:	
Accounts payable	32,640
Accrued liabilities	6,207
Compensated absences	12,613
Due to other funds	3,651
Notes payable	257,489
Total current liabilities	<u>312,600</u>
Noncurrent liabilities:	
Compensated absences	113,517
Net pension liability	94,906
Notes payable	3,555,289
Total non-current liabilities	<u>3,763,712</u>
Total liabilities	<u>4,076,312</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>19,788</u>
NET POSITION	
Net investment in capital assets	8,660,236
Restricted for debt service	180,292
Unrestricted	513,581
Total net position	<u>\$ 9,354,109</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, 2023

	Business-type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,467,107
Total operating revenues	<u>1,467,107</u>
OPERATING EXPENSES	
Salaries and benefits	338,296
Contracted services	58,700
Utilities	149,061
Operations	502,949
Safety	1,672
Laboratory	19,008
Replacement	41,005
Repairs and maintenance	23,248
Depreciation	459,001
Total operating expenses	<u>1,592,940</u>
Operating loss	(125,833)
NON-OPERATING EXPENSE	
Interest expense	<u>(98,254)</u>
Change in net position before transfers and capital contributions	(224,087)
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in - debt service	334,289
Capital contribution	4,211
Total transfers and capital contributions	<u>338,500</u>
Change in net position	114,413
Net position - beginning	<u>9,239,696</u>
Net position - ending	<u>\$ 9,354,109</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, 2023

	Business-type Activities Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Charges for services	\$ 1,415,931
Cash paid for the following:	
Payroll and benefits	(501,219)
Goods and services	(809,328)
Net cash provided by operating activities	<u>105,384</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Interfund activity	<u>(20,114)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	<u>(222,057)</u>
Net decrease in cash and cash equivalents	(136,787)
Cash and cash equivalents, beginning of year	<u>519,266</u>
Cash and cash equivalents, end of year	<u><u>\$ 382,479</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (125,833)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	459,001
Changes in assets and liabilities:	
Increase in receivables	(51,176)
Decrease in net pension liability and related deferred outflows and inflows	(170,004)
Increase in compensated absences	8,753
Decrease in accounts payable and accrued liabilities	<u>(15,357)</u>
Net cash provided by operating activities	<u><u>\$ 105,384</u></u>
SCHEDULE OF NON-CASH CAPITAL AND FINANCING ACTIVITIES	
Principal payments made by the General Fund	\$ 252,060
Interest payments made by the General Fund	98,254

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, 2023

	Pension Trust Funds
ASSETS	
Investments:	
Insurance contracts	\$ 1,695,998
Total assets	<u>1,695,998</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 1,695,998</u>

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

TOWN OF DEEP RIVER, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 322,123
Total contributions	<u>322,123</u>
Investment earnings:	
Net change in the fair value of investments, net of fees	<u>127,018</u>
Total investment earnings	<u>127,018</u>
Total additions	<u>449,141</u>
DEDUCTIONS	
Benefit payments	<u>112,072</u>
Total deductions	<u>112,072</u>
Change in net position	337,069
Net position - beginning	<u>1,358,929</u>
Net position - ending	<u><u>\$ 1,695,998</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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units - The Town has established two single-employer defined benefit pension plans to provide retirement benefits to employees and their beneficiaries. The Town performs the duties of a governing board for the pension plans and makes contributions to the plans. The financial statements of the fiduciary component units are reported as Pension Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Related Organizations

The Town is a member of Regional School District No. 4 (the District). Member Towns of the District include the towns of Deep River, Chester and Essex. The District provides educational services for grades pre-kindergarten and grades 7 through 12 populations within its member towns. The activities of the District are primarily supported by assessments made to member towns. Assessments for the Town totaled \$7,432,540, which represented approximately 35.07% of total member assessments. In addition to annual member assessments, the Town is contingently liable for its pro-rata share of the District's outstanding bonds (*see Note 7*). The District is governed by an elected Board of Education and issues publicly available financial reports.

The Town is a member of the Supervision District. The Supervision District is a legally separate entity that was formed via a cooperative arrangement for the purpose of administering educational funds and services to the school boards of the towns of Deep River, Chester and Essex, and of Regional School District No. 4 (the boards). The activities of the Supervision District are primarily supported by assessments made to member boards. Assessments for the Town totaled \$2,046,656, which represented approximately 23.64% of total board assessments. The Supervision District is governed by a committee of three members from each of the boards and issues publicly available financial reports.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

Jointly Governed 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. 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.

Capital and Nonrecurring Fund - This fund is used to account for multi-year capital and nonrecurring purchases or projects funded by grants, debt issuances or local appropriations.

ARPA Fund - This fund is used to account for the receipt of Local Fiscal Recovery Funds established by the American Rescue Plan Act.

Incubator Building Fund - This fund is used to account for activities associated with commercial real estate leased by the Town for the purpose of cultivating small business growth.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

Fund Financial Statements

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

Pension Trust Funds - 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 recognition in the financial statements of various kinds of transactions or events.

The government-wide financial statements are reported 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 reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). 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 either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For purposes of the statement of cash flows, the Town's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in insurance contracts. Investments in insurance contracts consist of fixed and variable separate accounts. Investments in these types of contracts are measured by the Town at contract value, which approximates fair value.

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, 2023 of \$2,122,000 and \$696,000, 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 choose 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, 2023.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases (as Lessor)

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

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

Unearned Revenue

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

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

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

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition or consumption of net assets 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.

Long-term Obligations

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 assets.

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.

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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases (as Lessee)

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$20,000 or more.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related are also included in this component of net position.

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.

Sometimes the Town will fund outlays for a particular purpose from both restricted 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. It is the Town's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (Continued)

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.

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 Activity

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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, 2023 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 6,855,248
Statement of fiduciary net position:	
Cash and cash equivalents - pension trust funds	-
	<u>\$ 6,855,248</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Cash Deposits *(Continued)*

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, 2023, \$6,121,463 of the Town's bank balance of \$7,121,463 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,509,317
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>612,146</u>
	<u><u>\$ 6,121,463</u></u>

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, 2023 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Statement of fiduciary net position:	
Investments - pension trust funds	<u>1,695,998</u>
	<u><u>\$ 1,695,998</u></u>

As of June 30, 2023, 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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Investments *(Continued)*

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, 2023, 100% of the Town's fiduciary investments were invested in insurance contracts entered into with Empower Retirement.

NOTE 3 - RECEIVABLES

Leases *(as Lessor)*

The Town is a lessor for noncancellable leases of two incubator buildings for the purpose of cultivating economic development for small businesses. The lease periods range from 3 to 100 years. The Town recognized \$53,495 in lease related revenue during the current fiscal year. As of June 30, 2023, the Town's receivable for lease payments totaled \$474,943. In addition the Town has recognized deferred inflows of resources in the amount of \$414,059 from the leases that will be recognized as revenue over the lease term.

Future minimum lease payments to be received under lease agreements are as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 60,884	\$ 6,607
2025	513	6,587
2026	559	7,442
2027	1,096	16,804
2028	1,140	16,760
Thereafter	410,751	645,222
	<u>\$ 474,943</u>	<u>\$ 699,422</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities the year ended June 30, 2023 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	404,689	730,926	-	1,135,615
Total capital assets, not being depreciated	<u>1,089,377</u>	<u>730,926</u>	<u>-</u>	<u>1,820,303</u>
Capital assets, being depreciated:				
Buildings and improvements	14,309,076	49,249	-	14,358,325
Machinery and equipment	1,451,396	292,320	-	1,743,716
Vehicles	2,961,878	280,318	-	3,242,196
Infrastructure and improvements	7,100,964	113,000	-	7,213,964
Total capital assets, being depreciated	<u>25,823,314</u>	<u>734,887</u>	<u>-</u>	<u>26,558,201</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	8,660,945	326,146	-	8,987,091
Machinery and equipment	947,260	96,106	-	1,043,366
Vehicles	2,548,949	99,807	-	2,648,756
Infrastructure and improvements	3,534,876	348,085	-	3,882,961
Total accumulated depreciation and amortization	<u>15,692,030</u>	<u>870,144</u>	<u>-</u>	<u>16,562,174</u>
Total capital assets, being depreciated, net	<u>10,131,284</u>	<u>(135,257)</u>	<u>-</u>	<u>9,996,027</u>
Governmental activities capital assets, net	<u>\$ 11,220,661</u>	<u>\$ 595,669</u>	<u>\$ -</u>	<u>\$ 11,816,330</u>

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

Governmental Activities:	
General government	\$ 165,327
Public safety	139,223
Public works	339,357
Health and social services	17,402
Recreational services	26,105
Education	<u>182,730</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 870,144</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 360,214	\$ -	\$ -	\$ 360,214
Construction in progress	1,000	64,740	(65,740)	-
Total capital assets, not being depreciated	<u>361,214</u>	<u>64,740</u>	<u>(65,740)</u>	<u>360,214</u>
Capital assets, being depreciated:				
Sewer plant	6,581,152	-	-	6,581,152
Sewer collection system	13,319,769	-	-	13,319,769
Machinery and equipment	2,466,997	161,528	-	2,628,525
Vehicles	250,299	-	65,740	316,039
Total capital assets, being depreciated	<u>22,618,217</u>	<u>161,528</u>	<u>65,740</u>	<u>22,845,485</u>
Less accumulated depreciation and amortization for:				
Sewer plant	4,235,344	123,915	-	4,359,259
Sewer collection system	3,749,726	219,494	-	3,969,220
Machinery and equipment	2,067,233	99,886	-	2,167,119
Vehicles	221,381	15,706	-	237,087
Total accumulated depreciation and amortization	<u>10,273,684</u>	<u>459,001</u>	<u>-</u>	<u>10,732,685</u>
Total capital assets, being depreciated, net	<u>12,344,533</u>	<u>(297,473)</u>	<u>65,740</u>	<u>12,112,800</u>
Business-type activities capital assets, net	<u>\$ 12,705,747</u>	<u>\$ (232,733)</u>	<u>\$ -</u>	<u>\$ 12,473,014</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Capital and Nonrecurring Fund	\$ 138,532
	Other Governmental Funds	269,106
	Sewer Fund	<u>3,651</u>
		<u>\$ 411,289</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, 2023

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
Capital and Nonrecurring Fund	General Fund	\$ 564,044
Other Governmental Funds	General Fund	107,842
		<u>\$ 671,886</u>
Business-Type Activities Funds:		
Sewer Fund	General Fund	<u>\$ 334,289</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 7 - LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2023, 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					
<i>Long-term debt:</i>					
General obligation bonds	\$ 1,707,745	\$ -	\$ (151,771)	\$ 1,555,974	\$ 151,774
Contract payable	100,000	-	(25,000)	75,000	25,000
	<u>1,807,745</u>	<u>-</u>	<u>(176,771)</u>	<u>1,630,974</u>	<u>176,774</u>
<i>Other long-term liabilities:</i>					
Leases	-	65,987	(6,475)	59,512	15,918
Compensated absences	214,886	26,802	(1,125)	240,563	24,056
Landfill closure and post-closure care	641,788	-	-	641,788	-
<i>Net pension liabilities:</i>					
Town Plan (See Note 9)	1,970,502	97,732	-	2,068,234	-
Fire Plan (See Note 9)	412,496	-	(50,856)	361,640	-
CT CMERS (See Note 9)	50,346	-	(5,795)	44,551	-
Total OPEB liability (See Note 10)	<u>153,644</u>	<u>-</u>	<u>(5,746)</u>	<u>147,898</u>	<u>-</u>
	<u>\$ 5,251,407</u>	<u>\$ 190,521</u>	<u>\$ (246,768)</u>	<u>\$ 5,195,160</u>	<u>\$ 216,748</u>
Business-type Activities					
<i>Long-term debt:</i>					
Notes payable	\$ 4,064,838	\$ -	\$ (252,060)	\$ 3,812,778	\$ 257,489
<i>Other long-term liabilities:</i>					
Compensated absences	117,377	8,753	-	126,130	12,613
Net pension liability - Town Plan (See Note 9)	399,687	-	(304,781)	94,906	-
	<u>\$ 4,581,902</u>	<u>\$ 8,753</u>	<u>\$ (556,841)</u>	<u>\$ 4,033,814</u>	<u>\$ 270,102</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, 2023

NOTE 7 - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable

The Town issues long-term debt to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are uncollateralized, direct obligations and are pledged by the full faith and credit of the Town. General obligation bonds and notes currently outstanding at June 30, 2023, are 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	\$ 28,574
General obligation bonds	2020	282,000	2.75%	2030	197,400
General obligation bonds	2022	1,425,000	3.25%	2037	1,330,000
					<u>1,555,974</u>
Contract payable	2018	250,000	0.00%	2026	<u>75,000</u>
					<u>\$ 1,630,974</u>
Business-type Activities:					
Notes Payable:					
USDA Rural Service bond	2016	\$ 2,910,000	2.75%	2056	\$ 2,591,874
USDA Rural Service bond	2016	144,000	2.75%	2056	128,258
USDA Rural Service bond	2016	605,000	3.00%	2056	533,943
					<u>3,254,075</u>
Clean Water Fund note	2006	3,375,000	2.00%	2026	<u>558,703</u>
					<u>\$ 3,812,778</u>

Shared Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 4's outstanding bonds. As of June 30, 2023, the outstanding indebtedness of the District was \$735,000. The Town's share will be approximately 35.07% or \$257,765 of the total outstanding indebtedness. Such outstanding indebtedness represents general obligations of the Regional School District No. 4 and its member towns. However, the Town is not required to record its share in the accompanying statement of net position.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized 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 statute does exclude from the Town's aggregate debt calculation any debt issued (a) in anticipation of taxes; (b) for water, gas, or electricity supply, electric demand response, conservation and load management, distributed generation, renewable energy projects, cable, wire, and pipe subway construction, underground cable, wire, and pipe conduit construction, constructing and operating a municipal community antenna television system, or a combination of such projects; (c) in anticipation of public improvement benefit assessment revenue; (d) in anticipation of state or federal grant funding; (e) for water pollution control projects in order to meet the energy and environmental protection commissioner's abatement order requirements; and debt issued (f) for which funds have been placed in escrow (from the proceeds of refunding bonds, notes, or other obligations or other municipal funds) in an amount sufficient, together with investment earnings, to provide for the payment when due of the principal of and interest on such debt. The Town did not exceed this statutory debt limitation as of June 30, 2023.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Long-term Debt Service Requirements

The debt service requirements for the Town's long-term debt for governmental activities are as follows:

Year ending June 30:	Governmental Activities		
	Bonds Payable		Contract Payable
	Principal	Interest	
2024	\$ 151,774	\$ 47,509	\$ 25,000
2025	123,200	42,860	25,000
2026	123,200	38,996	25,000
2027	123,200	35,133	-
2028	123,200	31,271	-
2029-2033	531,400	101,895	-
2034-2038	380,000	24,698	-
	<u>\$ 1,555,974</u>	<u>\$ 322,362</u>	<u>\$ 75,000</u>

The debt service requirements for the Town's long-term debt for business-type activities are as follows:

Year ending June 30:	Business-type Activities	
	Notes Payable	
	Principal	Interest
2024	\$ 257,489	\$ 92,824
2025	263,035	86,778
2026	234,887	81,641
2027	68,956	78,380
2028	70,720	76,616
2029-2033	381,717	354,963
2034-2038	433,180	303,500
2039-2043	491,603	245,077
2044-2048	557,931	178,749
2049-2053	633,237	103,443
2054-2058	420,023	21,731
	<u>\$ 3,812,778</u>	<u>\$ 1,623,702</u>

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, 2023, the Town has made payments of \$175,000. The remaining balance of \$75,000 will be paid by the Town in equal annual installments of \$25,000.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Leases

The Town's School District is a lessee for a noncancellable lease of equipment. The term of the lease is through January 2027. The Town's School District makes fixed monthly payments with an interest rate of 3.25%. The net book value of the right-to-use leased equipment totaled \$59,113 as of the end of June 30, 2023. The amount of the related lease liability was \$59,512 as of June 30, 2023. The future principal and interest lease payments as of June 30, 2023, are as follows:

Year ending June 30:	Governmental Activities	
	Lease Payable	
	Principal	Interest
2024	\$ 15,918	\$ 1,698
2025	16,443	1,173
2026	16,985	631
2027	10,166	110
	<u>\$ 59,512</u>	<u>\$ 3,612</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, 2023. 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, 2023. However, costs may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

NOTE 8 - FUND BALANCE

As of June 30, 2023, fund balances have been classified based on the following purposes:

	General Fund	Capital and Nonrecurring Fund	ARPA Fund	Incubator Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 7,029	\$ 7,029
Prepaid items and other	495	-	-	-	-	495
Restricted for:						
Grant programs	-	-	3,445	-	47,753	51,198
School lunch program	-	-	-	-	130,786	130,786
Student activities	-	-	-	-	21,623	21,623
Social services programs	-	-	-	-	115,219	115,219
Unspent bond proceeds	-	613,475	-	-	-	613,475
Committed to:						
Incubator building fund	-	-	-	234,269	-	234,269
Capital projects	-	335,022	-	-	150	335,172
Library operations	39,295	-	-	-	-	39,295
Assigned to:						
General government - encumbrances	39,127	-	-	-	-	39,127
Capital outlay - encumbrances	9,000	-	-	-	-	9,000
Subsequent year's budget	774,299	-	-	-	-	774,299
Unassigned	2,982,041	(20,487)	-	-	(1,980)	2,959,574
	<u>\$ 3,844,257</u>	<u>\$ 928,010</u>	<u>\$ 3,445</u>	<u>\$ 234,269</u>	<u>\$ 320,580</u>	<u>\$ 5,330,561</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 8 - FUND BALANCE (Continued)

Fund Balance Deficits

As of June 30, 2023, the Veterans Fund, a nonmajor special revenue fund, has a deficit fund balance of \$1,980. In addition, the Capital and Nonrecurring Fund has an unassigned fund balance deficit of \$20,487 as of June 30, 2023. The deficits are expected to be eliminated from future revenue sources and/or transfers from other reserves.

NOTE 9 - EMPLOYEE RETIREMENT PLANS

The Town accounts for activity relating to four defined benefit pension plans, (1) the Town Employees' Pension Plan, (2) Volunteer Firefighters' Retirement Plan, (3) the Connecticut Municipal Employees' Retirement System and (4) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the four plans had the following balances reported in the Town's government-wide financial statements:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	Pension Expense
Town Employees' Pension Plan	\$ 2,163,140	\$ 843,185	\$ 113,872	\$ -	\$ 426,533
Volunteer Firefighters' Retirement Plan	361,640	206,056	57,654	-	68,060
Connecticut Municipal Employees' Retirement System (proportionate share)	44,551	22,925	40,882	-	733
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	573,465	573,465
	<u>\$ 2,569,331</u>	<u>\$ 1,072,166</u>	<u>\$ 212,408</u>	<u>\$ 573,465</u>	<u>\$ 1,068,791</u>

Detailed disclosures for each plan follow.

Single Employer Defined Benefit Pension 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, 2023 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. Employees hired on or after July 1, 2007 are no longer eligible to participate in the plan.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Single Employer Defined Benefit Pension 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	2	21
Terminated plan members entitled to but not yet receiving benefits	6	4
Active plan members	13	24
	<u>21</u>	<u>49</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 \$280,393. The Town's contribution to the Volunteer Firefighters' Plan totaled \$41,730.

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, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Single Employer Defined Benefit Pension 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, 2023, 100% of each plans' investments were in insurance contracts entered into with Empower Retirement.

Rate of return - For the year ended June 30, 2023, the annual money-weighted rate of return on the Town Plan's and the Volunteer Firefighters' Plan's investments, net of investment expense, was 10.22% and 8.94%, 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, 2023, were as follows:

	Town Plan	Volunteer Firefighters Plan
Total pension liability	\$ 3,275,370	\$ 945,408
Plan fiduciary net position	1,112,230	583,768
Net pension liability	<u>\$ 2,163,140</u>	<u>\$ 361,640</u>
Plan fiduciary net position as a percentage of the total pension liability	33.96%	61.75%

The components of the changes in the net pension liability for each of the plans for the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2022	\$ 3,177,405	\$ 807,216	\$ 2,370,189
Changes for the year:			
Service cost	76,097	-	76,097
Interest	181,109	-	181,109
Differences between expected and actual experience	(35,664)	-	(35,664)
Change in assumption	(68,223)	-	(68,223)
Contributions - employer	-	280,393	(280,393)
Net investment income	-	79,975	(79,975)
Benefit payments, including refunds	(55,354)	(55,354)	-
Net changes	<u>97,965</u>	<u>305,014</u>	<u>(207,049)</u>
Balance as of June 30, 2023	<u>\$ 3,275,370</u>	<u>\$ 1,112,230</u>	<u>\$ 2,163,140</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Single Employer Defined Benefit Pension 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, 2022	\$ 964,209	\$ 551,713	\$ 412,496
Changes for the year:			
Service cost	12,418	-	12,418
Interest	53,811	-	53,811
Differences between expected and actual experience	(54,143)	-	(54,143)
Change in assumption	25,831	-	25,831
Contributions - employer	-	41,730	(41,730)
Net investment income	-	47,043	(47,043)
Benefit payments, including refunds	(56,718)	(56,718)	-
Net changes	(18,801)	32,055	(50,856)
Balance as of June 30, 2023	\$ 945,408	\$ 583,768	\$ 361,640

Actuarial Assumptions - The Town's net pension liabilities were measured as of June 30, 2023. The total pension liabilities were determined by actuarial valuations as of July 1, 2023 for each plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Volunteer Firefighters' Plan
Inflation	2.50%	2.50%
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-2021 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, 2023 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, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Single Employer Defined Benefit Pension 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	\$ 2,348,941	\$ 2,163,140	\$ 1,992,739
Firefighters Plan - Net pension liability	477,784	361,640	264,924
	<u>\$ 2,826,725</u>	<u>\$ 2,524,780</u>	<u>\$ 2,257,663</u>

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town recognized pension expense of \$426,533 for the Town Plan and \$68,060 for the Volunteer Firefighters' Plan. At June 30, 2023, 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	\$ 761,784	\$ 30,461	\$ 731,323
Changes of assumptions	81,401	76,020	5,381
Difference between projected and actual earnings on plan investments	-	7,391	(7,391)
	<u>843,185</u>	<u>113,872</u>	<u>729,313</u>
Volunteer Firefighters' Plan:			
Difference between expected and actual experience	69,566	54,048	\$ 15,518
Changes of assumptions	116,933	3,606	113,327
Difference between projected and actual earnings on plan investments	19,557	-	19,557
	<u>206,056</u>	<u>57,654</u>	<u>148,402</u>
Total Deferred Outflows and Inflows of Resources	<u>\$ 1,049,241</u>	<u>\$ 171,526</u>	<u>\$ 877,715</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Single Employer Defined Benefit Pension 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
2024	\$ 213,702	\$ 30,323	\$ 244,025
2025	151,615	29,849	181,464
2026	165,123	52,686	217,809
2027	120,411	12,661	133,072
2028	83,161	9,681	92,842
Thereafter	(4,699)	13,202	8,503
	<u>\$ 729,313</u>	<u>\$ 148,402</u>	<u>\$ 877,715</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, 2023.

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments:			
Insurance contracts	\$ 1,112,230	\$ 583,768	\$ 1,695,998
Total assets	<u>1,112,230</u>	<u>583,768</u>	<u>1,695,998</u>
NET POSITION			
Restricted for:			
Pension benefits	<u>\$ 1,112,230</u>	<u>\$ 583,768</u>	<u>\$ 1,695,998</u>
	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 280,393	\$ 41,730	\$ 322,123
Investment earnings:			
Net change in the fair value of investments, net of fees	79,975	47,043	127,018
Total investment earnings	<u>79,975</u>	<u>47,043</u>	<u>127,018</u>
Total additions	<u>360,368</u>	<u>88,773</u>	<u>449,141</u>
DEDUCTIONS			
Benefit payments	55,354	56,718	112,072
Total deductions	<u>55,354</u>	<u>56,718</u>	<u>112,072</u>
Change in net position	305,014	32,055	337,069
Net pension restricted for pension benefits:			
Beginning of year	807,216	551,713	1,358,929
End of year	<u>\$ 1,112,230</u>	<u>\$ 583,768</u>	<u>\$ 1,695,998</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

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.

Plan Description

Plan administration - CMERS is a cost-sharing 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 - Certain Board of Education employees, 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.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

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 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.

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 the fiscal year beginning July 1, 2022, employees covered by social security are required to contribute 4.25% of compensation up to the social security taxable wage base plus 7.00% of compensation, if any, in excess of such base. The contribution rate will increase each year through fiscal year 2025 per Public Act 19-124.

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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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 collective net pension liability of the CMERS as of June 30, 2022 was \$1.375 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 \$449.6 million as of June 30, 2022. The portion that was associated with the Town totaled \$44,551 or approximately 0.010% of the total estimated collective net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2022, 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

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:

Asset Class	Allocation	Long-term Target Expected Real Rate of Return
Global Equity	37.0%	6.9%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.2%
Real Estate	10.0%	6.3%
Infra. & Natural Resources	7.0%	7.7%
	<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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Collective Net Pension Liability (Continued)

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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Proportionate share of the collective net pension liability	\$ 61,006	\$ 44,551	\$ 30,621

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, 2023, the Town recognized a pension expense related to the CMERS of \$733. At June 30, 2023, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Difference between expected and actual experience	\$ 3,348	\$ 1,881	\$ 1,467
Difference between projected and actual earnings on pension plan investments	6,557	-	6,557
Change of assumptions	-	-	-
Contributions paid to the CMERS subsequent to the measurement date	8,436	-	8,436
Other	4,584	39,001	(34,417)
	<u>\$ 22,925</u>	<u>\$ 40,882</u>	<u>\$ (17,957)</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,	
2024	\$ (3,656)
2025	(7,943)
2026	(7,000)
2027	642
	<u>\$ (17,957)</u>

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (*Continued*)

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.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut 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 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.

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 January 1, 2018, the required contribution increased to 7.0% of pensionable salary for the pension benefit.

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net pension liability 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 Annual Comprehensive 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 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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2022, 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>\$ 18,310,559,000</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>\$ 5,933,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$467,801 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, 2023.

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 \$573,465 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, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022 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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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. 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%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	<u>100%</u>	

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Town accounts for activity relating to two other post-employment benefits plans, (1) the Board of Education (BOE) Other Post-employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the Town's government-wide financial statements:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense
Board of Education Other Post-employment Benefits Plan	\$ 147,898	\$ 21,603	\$ 358,417	\$ -	\$ 2,368
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	31,322	31,322
	<u>\$ 147,898</u>	<u>\$ 21,603</u>	<u>\$ 358,417</u>	<u>\$ 31,322</u>	<u>\$ 33,690</u>

Detailed disclosures for each plan follow.

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.

Employees Covered by Benefit Terms

As of July 1, 2023, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	42
Active participants	<u>12</u>
Total	<u>54</u>

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2023 totaled \$147,898. The total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Total OPEB Liability

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount rate	4.13% as of June 30, 2023
	4.09% as of June 30, 2022
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-2021 Mortality Improvements Table.

	Total OPEB Liability
Balance as of June 30, 2022	\$ 153,644
Changes for the year:	
Service cost	10,000
Interest	6,284
Differences between expected and actual experience	(21,711)
Change in assumptions	(319)
Net changes	(5,746)
Balance as of June 30, 2023	\$ 147,898

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 (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
Total OPEB Liability	\$ 156,253	\$ 147,898	\$ 140,297

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

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
Total OPEB Liability	\$ 140,949	\$ 147,898	\$ 155,371

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

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

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$2,368. As of June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ 10,325	\$ 333,944	\$ (323,619)
Changes in assumptions	11,278	24,473	(13,195)
	<u>\$ 21,603</u>	<u>\$ 358,417</u>	<u>\$ (336,814)</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,	
2024	\$ (33,638)
2025	(33,638)
2026	(33,638)
2027	(33,638)
2028	(33,638)
Thereafter	(168,624)
	<u>\$ (336,814)</u>

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Connecticut State Teachers' Retirement System (Continued)

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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 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.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Connecticut State Teachers' Retirement System (Continued)

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net OPEB liability 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 Annual Comprehensive 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 for each participating employer. 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 the Town totaled 0.032% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2022, 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>\$ 1,603,585,000</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>\$ 520,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$6,617 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, 2023.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Connecticut State Teachers' Retirement System (Continued)

Collective OPEB Expense (Continued)

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 \$31,322 or 0.032% of the total collective OPEB expense and has been recognized as an operating contribution and related education expense in the statement of activities for the year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 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
Discount rate	3.53%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031

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	Long-Term Expected Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

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

Connecticut State Teachers' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

NOTE 11 - RISK MANAGEMENT

Insurance

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, 2023, 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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 11 - RISK MANAGEMENT *(Continued)*

Insurance *(Continued)*

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 \$2,740 for the year ended June 30, 2023.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2023

NOTE 12 - OTHER RETIREMENT PLANS *(Continued)*

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, 2023 were approximately \$40,000. 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

Federal Awards and State Financial Assistance

The Town has received state and federal funding 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, Town management believes such disallowances, if any, will not be material.

Litigation, Claims and Assessments

The Town, in the normal course of operations, is named as defendants in lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. The outcome and eventual liability to the Town, if any, for such matters are 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 matters would not materially affect the financial position of the Town.

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, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 15,832,082	\$ 15,832,082	\$ 16,179,676	\$ 347,594
Intergovernmental	2,032,062	2,032,062	2,096,809	64,747
Charges for services	513,380	513,380	726,395	213,015
Investment income	9,000	9,000	98,367	89,367
Total revenues	<u>18,386,524</u>	<u>18,386,524</u>	<u>19,101,247</u>	<u>714,723</u>
EXPENDITURES				
Current:				
General government	2,227,199	2,246,585	2,101,737	(144,848)
Public safety	807,936	811,070	808,304	(2,766)
Public works	1,513,104	1,513,104	1,424,361	(88,743)
Health and social services	124,247	124,247	99,432	(24,815)
Recreational services	423,973	436,235	433,490	(2,745)
Education	13,162,052	13,122,183	12,817,020	(305,163)
Capital outlays	259,269	469,269	437,131	(32,138)
Debt service	558,524	563,611	563,611	-
Total expenditures	<u>19,076,304</u>	<u>19,286,304</u>	<u>18,685,086</u>	<u>(601,218)</u>
Excess (deficiency) of revenues over expenditures	(689,780)	(899,780)	416,161	1,315,941
OTHER FINANCING SOURCES				
Appropriation of fund balance	689,780	899,780	-	(899,780)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,161</u>	<u>\$ 416,161</u>

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 76,097	\$ 91,275	\$ 54,216	\$ 90,034	\$ 92,780	\$ 103,534	\$ 116,192	\$ 129,162	\$ 130,425	\$ 127,970
Interest	181,109	165,685	170,721	238,833	255,429	245,317	222,391	192,973	194,320	183,873
Differences between expected and actual experience	(35,664)	78,427	909,224	262,352	53,522	(109)	90,742	269,406	99,116	22,046
Changes of assumptions	(68,223)	47,501	50,111	(44,583)	(12,825)	59,981	-	46,030	-	-
Benefit payments, including refunds	(55,354)	(173,920)	(2,113,800)	(940,001)	(368,872)	(125,000)	-	(591,074)	(301,569)	(17,968)
Net change in total pension liability	97,965	208,968	(929,528)	(393,365)	20,034	283,723	429,325	46,497	122,292	315,921
Total pension liability - beginning	3,177,405	2,968,437	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	3,275,370	3,177,405	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	280,393	188,465	201,608	200,442	213,798	221,448	262,455	296,968	455,724	208,548
Net investment income	79,975	(146,924)	348,373	154,411	212,086	242,032	259,926	(14,710)	40,074	316,336
Benefit payments, including refunds	(55,354)	(173,920)	(2,113,800)	(940,001)	(368,872)	(125,000)	-	(591,074)	(301,569)	(17,968)
Administrative expense	-	(250)	(250)	-	(250)	(1,770)	-	-	-	-
Net change in plan fiduciary net position	305,014	(132,629)	(1,564,069)	(585,148)	56,762	336,710	522,381	(308,816)	194,229	506,916
Plan fiduciary net position - beginning	807,216	939,845	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	1,112,230	807,216	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	\$ 2,163,140	\$ 2,370,189	\$ 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	33.96%	25.40%	31.66%	64.24%	71.98%	70.99%	67.60%	61.08%	70.68%	67.50%
Covered payroll	\$ 964,475	\$ 957,730	\$ 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	224.28%	247.48%	210.68%	113.58%	85.38%	81.43%	86.43%	94.04%	68.03%	72.30%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 280,393	\$ 188,464	\$ 201,608	\$ 200,442	\$ 213,548	\$ 220,691	\$ 262,962	\$ 239,778	\$ 260,189	\$ 267,568
Contributions in relation to the actuarially determined contribution	280,393	188,465	201,608	200,442	213,548	221,448	262,455	296,968	455,724	208,548
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1)</u>	<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	\$ 964,475	\$ 957,730	\$ 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	29.07%	19.68%	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	10.22%	-16.01%	25.51%	4.97%	7.25%	9.12%	11.96%	2.40%	1.69%	Not 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 TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 12,418	\$ 11,567	\$ 8,808	\$ 9,186	\$ 8,813	\$ 10,501	\$ 10,751	\$ 5,376	\$ 4,174	\$ 1,997
Interest	53,811	51,645	52,301	54,211	49,516	46,705	43,154	38,239	37,191	34,578
Differences between expected and actual experience	(54,143)	3,983	1,017	(7,549)	64,354	15,299	43,868	9,362	11,822	37,759
Changes of assumptions	25,831	27,800	20,328	(3,266)	(2,656)	17,344	-	166,978	-	-
Benefit payments, including refunds	(56,718)	(57,933)	(53,969)	(42,601)	(47,211)	(42,541)	(39,352)	(39,352)	(39,352)	(39,352)
Net change in total pension liability	(18,801)	37,062	28,485	9,981	72,816	47,308	58,421	180,603	13,835	34,982
Total pension liability - beginning	964,209	927,147	898,662	888,681	815,865	768,557	710,136	529,533	515,698	480,716
Total pension liability - ending	945,408	964,209	927,147	898,662	888,681	815,865	768,557	710,136	529,533	515,698
Plan fiduciary net position:										
Contributions - employer	41,730	48,774	48,559	45,287	61,786	-	20,734	48,729	25,500	22,061
Net investment income	47,043	(89,917)	144,480	26,455	29,983	41,732	47,316	(716)	6,710	59,413
Benefit payments, including refunds	(56,718)	(57,933)	(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	32,055	(99,076)	139,070	29,141	44,558	(2,487)	28,698	8,661	(7,142)	42,122
Plan fiduciary net position - beginning	551,713	650,789	511,719	482,578	438,020	440,507	411,809	403,148	410,290	368,168
Plan fiduciary net position - ending	583,768	551,713	650,789	511,719	482,578	438,020	440,507	411,809	403,148	410,290
Town's net pension liability	\$ 361,640	\$ 412,496	\$ 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	 61.75%	 57.22%	 70.19%	 56.94%	 54.30%	 53.69%	 57.32%	 57.99%	 76.13%	 79.56%

See accompanying notes to required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<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	\$ 41,730	\$ 48,774	\$ 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>41,730</u>	<u>48,774</u>	<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>\$ -</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	8.94%	-13.65%	28.27%	5.34%	6.85%	9.92%	12.00%	-0.18%	1.66%	Not 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 NINE FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<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	0.010%	0.021%	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>\$ 44,551</u>	<u>\$ 50,346</u>	<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	\$ 46,000	\$ 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	92.8%	109.4%	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	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

*This schedule is intended to show information for ten years 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 NINE FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,424	\$ 7,520	\$ 7,118	\$ 6,734	\$ 5,396	\$ 5,735	\$ 6,051	\$ 1,048	\$ 1,022
Contributions in relation to the contractually required contribution	<u>8,424</u>	<u>7,520</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 48,000	\$ 46,000	\$ 48,000	\$ 49,000	\$ 46,000	\$ 49,000	\$ 48,000	\$ 48,000	\$ 48,000
Contributions as a percentage of covered employee payroll	17.55%	16.35%	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 NINE FISCAL YEARS*
(Rounded to nearest thousand)

	2023	2022	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%	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	5,933,000	4,734,000	5,978,000	6,900,000	5,320,000	5,636,000	5,946,000	4,382,000	4,050,000
Total	<u>\$ 5,933,000</u>	<u>\$ 4,734,000</u>	<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	\$ 1,481,000	\$ 1,427,000	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

*This schedule is intended to show information for ten years 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 SIX FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Interest	6,284	4,606	5,974	13,128	18,980	18,651
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(21,711)	(54,623)	(35,727)	(219,274)	(117,806)	18,557
Changes of assumptions	(319)	(17,631)	6,452	1,311	(16,065)	10,845
Benefit payments, including refunds	-	-	-	-	-	-
Net change in total OPEB liability	(5,746)	(57,648)	(13,301)	(194,835)	(104,891)	58,053
Total OPEB liability - beginning	153,644	211,292	224,593	419,428	524,319	466,266
Total OPEB liability - ending	<u>\$ 147,898</u>	<u>\$ 153,644</u>	<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 SIX FISCAL YEARS*
(Rounded to Nearest Thousand)

	2023	2022	2021	2020	2019	2018
Town's proportion of the collective net OPEB liability	0.00%	0.00%	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	520,000	516,000	892,000	1,076,000	1,064,000	1,451,000
Total	<u>\$ 520,000</u>	<u>\$ 516,000</u>	<u>\$ 892,000</u>	<u>\$ 1,076,000</u>	<u>\$ 1,064,000</u>	<u>\$ 1,451,000</u>
Town's covered payroll	\$ 1,523,000	\$ 1,408,000	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	9.46%	6.11%	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, 2023

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.

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.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

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

BUDGETARY INFORMATION *(Continued)*

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, 2023:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 19,101,247	\$ 18,685,086	\$ -	\$ 416,161
"On-behalf" payments -				
State Teachers' Retirement Fund	474,418	474,418	-	-
Library Fund	12,449	51,571	44,600	5,478
Certain transfers recorded as revenues or expenditures for GAAP purposes	(16,025)	(817,754)	(801,731)	(2)
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	415	415	-	-
Lease proceeds not recorded for budgetary purposes	-	65,987	65,987	-
Other adjustments	(26,960)	-	-	(26,960)
GAAP basis	<u>\$ 19,545,544</u>	<u>\$ 18,459,723</u>	<u>\$ (691,144)</u>	<u>\$ 394,677</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, 2023. This information is utilized by the Town for reporting as of June 30, 2023.

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%.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

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, 2023.

- 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: 6.00%
- Inflation: 2.25%
- Investment rate of return: 6.00%
- Salary increases: 3.00%
- Retirement age: Age 65
- Mortality: RP-2014 adjusted to 2006
- Mortality projection scale (to valuation date): MP-2020

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, 2023. This information is utilized by the Town for reporting as of June 30, 2023.

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%.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

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, 2023.

- 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: 6.00%
- Inflation: 2.25%
- Investment rate of return: 6.00%
- Salary increases: Not applicable
- Retirement age: Age 65
- Mortality: RP-2014 adjusted to 2006
- Mortality projection scale (to valuation date): MP-2020

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 in fiscal year 2019. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* 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, 2022. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no changes in benefit terms that had a significant effect on the measurement of the collective total pension liability reported as of June 30, 2023.

Assumption Changes - There have been no changes in assumptions that had a significant effect on the measurement of the collective total pension liability reported as of June 30, 2023.

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

The Town began to report the schedule of contributions and investment returns in fiscal year 2019. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* 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, 2023

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: 20 years;
- Asset valuation method: 5-year smoothed market
- Inflation: 2.50%;
- Salary increases: 3.50% to 10.00%, including inflation
- Investment rate of return: 7.00%, net of investment related expenses; and
- 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.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE 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, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. 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, 2023.

Benefit Changes - There was no benefit term changes that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

Assumption Changes - There were no changes in assumptions that had a significant effect on the measurement of the collective total pension liability reported as of June 30, 2023.

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, 2023, adjusted to the measurement date of June 30, 2023.

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 increased from 4.09% to 4.13%.

TOWN OF DEEP RIVER, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR JUNE 30, 2023

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 Pension*, 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, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.
- The expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019.
- The expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

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, 2023

	General Fund	Library Fund	Eliminations	Combined General Fund
ASSETS				
Cash and cash equivalents	\$ 3,871,931	\$ 39,295	\$ -	\$ 3,911,226
Receivables:				
Property taxes and interest, net	269,055	-	-	269,055
Other	53,386	-	-	53,386
Due from other funds	411,289	-	-	411,289
Prepaid items and other	495	-	-	495
Total assets	<u>\$ 4,606,156</u>	<u>\$ 39,295</u>	<u>\$ -</u>	<u>\$ 4,645,451</u>
LIABILITIES				
Accounts payable	\$ 451,908	\$ -	\$ -	\$ 451,908
Accrued liabilities	125,922	-	-	125,922
Unearned revenue	262	-	-	262
Total liabilities	<u>578,092</u>	<u>-</u>	<u>-</u>	<u>578,092</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes and interest	223,102	-	-	223,102
Total deferred inflows of resources	<u>223,102</u>	<u>-</u>	<u>-</u>	<u>223,102</u>
FUND BALANCES				
Nonspendable	495	-	-	495
Committed	-	39,295	-	39,295
Assigned	822,426	-	-	822,426
Unassigned	2,982,041	-	-	2,982,041
Total fund balances	<u>3,804,962</u>	<u>39,295</u>	<u>-</u>	<u>3,844,257</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,606,156</u>	<u>\$ 39,295</u>	<u>\$ -</u>	<u>\$ 4,645,451</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, 2023

	General Fund	Library Fund	Eliminations	Combined General Fund
REVENUES				
Property taxes	\$ 16,179,676	\$ -	\$ -	\$ 16,179,676
Grants and contracts	2,561,987	496	-	2,562,483
Charges for services	682,325	11,923	-	694,248
Investment income	98,367	30	-	98,397
Other	10,740	-	-	10,740
Total revenues	<u>19,533,095</u>	<u>12,449</u>	<u>-</u>	<u>19,545,544</u>
EXPENDITURES				
Current:				
General government	2,091,890	-	-	2,091,890
Public safety	802,246	-	-	802,246
Public works	1,270,988	-	-	1,270,988
Health and social services	99,432	-	-	99,432
Recreational services	388,890	51,571	-	440,461
Education	13,161,077	-	-	13,161,077
Capital outlays	397,991	-	-	397,991
Debt service:				
Principal	158,246	-	-	158,246
Interest and fiscal charges	37,392	-	-	37,392
Total expenditures	<u>18,408,152</u>	<u>51,571</u>	<u>-</u>	<u>18,459,723</u>
Excess (deficiency) of revenues over expenditures	1,124,943	(39,122)	-	1,085,821
OTHER FINANCING SOURCES (USES)				
Lease (as lessee)	65,987	-	-	65,987
Transfers in	-	44,600	(44,600)	-
Transfers out	(801,731)	-	44,600	(757,131)
Total other financing sources (uses)	<u>(735,744)</u>	<u>44,600</u>	<u>-</u>	<u>(691,144)</u>
Net change in fund balances	389,199	5,478	-	394,677
Fund balances - beginning	<u>3,415,763</u>	<u>33,817</u>	<u>-</u>	<u>3,449,580</u>
Fund balance - ending	<u>\$ 3,804,962</u>	<u>\$ 39,295</u>	<u>\$ -</u>	<u>\$ 3,844,257</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, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current taxes	\$ 15,534,582	\$ 15,534,582	\$ 15,591,708	\$ 57,126
Prior taxes	120,000	120,000	277,985	157,985
Interest and lien fees	57,500	57,500	166,843	109,343
Motor Vehicle Supplemental	120,000	120,000	143,140	23,140
Total Property Taxes	15,832,082	15,832,082	16,179,676	347,594
INTERGOVERNMENTAL REVENUES				
Education cost sharing	1,671,457	1,671,457	1,671,063	(394)
Telecomm Property Tax Grant	7,500	7,500	10,740	3,240
Town Road Maintenance	197,739	197,739	197,062	(677)
PILOT - State-owned property	10,971	10,971	9,191	(1,780)
Pequot funds	4,490	4,490	4,490	-
Tax Relief for Renters	-	-	391	391
Tax Relief for Veterans	-	-	1,971	1,971
Local capital improvements grant	30,269	30,269	-	(30,269)
Town clerk grant	5,500	5,500	5,537	37
Tiered PILOT	-	-	90,715	90,715
Grants for Municipal Projects	104,136	104,136	104,136	-
Registrar and Clerk Grant	-	-	1,513	1,513
Total Intergovernmental Revenues	2,032,062	2,032,062	2,096,809	64,747
CHARGES FOR SERVICES				
Licenses and Permits:				
Other licenses and permits	500	500	1,575	1,075
Building permits	50,000	50,000	155,078	105,078
Planning and zoning fees	10,000	10,000	9,331	(669)
Conveyance tax	47,000	47,000	51,591	4,591
Town clerk fees	42,000	42,000	39,875	(2,125)
Fire marshal permits and fees	100	100	240	140
Inland wetlands and conservation permits	1,000	1,000	890	(110)
Total Licenses and Permits	150,600	150,600	258,580	107,980
Charges for Services:				
WPCA Administrative Services	30,000	30,000	25,500	(4,500)
Municipal Energy Upgrade - DRES	26,000	26,000	26,000	-
Kirtland/River Street - sewer expansion	10,200	10,200	13,343	3,143
Union Street - sewer expansion	12,580	12,580	11,666	(914)
Rental income - Town equipment	27,000	27,000	28,890	1,890
Bulky waste site usage contract	70,000	70,000	70,000	-
Total Charges for Services	175,780	175,780	175,399	(381)

(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, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
CHARGES FOR SERVICES (Continued)				
Miscellaneous:				
Recycling fees	\$ 15,000	\$ 15,000	\$ 27,351	\$ 12,351
Park and recreation fees	104,000	104,000	76,997	(27,003)
Miscellaneous	12,000	12,000	24,479	12,479
Insurance premium credits	-	-	5,551	5,551
Public safety/police	40,000	40,000	141,466	101,466
Newsletter	15,000	15,000	16,207	1,207
Auditorium	1,000	1,000	365	(635)
Total Miscellaneous	<u>187,000</u>	<u>187,000</u>	<u>292,416</u>	<u>105,416</u>
Total Charges for Services	<u>513,380</u>	<u>513,380</u>	<u>726,395</u>	<u>213,015</u>
INVESTMENT INCOME	<u>9,000</u>	<u>9,000</u>	<u>98,367</u>	<u>89,367</u>
Total Revenues	<u>18,386,524</u>	<u>18,386,524</u>	<u>19,101,247</u>	<u>714,723</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	<u>689,780</u>	<u>899,780</u>	<u>-</u>	<u>(899,780)</u>
Total Revenues and Other Financing Sources	<u>\$ 19,076,304</u>	<u>\$ 19,286,304</u>	<u>\$ 19,101,247</u>	<u>\$ (185,057)</u>

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
Selectman:				
First Selectman salary	\$ 77,032	\$ 77,032	\$ 77,032	\$ -
Selectmen salary	8,804	8,804	8,802	(2)
Treasurer salary	8,992	8,992	8,992	-
Selectmen's assistant	27,000	27,000	3,261	(23,739)
Administrative assistant salary	56,550	56,550	56,635	85
Accounts Manager	72,066	72,066	74,615	2,549
Assistant to the Accounts Manager	26,208	26,208	21,593	(4,615)
Engineering services	4,000	4,000	6,141	2,141
Economic Development Commission	5,000	5,000	5,000	-
Expense allowance	3,000	3,000	3,000	-
Office supplies and postage	18,000	18,000	18,094	94
School/meetings	2,200	2,200	1,415	(785)
Grant writer	1,500	1,500	-	(1,500)
Legal notices/fees	25,000	25,000	33,944	8,944
Union Negotiation Reserve Contingency	692	692	-	(692)
Sustainability	1,500	1,500	974	(526)
Total Selectman	337,544	337,544	319,498	(18,046)
Elections:				
Registrars' salary	15,293	15,293	12,547	(2,746)
Part-time elections salary	4,872	4,872	4,060	(812)
Printing expenses	5,076	5,076	5,583	507
Education fees	2,000	2,000	280	(1,720)
Total Elections	27,241	27,241	22,470	(4,771)
Building Operations:				
Fuel oil/gas -buildings/vehicles	90,000	90,000	98,607	8,607
Water	9,500	9,500	5,434	(4,066)
Electricity	67,080	67,080	66,384	(696)
Sewer fees	4,569	4,569	4,568	(1)
Custodial services	18,000	18,000	13,896	(4,104)
Telephone/Internet - Town, FD, Library	36,000	51,126	45,703	(5,423)
Custodial supplies	9,360	9,360	10,183	823
Building repairs	50,000	50,000	52,525	2,525
Quarterly sprinkler/elevator inspections	5,000	5,000	7,335	2,335
Total Building Operations	289,509	304,635	304,635	-
Town Clerk:				
Town Clerk salary	56,875	56,875	56,875	-
Assistant's salary	28,392	28,392	29,047	655
Index land records	800	800	-	(800)
School/meetings	1,290	1,290	920	(370)
Micro filming	6,720	6,720	6,434	(286)
Vital Statistics	1,000	1,000	738	(262)
State of CT dog licensing fees	2,400	4,453	5,515	1,062
Town Clerk Grant	5,500	5,500	5,500	-
Total Town Clerk	102,977	105,030	105,029	(1)
				(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Board of Finance:				
Part-time clerical salary	\$ 1,575	\$ 1,575	\$ 1,575	\$ -
Auditor/Consultant	22,500	22,500	20,840	(1,660)
Printing expense	3,000	3,000	4,147	1,147
Total Board of Finance	27,075	27,075	26,562	(513)
Tax Review:				
Tax reviewer salary	500	500	94	(406)
Assessor:				
Assessor salary	86,364	86,364	88,312	1,948
Assessor's assistant	36,982	36,982	36,958	(24)
Valuation appeals	20,000	20,000	9,418	(10,582)
Audits	1,500	1,500	855	(645)
Computer maintenance and service	21,299	21,299	19,321	(1,978)
Update maps	1,500	1,500	776	(724)
School/meetings	3,795	3,795	3,741	(54)
Auto mileage expense	700	700	706	6
Total Assessor	172,140	172,140	160,087	(12,053)
Tax Collector:				
Tax Collector salary	50,000	50,000	50,000	-
Part-time clerical salary	6,000	6,000	3,906	(2,094)
Computer maintenance and services	10,450	10,450	10,200	(250)
School/meetings	600	600	490	(110)
Printing/mailling services	7,252	7,252	5,717	(1,535)
Legal notices	-	-	65	65
Total Tax Collector	74,302	74,302	70,378	(3,924)
Special Services:				
Data processing services	12,000	12,000	13,088	1,088
Copier	8,000	8,000	7,819	(181)
Accounting and website software support	25,000	25,000	17,670	(7,330)
Computer support fee	30,000	30,000	17,541	(12,459)
Beautification committee	1,000	1,000	875	(125)
Memorial Day/Veteran's Day	1,500	1,500	1,011	(489)
Auditorium	1,000	1,000	-	(1,000)
Newsletter/brochure	26,000	26,000	31,818	5,818
Tree warden fees	2,500	2,500	2,500	-
Dog fund salary	17,000	17,000	16,955	(45)
Essex Dog Run lease	8,000	8,000	5,259	(2,741)
Bank fees	4,000	4,000	3,210	(790)
Contingency	12,000	12,000	15,803	3,803
Total Special Services	148,000	148,000	133,549	(14,451)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Planning and Zoning:				
Part-time clerical salary	\$ 4,365	\$ 4,365	\$ 2,994	\$ (1,371)
Consulting	42,000	42,000	42,000	-
Equipment	1,000	1,000	-	(1,000)
Engineering services	5,000	5,000	350	(4,650)
Printing expenses	500	500	-	(500)
Engineering review/professional services	15,000	15,000	3,564	(11,436)
Plan of development	15,000	15,000	15,000	-
Training/meetings	500	500	90	(410)
Total Planning and Zoning	83,365	83,365	63,998	(19,367)
Zoning Board of Appeals:				
Part-time clerical salary	331	331	-	(331)
Building Official:				
Building Official salary	34,712	36,919	37,027	108
Secretary salary	17,239	17,239	16,089	(1,150)
Reference manuals/books	1,500	1,500	1,966	466
State training fees	1,600	1,600	2,176	576
Total Building Official	55,051	57,258	57,258	-
Inland Wetlands and Conservation:				
Enforcement agent salary	9,482	9,482	5,601	(3,881)
Part-time clerical salary	3,590	3,590	2,544	(1,046)
Middlesex Soil Conservation Services	1,577	1,577	1,577	-
Total Inland Wetlands and Conservation	14,649	14,649	9,722	(4,927)
Insurance and Bonds	127,000	127,000	115,286	(11,714)
Political Subdivisions:				
Estuary Transit District	11,050	11,050	11,050	-
Estuary Council Seniors	15,684	15,684	15,684	-
Tri-Town Services	15,811	15,811	15,811	-
Public Service Agencies	3,500	3,500	1,416	(2,084)
CT River Council of Governments	9,137	9,137	9,137	-
CCM	3,100	3,100	2,988	(112)
Total Political Subdivisions	58,282	58,282	56,086	(2,196)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Employee Benefits:				
Medical insurance	\$ 354,500	\$ 354,500	\$ 326,992	\$ (27,508)
Life insurance	8,766	8,766	6,941	(1,825)
Pension plan	197,788	197,788	196,057	(1,731)
Salary contingency and accrued benefits	7,089	7,089	620	(6,469)
FICA/Social Security - Employer	140,090	140,090	126,475	(13,615)
Unemployment compensation	1,000	1,000	-	(1,000)
Total Employee Benefits	<u>709,233</u>	<u>709,233</u>	<u>657,085</u>	<u>(52,148)</u>
Total General Government	<u>2,227,199</u>	<u>2,246,585</u>	<u>2,101,737</u>	<u>(144,848)</u>
PUBLIC SAFETY				
Police:				
Crossing guard salary	5,690	5,690	5,770	80
Part-time officers	167,076	167,076	113,059	(54,017)
Full-time officer/FT/OT	87,906	87,906	70,914	(16,992)
Resident trooper	190,511	190,511	168,136	(22,375)
Miscellaneous supplies	3,000	3,000	5,286	2,286
Vehicle maintenance	10,000	11,230	15,430	4,200
Training	6,000	6,000	5,849	(151)
Uniforms	2,500	2,500	2,641	141
Over-Time FT Officer/Resident Trooper	13,000	13,000	16,141	3,141
Funded special police services	30,000	30,000	113,687	83,687
Total Police	<u>515,683</u>	<u>516,913</u>	<u>516,913</u>	<u>-</u>
Fire department:				
Part-time clerical salary	1,174	1,174	968	(206)
Communications equipment maintenance	7,500	9,404	10,889	1,485
Miscellaneous building supplies	8,000	8,000	7,823	(177)
Fire equipment and supplies	22,000	22,000	19,828	(2,172)
Vehicle maintenance	45,000	45,000	48,161	3,161
Operating expenses	26,000	26,000	28,295	2,295
Training	6,000	6,000	6,171	171
Physicals	6,000	6,000	1,642	(4,358)
Water hole maintenance	5,000	5,000	5,000	-
Banquet	4,500	4,500	4,500	-
Personal losses	400	400	-	(400)
Incentive program	55,397	55,397	56,717	1,320
Supplemental insurance	5,000	5,000	3,881	(1,119)
Total fire department	<u>191,971</u>	<u>193,875</u>	<u>193,875</u>	<u>-</u>
Fire marshal:				
Fire marshal salary	21,000	21,000	21,000	-
Deputy marshal salary	2,000	2,000	1,500	(500)
Miscellaneous supplies	650	650	666	16
Deputy fire marshal auto expense	125	125	-	(125)
Fire marshal auto expense	750	750	-	(750)
Computer software fee	500	500	500	-
Total fire marshal	<u>25,025</u>	<u>25,025</u>	<u>23,666</u>	<u>(1,359)</u>
Public service communications:				
Valley Shore communications contract	73,757	73,757	73,757	-
Total public service communications	<u>73,757</u>	<u>73,757</u>	<u>73,757</u>	<u>-</u>

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC SAFETY (Continued)				
Civil preparedness	\$ 1,500	\$ 1,500	\$ 93	\$ (1,407)
Total Public Safety	807,936	811,070	808,304	(2,766)
PUBLIC WORKS				
Highway Department:				
Road crew salary	359,432	359,432	358,083	(1,349)
Equipment maintenance	92,500	92,500	79,705	(12,795)
General road maintenance	200,000	200,000	204,000	4,000
Town aid road maintenance	197,739	197,739	197,739	-
MS4	17,500	17,500	26,292	8,792
Salt and sand	17,500	17,500	10,831	(6,669)
Tree removal	40,000	40,000	42,324	2,324
Contingency/storms	15,000	15,000	4,172	(10,828)
Total Highway Department	939,671	939,671	923,146	(16,525)
Public Utilities:				
Street lighting	57,200	57,200	49,208	(7,992)
Fire hydrant service	88,771	88,771	95,737	6,966
Total Public Utilities	145,971	145,971	144,945	(1,026)
Waste/recycle:				
Transfer station operator salary	113,664	113,664	88,256	(25,408)
Water tests/engineering	22,000	22,000	25,689	3,689
MIRA tipping fees	115,224	115,224	92,437	(22,787)
Recycling fees	11,196	11,196	2,922	(8,274)
Public facilities waste collection	11,500	11,500	8,392	(3,108)
Bulky waste/wood chipping	105,800	105,800	97,343	(8,457)
Sanitary lavatory rental	1,100	1,100	1,100	-
Household hazardous waste facility	11,978	11,978	5,131	(6,847)
Total Waste/recycle	392,462	392,462	321,270	(71,192)
Fountain Hill Cemetery	35,000	35,000	35,000	-
Total Public Works	1,513,104	1,513,104	1,424,361	(88,743)
HEALTH AND SOCIAL SERVICES				
Health District	51,095	51,095	51,095	-
Public Health Nursing Service:				
Social services salary	22,452	22,452	22,452	-
Social service person stipend	1,200	1,200	1,200	-
LVVNA	44,500	44,500	20,265	(24,235)
MM Paramedic Service	5,000	5,000	4,420	(580)
Total Public Health Nursing Service	73,152	73,152	48,337	(24,815)
Total Health and Social Services	124,247	124,247	99,432	(24,815)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
RECREATIONAL SERVICES				
Parks and Recreation:				
Program director salary	\$ 55,000	\$ 55,000	\$ 56,138	\$ 1,138
Life-Gate guard salary	15,888	15,888	14,377	(1,511)
Summer youth program	59,501	59,501	39,510	(19,991)
Maintenance - all facilities	20,500	32,762	53,028	20,266
Water-Devitt field	4,500	4,500	1,749	(2,751)
RecDesk software	4,000	4,000	4,057	57
Seasonal programs	14,000	14,000	14,907	907
New programs	2,000	2,000	2,123	123
Self-funding programs	35,000	35,000	40,951	5,951
Self-funding youth basketball	9,500	9,500	5,311	(4,189)
Total Parks and Recreation	219,889	232,151	232,151	-
Library:				
Librarian salary	70,481	70,481	70,528	47
Librarian assistant salary	36,036	36,036	36,036	-
Assistants salary	50,837	50,837	48,227	(2,610)
Library programs	44,600	44,600	44,600	-
Total Library	201,954	201,954	199,391	(2,563)
Probate Court	2,130	2,130	1,948	(182)
Total Recreational Services	423,973	436,235	433,490	(2,745)
DEBT SERVICE				
Debt redemption:				
Town Hall Gas Conversion	25,000	25,000	25,000	-
Kirtland/River Street - sewer project	147,337	147,337	147,336	(1)
Sewer construction bonds	202,977	202,977	202,977	-
Municipal energy upgrade	34,046	34,046	33,801	(245)
New Debt	119,384	124,471	124,717	246
DRES boiler project	29,780	29,780	29,780	-
Total Debt Service	558,524	563,611	563,611	-
EDUCATION				
Elementary school	5,689,512	5,695,178	5,578,426	(116,752)
Regional School District No. 4	7,432,540	7,387,005	7,202,516	(184,489)
Elementary school maintenance	40,000	40,000	36,078	(3,922)
Total Education	13,162,052	13,122,183	12,817,020	(305,163)
CAPITAL				
Revaluation (transfer to CNR)	35,000	35,000	35,000	-
Architectural/Engineering - Fire (transfer to CNR)	20,000	20,000	20,000	-
New Fire Truck & Equipment (transfer to CNR)	-	45,000	45,000	-
New Road at Transfer Station (transfer to CNR)	25,000	25,000	25,000	-
Upgrade Oil Containment at Transfer Station (transfer to CNR)	15,000	15,000	15,000	-
Park Structures (transfer to CNR)	-	100,000	100,000	-
Police Vehicles	-	65,000	63,401	(1,599)
Fire Department - Breathing Apparatus (transfer to CNR)	55,000	55,000	55,000	-
Infrastructure Grant (LOCIP)	30,269	30,269	-	(30,269)
Park Upgrades (transfer to CNR)	10,000	10,000	10,000	-
Library Windows and Floor (transfer to CNR)	10,000	10,000	10,000	-
Fire Department - Stations	59,000	59,000	58,730	(270)
Total Capital Outlays	259,269	469,269	437,131	(32,138)
Total Expenditures	\$ 19,076,304	\$ 19,286,304	\$ 18,685,086	\$ (601,218)
				(Concluded)

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2023

Grand List Year	Balance Uncollected June 30, 2022	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2023
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2021	\$ -	\$ 16,604,234	\$ 23,513	\$ 31,141	\$ 2,205	\$ 16,594,401	\$ 15,764,265	\$ 51,461	\$ 15,815,726	\$ 830,136
2020	851,664	-	10,294	1,123	3,658	857,177	151,845	31,992	183,837	705,332
2019	858,828	-	3,132	190	3,254	858,516	61,715	22,468	84,183	796,801
2018	60,587	-	-	-	25,249	35,338	34,584	17,516	52,100	754
2017	26,426	-	-	-	1,122	25,304	23,456	15,868	39,324	1,848
2016	17,753	-	-	-	1,224	16,529	8,464	5,652	14,116	8,065
2015	10,393	-	-	-	1,050	9,343	4,990	5,861	10,851	4,353
2014	6,162	-	-	-	863	5,299	4,770	6,464	11,234	529
2013	3,789	-	-	-	850	2,939	2,776	524	3,300	163
2012 and prior	1,204	-	-	-	823	381	-	-	-	381
	<u>\$ 1,836,806</u>	<u>\$ 16,604,234</u>	<u>\$ 36,939</u>	<u>\$ 32,454</u>	<u>\$ 40,298</u>	<u>\$ 18,405,227</u>	<u>\$ 16,056,865</u>	<u>\$ 157,806</u>	<u>\$ 16,214,671</u>	<u>\$ 2,348,362</u>

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF DEBT LIMITATION -
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2023

Total cash collections for the year ended
June 30, 2023:

Taxes	\$ 16,056,865
Interest and lien fees	157,806
Total	<u>16,214,671</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	-
Base	<u>\$ 16,214,671</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 36,483,010	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	72,966,020	-	-	-
3-3/4 times base	-	-	60,805,016	-	-
3-1/4 times base	-	-	-	52,697,681	-
3 times base	-	-	-	-	48,644,013
Total debt limitation	<u>36,483,010</u>	<u>72,966,020</u>	<u>60,805,016</u>	<u>52,697,681</u>	<u>48,644,013</u>
Indebtedness:					
Bonds payable	1,371,761	184,213	-	-	-
Notes payable	-	-	3,812,778	-	-
Bonds payable - Regional School District No. 4	-	257,765	-	-	-
Total indebtedness	<u>1,371,761</u>	<u>441,978</u>	<u>3,812,778</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 35,111,249</u>	<u>\$ 72,524,042</u>	<u>\$ 56,992,238</u>	<u>\$ 52,697,681</u>	<u>\$ 48,644,013</u>
Total capacity of borrowing (7 times base)	\$ 113,502,697				
Total present indebtedness	5,626,517				
Margin for additional borrowing	<u>\$ 107,876,180</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, 2023, calculated as follows:

Bonds payable, net - Regional School District No. 4	\$ 735,000
Town's proportionate share	35.07%
	<u>\$ 257,765</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, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Sewer use charges	\$ 437,084	\$ 437,084	\$ 420,765	\$ (16,319)
Sewer use interest and liens	10,729	10,729	13,994	3,265
Permits and fees	50	50	50	-
Septic Hauler fees	795,037	795,037	962,433	167,396
Chester flow	38,000	38,000	33,401	(4,599)
Chester O&M	21,000	21,000	16,873	(4,127)
Chester capital contribution	13,000	13,000	4,211	(8,789)
Test station and other	19,500	19,500	23,637	4,137
Total revenues	<u>1,334,400</u>	<u>1,334,400</u>	<u>1,475,364</u>	<u>140,964</u>
EXPENDITURES				
Salaries and administration	476,325	476,325	499,547	23,222
Contracted services	43,700	43,700	64,249	20,549
Utilities	155,035	155,035	149,061	(5,974)
Operations	483,750	483,750	547,834	64,084
Safety	3,000	3,000	1,672	(1,328)
Laboratory	14,500	14,500	19,008	4,508
Replacement	28,026	28,026	56,530	28,504
Capital expenditures	151,000	151,000	183,557	32,557
Total expenditures	<u>1,355,336</u>	<u>1,355,336</u>	<u>1,521,458</u>	<u>166,122</u>
Excess of revenues over expenditures - budgetary basis	<u>\$ (20,936)</u>	<u>\$ (20,936)</u>	(46,094)	<u>\$ (25,158)</u>
RECONCILIATION TO CHANGE IN NET POSITION - SEWER ENTERPRISE FUND:				
Adjustments to record sewer assessments and user fees on a full accrual basis			(4,046)	
Adjustment to record transfer in from the General Fund to fund debt service			236,035	
Adjustments to record the change in the allocated net pension liability and related deferred outflows and inflows of resources			170,004	
Adjustment to record change in compensated absences			(8,753)	
Adjustment to record current year depreciation and capital asset activity			(232,733)	
Total adjustments			<u>160,507</u>	
Change in net position - Sewer Enterprise Fund			<u>\$ 114,413</u>	

CAPITAL AND NONRECURRING FUND

The Capital and Nonrecurring Fund is used to account for multi-year capital and nonrecurring purchases or projects funded by grants, debt issuances or local appropriations.

TOWN OF DEEP RIVER, CONNECTICUT
SCHEDULE OF CHANGES IN FUND BALANCE BY PROJECT -
CAPITAL AND NONRECURRING FUND

Project	Funding Source	Authorization	Balance	Revenues				Expenditures		Project		Balance
			July 1, 2022	Transfers In	Debt	Grants	Other	Direct	Indirect	Transfers	Close-Out	June 30, 2023
Fire - Tanker Truck:												
Restricted	GOB 2022	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
Restricted	Contribution	125,000	-	-	-	-	-	-	-	-	-	-
Committed	Allocated Reserves	45,000	-	45,000	-	-	-	-	-	-	-	45,000
		570,000	400,000	45,000	-	-	-	-	-	-	-	445,000
Fire - Radio and System Improvements:												
Restricted	GOB 2022	200,000	200,000	-	-	-	-	-	-	-	-	200,000
Restricted	ARPA Grant	300,000	-	249,044	-	-	-	249,044	-	-	-	-
		500,000	200,000	249,044	-	-	-	249,044	-	-	-	200,000
Fire - Air Filling Station:												
Restricted	GOB 2022	100,000	100,000	-	-	-	-	86,525	-	-	-	13,475
Public Works - Plow Truck:												
Restricted	GOB 2022	200,000	200,000	-	-	-	-	211,240	-	-	-	(11,240)
Fire - Fire Truck:												
Restricted	GOB 2022	525,000	135,916	-	-	-	-	135,916	-	-	-	-
Committed	Allocated Reserves	275,000	275,000	-	-	-	-	270,966	-	-	-	4,034
		800,000	410,916	-	-	-	-	406,882	-	-	-	4,034
Park Structures:												
Restricted	STEAP Grant 2022	400,000	-	-	-	-	-	-	-	-	-	-
Committed	Budgetary Transfers	100,000	-	100,000	-	-	-	7,779	-	-	-	92,221
		500,000	-	100,000	-	-	-	7,779	-	-	-	92,221
Fire Department Equipment:												
Committed	Budgetary Transfers	149,000	37,212	55,000	-	-	-	101,459	-	-	-	(9,247)
Park Upgrades:												
Committed	Budgetary Transfers	18,800	1,500	10,000	-	-	-	2,541	-	-	-	8,959
Fire House Architect:												
Committed	Budgetary Transfers	30,000	7,600	20,000	-	-	-	-	-	-	-	27,600
Fire Study:												
Committed	Budgetary Transfers	17,020	17,020	-	-	-	-	15,020	-	-	-	2,000
Revaluation:												
Committed	Budgetary Transfers	60,000	25,000	35,000	-	-	-	-	-	-	-	60,000
New Road at Transfer Station:												
Committed	Budgetary Transfers	25,000	-	25,000	-	-	-	-	-	-	-	25,000
Upgrade Oil Containment at Transfer Station:												
Committed	Budgetary Transfers	15,000	-	15,000	-	-	-	-	-	-	-	15,000
Library Windows and Floor:												
Committed	Budgetary Transfers	10,000	-	10,000	-	-	-	-	-	-	-	10,000
Committed	Unallocated Reserves	-	26,703	-	-	-	18,505	-	-	-	-	45,208
		\$ 2,994,820	\$ 1,425,951	\$ 564,044	\$ -	\$ -	\$ 18,505	\$ 1,080,490	\$ -	\$ -	\$ -	\$ 928,010

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.

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

STEAP Technology Fund - A fund used to account for a zoning and geographic information system (GIS) project that will be funded in part by a Department of Economic Community Development grant.

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Student Activities Fund	Small Cities Program Fund	Grant Account Fund	Education Grants Fund	Social Services Fund
ASSETS						
Cash and cash equivalents	\$ 121,019	\$ 21,623	\$ 36,968	\$ 10,784	\$ -	\$ 115,219
Receivables:						
Grants and contracts	26,062	-	-	46,922	86,839	-
Other	365	-	-	-	173,929	-
Inventories	7,029	-	-	-	-	-
Total assets	<u>\$ 154,475</u>	<u>\$ 21,623</u>	<u>\$ 36,968</u>	<u>\$ 57,706</u>	<u>\$ 260,768</u>	<u>\$ 115,219</u>
LIABILITIES						
Accounts payable	\$ 1,243	\$ -	\$ -	\$ -	\$ 23,403	\$ -
Due to others	10,584	-	-	-	70,388	-
Due to other funds	4,833	-	-	46,921	165,025	-
Unearned revenue	-	-	-	-	1,952	-
Total liabilities	<u>16,660</u>	<u>-</u>	<u>-</u>	<u>46,921</u>	<u>260,768</u>	<u>-</u>
FUND BALANCES						
Nonspendable	7,029	-	-	-	-	-
Restricted	130,786	21,623	36,968	10,785	-	115,219
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>137,815</u>	<u>21,623</u>	<u>36,968</u>	<u>10,785</u>	<u>-</u>	<u>115,219</u>
Total liabilities and fund balances	<u>\$ 154,475</u>	<u>\$ 21,623</u>	<u>\$ 36,968</u>	<u>\$ 57,706</u>	<u>\$ 260,768</u>	<u>\$ 115,219</u>

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total
	Veterans	Total Nonmajor	Town Hall	STEAP	Total Capital	Nonmajor
	Fund	Special Revenue	Auditorium	Technology	Projects	Governmental
		Funds	Restoration	Fund	Funds	Funds
			Fund			
ASSETS						
Cash and cash equivalents	\$ 3,220	\$ 308,833	\$ 150	\$ -	\$ 150	\$ 308,983
Receivables:						
Grants and contracts	-	159,823	-	47,127	47,127	206,950
Other	-	174,294	-	-	-	174,294
Inventories	-	7,029	-	-	-	7,029
Total assets	<u>\$ 3,220</u>	<u>\$ 649,979</u>	<u>\$ 150</u>	<u>\$ 47,127</u>	<u>\$ 47,277</u>	<u>\$ 697,256</u>
LIABILITIES						
Accounts payable	\$ -	\$ 24,646	\$ -	\$ -	\$ -	\$ 24,646
Due to others	-	80,972	-	-	-	80,972
Due to other funds	5,200	221,979	-	47,127	47,127	269,106
Unearned revenue	-	1,952	-	-	-	1,952
Total liabilities	<u>5,200</u>	<u>329,549</u>	<u>-</u>	<u>47,127</u>	<u>47,127</u>	<u>376,676</u>
FUND BALANCES						
Nonspendable	-	7,029	-	-	-	7,029
Restricted	-	315,381	-	-	-	315,381
Committed	-	-	150	-	150	150
Unassigned	(1,980)	(1,980)	-	-	-	(1,980)
Total fund balances	<u>(1,980)</u>	<u>320,430</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>320,580</u>
Total liabilities and fund balances	<u>\$ 3,220</u>	<u>\$ 649,979</u>	<u>\$ 150</u>	<u>\$ 47,127</u>	<u>\$ 47,277</u>	<u>\$ 697,256</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, 2023

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Student Activities Fund	Small Cities Program Fund	Grant Account Fund	Education Grants Fund	Social Services Fund
REVENUES						
Grants and contracts	\$ 158,902	\$ -	\$ -	\$ 71,247	\$ 226,235	\$ -
Charges for services	6,644	10,296	-	-	-	-
Interest income	-	-	32	-	-	-
Other	146	-	-	18,554	-	70,084
Total revenues	<u>165,692</u>	<u>10,296</u>	<u>32</u>	<u>89,801</u>	<u>226,235</u>	<u>70,084</u>
EXPENDITURES						
Current:						
General government	-	-	-	83,022	-	-
Health and social services	-	-	-	-	-	31,467
Education	172,464	8,528	-	-	226,235	-
Capital outlays	75,000	-	-	-	-	-
Total expenditures	<u>247,464</u>	<u>8,528</u>	<u>-</u>	<u>83,022</u>	<u>226,235</u>	<u>31,467</u>
Excess (deficiency) of revenues over expenditures	(81,772)	1,768	32	6,779	-	38,617
OTHER FINANCING SOURCES						
Transfers in	<u>107,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,070	1,768	32	6,779	-	38,617
Fund balances - beginning	<u>111,745</u>	<u>19,855</u>	<u>36,936</u>	<u>4,006</u>	<u>-</u>	<u>76,602</u>
Fund balances - ending	<u>\$ 137,815</u>	<u>\$ 21,623</u>	<u>\$ 36,968</u>	<u>\$ 10,785</u>	<u>\$ -</u>	<u>\$ 115,219</u>

(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, 2023

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Veterans Fund	Total Nonmajor Special Revenue Funds	Town Hall Auditorium Restoration Fund	STEAP Technology Fund	Total Capital Projects Funds	
REVENUES						
Grants and contracts	\$ -	\$ 456,384	\$ -	\$ 21,097	\$ 21,097	\$ 477,481
Charges for services	-	16,940	-	-	-	16,940
Interest income	-	32	-	-	-	32
Other	-	88,784	1	-	1	88,785
Total revenues	-	562,140	1	21,097	21,098	583,238
EXPENDITURES						
Current:						
General government	-	83,022	1,412	-	1,412	84,434
Health and social services	-	31,467	-	-	-	31,467
Education	-	407,227	-	-	-	407,227
Capital outlays	-	75,000	-	21,097	21,097	96,097
Total expenditures	-	596,716	1,412	21,097	22,509	619,225
Excess (deficiency) of revenues over expenditures	-	(34,576)	(1,411)	-	(1,411)	(35,987)
OTHER FINANCING SOURCES						
Transfers in	-	107,842	-	-	-	107,842
Net change in fund balances	-	73,266	(1,411)	-	(1,411)	71,855
Fund balances - beginning	(1,980)	247,164	1,561	-	1,561	248,725
Fund balances - ending	\$ (1,980)	\$ 320,430	\$ 150	\$ -	\$ 150	\$ 320,580

(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, 2023

	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments:			
Insurance contracts	\$ 1,112,230	\$ 583,768	\$ 1,695,998
Total assets	<u>1,112,230</u>	<u>583,768</u>	<u>1,695,998</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 1,112,230</u>	<u>\$ 583,768</u>	<u>\$ 1,695,998</u>

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 280,393	\$ 41,730	\$ 322,123
Total contributions	<u>280,393</u>	<u>41,730</u>	<u>322,123</u>
Investment earnings:			
Net change in the fair value of investments, net of fees	<u>79,975</u>	<u>47,043</u>	<u>127,018</u>
Total investment earnings, net	<u>79,975</u>	<u>47,043</u>	<u>127,018</u>
Total additions	<u>360,368</u>	<u>88,773</u>	<u>449,141</u>
DEDUCTIONS			
Benefit payments	<u>55,354</u>	<u>56,718</u>	<u>112,072</u>
Total deductions	<u>55,354</u>	<u>56,718</u>	<u>112,072</u>
Change in net position	305,014	32,055	337,069
Net position - beginning	<u>807,216</u>	<u>551,713</u>	<u>1,358,929</u>
Net position - ending	<u><u>\$ 1,112,230</u></u>	<u><u>\$ 583,768</u></u>	<u><u>\$ 1,695,998</u></u>