

Town of Chaplin, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2020

DRAFT

Town of Chaplin, Connecticut
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Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Finance
Town of Chaplin, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chaplin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chaplin, State of Connecticut, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-14, Statement of Revenues, Expenditures and Changes in Budgetary Fund Balance – Budgetary Basis – Budget and Actual – General Fund on page 51, the Town's Proportionate Share of Net Pension liability –Teachers Retirement Plan on page 54, the Town's Total OPEB Liability –Teachers Retirement Plan on page 55 and Schedule of Changes in the State Teachers' Retirement Board Health Insurance Plan and Schedule of Contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chaplin, State of Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the Town of Chaplin, State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chaplin, State of Connecticut's internal control over financial reporting and compliance.

AO & Company, LLC

Killingworth, Connecticut
January 19, 2021

Town of Chaplin, Connecticut

Management's Discussion and Analysis
June 30, 2020

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Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

Our discussion and analysis of the Town of Chaplin, Connecticut's financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- The Town's net position increased by \$917,255 as a result of this year's operations.
- The Town's fund balance increased for all funds by \$304,562.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Town as a whole begins with Exhibit 1. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Statement of Net Position and the Statement of Activities, the Town shows the following activity:

- Governmental activities—The Town's basic services are reported here, including the general government, education, public safety, public works, and interest on long-term debt. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

The Town as Trustee

The Town is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibit 5. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position increased by \$917,255 from a year ago increasing from \$11,823,394 to \$12,740,649. Last year's net position *increased* by \$637,321. Our analysis below focuses on the statement of net position (Table 1) and changes in net position (Table 2) of the Town.

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

Table 1
Statement of Net Position

	2020	Change During Year		2019
		Dollars	Percent	
Current and other assets	\$ 3,142,698	\$ 299,003	9.5%	\$ 2,843,695
Capital assets	10,378,279	508,945	4.9%	9,869,334
Total assets	<u>13,520,977</u>	<u>807,948</u>	<u>6.0%</u>	<u>12,713,029</u>
Long-term debt outstanding	558,391	(42,234)		600,625
Other liabilities	221,937	(67,073)	-30.2%	289,010
Total liabilities	<u>780,328</u>	<u>(109,307)</u>	<u>-14.0%</u>	<u>889,635</u>
Net assets:				
Invested in capital assets, net of related debt	10,378,279	535,381	5.2%	9,842,898
Restricted	90,488	(8,650)	-9.6%	99,138
Unrestricted	<u>2,271,882</u>	<u>390,524</u>	<u>17.2%</u>	<u>1,881,358</u>
Total net position	<u>\$ 12,740,649</u>	<u>\$ 917,255</u>	<u>7.2%</u>	<u>\$ 11,823,394</u>

Table 2
Changes in Net Position (on Exhibit 2)

	2020	Change During Year		2019
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 128,173	\$ (26,312)	-17.03%	\$ 154,485
Operating grants and contributions	2,733,162	(286,246)	-9.48%	3,019,408
Capital grants and contributions	186,806	(455,926)	-70.94%	642,732
General revenues:				
Property taxes	7,220,603	892,790	14.11%	6,327,813
Grants and contributions	73,052	-	0.00%	73,052
Interest and investment earnings	30,681	(1,657)	-5.12%	32,338
Other general revenues	<u>17,668</u>	<u>(26,477)</u>	<u>0.00%</u>	<u>44,145</u>
Total revenues	<u>10,390,145</u>	<u>96,172</u>	<u>0.93%</u>	<u>10,293,973</u>
Expenses				
Program expenses				
General government	601,467	(720,441)	-54.50%	1,321,908
Education	7,177,110	(176,659)	-2.40%	7,353,769
Public Safety	400,320	51,899	14.90%	348,421
Public works	1,284,986	664,298	107.03%	620,688
Debt service	<u>9,007</u>	<u>(2,859)</u>	<u>-24.09%</u>	<u>11,866</u>
Total expenses	<u>9,472,890</u>	<u>(183,762)</u>	<u>-1.90%</u>	<u>9,656,652</u>
Increase (decrease) in net position	<u>\$ 917,255</u>	<u>\$ 279,934</u>	<u>43.92%</u>	<u>\$ 637,321</u>

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

Property taxes comprise 69.5% of the total government-wide revenues. As a percentage of total revenue, this is comparable to last year. Operating grants and contributions decreased \$285,981 from \$3,019,408 in 2019 to \$2,733,427 in 2020. Property tax revenue increased by \$892,790 from \$6,327,813 in 2019 to \$7,220,603 in 2020. Capital grants and contributions decreased \$455,926 from \$642,732 in 2019 to \$186,806 in 2020, attributable entirely to the completion of construction of the N. Bear Hill Road drainage related to the Town's road improvement projects.

The Town's total revenue increased by 1% (\$96,172) this year over last year. Most of this was due to the increase in property taxes, which was offset by decreases in all other revenue categories.

Total expenses decreased by a net amount of \$183,762, or 1.90%. The decrease is primarily due to decreased education spending of \$176,659 (2.40%) and general government spending of \$720,441 (54.50%), offset by increased public works spending of \$664,298 (107.03%).

Governmental Activities

Table 3 presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Type Activities

	<u>Total Cost of Services</u>		<u>Incr.</u>	<u>Net Cost of Services</u>		<u>Incr.</u>
	<u>2020</u>	<u>2019</u>	<u>Decr.</u>	<u>2020</u>	<u>2019</u>	<u>Decr.</u>
Governmental Activities						
General government	\$ 601,467	\$ 1,321,908	\$ (720,441)	\$ 440,404	\$ 303,831	\$ 136,573
Education	7,177,110	7,353,769	(176,659)	4,487,492	5,207,711	(720,219)
Public safety	400,320	348,421	51,899	399,029	346,918	52,111
Public works	1,284,986	620,688	664,298	1,088,817	(30,299)	1,119,116
Debt service	9,007	11,866	(2,859)	9,007	11,866	(2,859)
Totals	<u>\$ 9,472,890</u>	<u>\$9,656,652</u>	<u>\$ (183,762)</u>	<u>\$6,424,749</u>	<u>\$5,840,027</u>	<u>\$ 584,722</u>

The total cost of the Government decreased 1.90% from last year due primarily to decreases in education costs, and general government.

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

THE TOWN'S FUNDS

The town showed an increase in the governmental funds of \$304,562 as presented in Exhibit 4. These statements are on the modified accrual basis and are more a measure of short-term health.

In the fund financial statements, principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net position on the government-wide statements. Likewise, purchases of capital assets are a reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net position on the government-wide statements.

In addition, these other changes in fund balances should be noted:

- The General Fund's fund balance increased by \$786,548. There was a planned reduction in equity of \$653,738, used to fund capital projects.
- The Capital Improvement Program continued to be used for capital projects. A summary of the year's transactions, by project can be found in Schedule 2 of the Supplementary Schedules to the financial statements.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation of up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting.

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

Below is a summarized view of the final budget and actual results for the General Fund:

Table 4
General Fund - Budget Summary

Revenues	Final Budget	Actual	Variance
Property Taxes	7,080,040	7,159,087	\$ 79,047
Reimbursements in Lieu of taxes	158,398	140,434	(17,964)
Intergovernmental -Operations	195,954	198,052	2,098
Intergovernmental -Education	1,710,040	1,716,299	6,259
Receipts for Town Services	47,360	69,274	21,914
Other Funds	21,750	48,349	26,599
Total Revenues	<u>9,213,542</u>	<u>9,331,495</u>	<u>117,953</u>
Expenditures			
General Government	1,983,362	1,858,617	(124,745)
Education	6,151,795	6,023,585	(128,210)
Debt Service	9,007	9,007	-
Transfer to Capital Improvement Program	503,738	653,738	150,000
	<u>8,647,902</u>	<u>8,544,947</u>	<u>(102,955)</u>
Excess (Deficiencies) of Revenues			
Over Expenditures	<u>\$ 565,640</u>	<u>\$ 786,548</u>	<u>\$ 220,908</u>

Significant variances are summarized as follows:

- Tax Collections in the fund financial statements do not include monies collected from the State of Connecticut. Instead, they are included as intergovernmental revenues where they are budgeted. These State payments are included in total property taxes in the Government-wide statements because they are directly related to the assessments of taxes on the property.

Tax collections are generally analyzed by percentages. The most common is the percentage of taxes collected in the current year compared to the current year levy. This would indicate what percentage of taxpayers paid their taxes in the year in which they were due. The Town collected 98.9% of the current year tax levy during the year. This is slightly more than the budgeted collection rate of 97.75%. The Town collected \$6,561 more than budgeted in property taxes, \$22,177 more than budgeted for back tax collections and \$24,604 more than budgeted in interest and lien. Total property taxes were \$79,047 over budget.

- General Government expenditures and Education Expenditures were \$124,745 and \$128,745, respectively, under budget. For further details, see the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.

Town of Chaplin, Connecticut
Management's Discussion and Analysis
June 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the Town had \$10,378,279 in capital assets (net of accumulated depreciation). This amount represents a net increase (including additions and deductions) of \$508,945 from last year. In total, there were additional assets of \$1,105,050. The additions consist of \$60,540 for machinery and equipment, \$40,773 for buildings and systems and \$1,003,737 for infrastructure. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the fiscal year 2020 budget and tax rates. The economy is still in a recession, unemployment, foreclosures are high, and the real estate market has not bounced back. Interest rates continue to be at an all-time low. This has slowed the market and therefore slowed tax collections, as people must be current on their taxes to sell or refinance. This also reduces the income from building permits, conveyance taxes, refinancing and recording fees. The State provides most of the intergovernmental revenues. The State has level funded in some areas and reduced funding in other areas to the municipalities.

These indicators were considered when adopting the General Fund budget for 2020. The Board of Finance elected to maintain the mill rate at 32.50.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Chaplin, Connecticut, 495 Phoenixville Road, Chaplin, CT 06235.

Town of Chaplin, Connecticut

Basic Financial Statements
June 30, 2020

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Town of Chaplin
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 2,985,294
Receivables	
Taxes, net	96,678
Accounts, net	41,316
Intergovernmental	17,846
Inventories	1,564
Capital assets	
Nondepreciable	355,558
Depreciable, net of accumulated depreciation	<u>10,022,721</u>
Total Assets	<u>\$ 13,520,977</u>
LIABILITIES	
Accounts payable	\$ 93,400
Accrued Payroll and related	122,946
Non-current liabilities	
Due within one year	31,400
Due in more than one year	<u>526,991</u>
Total Liabilities	<u>774,737</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenues	<u>5,591</u>
NET POSITION	
Invested in capital assets, net of related debt	10,378,279
Restricted	
Expendable	82,999
Nonexpendable	7,489
Unrestricted	<u>2,271,882</u>
Total Net Position	<u>12,740,649</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 13,520,977</u>

Town of Chaplin, Connecticut
 Statement of Activities
 For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			NET (EXPENSE)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Governmental
					Changes in Net Assets
Governmental activities					
General Government	\$ (601,467)	\$ 82,130	\$ 78,933	\$ -	\$ (440,404)
Public Works	(1,284,986)	9,363	-	186,806	(1,088,817)
Public Safety	(400,320)	1,291	-	-	(399,029)
Education	(7,177,110)	35,389	2,654,229	-	(4,487,492)
Debt service	(9,007)	-	-	-	(9,007)
Total Governmental Activities	<u>\$ (9,472,890)</u>	<u>\$ 128,173</u>	<u>\$ 2,733,162</u>	<u>\$ 186,806</u>	<u>(6,424,749)</u>
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					7,220,603
Grants and contributions not restricted to specific programs					73,052
Unrestricted interest and investment earnings					30,681
Other General Revenues					17,668
Total General Revenues					<u>7,342,004</u>
Change in Net Position					917,255
Net Position - Beginning of Year					<u>11,823,394</u>
Net Position - End of Year					<u>\$ 12,740,649</u>

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

Town of Chaplin, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Projects Funds	Educational Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 2,345,398	\$ 577,584	\$ 383	\$ 61,929	\$ 2,985,294
Taxes receivable, net of allowance for uncollectible amounts	96,678	-	-	-	96,678
Other receivables					
Accounts	6,160	-	20,081	-	26,241
Intergovernmental	-	6,507	63	26,351	32,921
Due from other funds	22,552	-	-	9,180	31,732
Inventories	-	-	-	1,564	1,564
Total Assets	<u>\$ 2,470,788</u>	<u>\$ 584,091</u>	<u>\$ 20,527</u>	<u>\$ 99,024</u>	<u>\$ 3,174,430</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 70,467	\$ 10,000	\$ 5,269	\$ 7,665	\$ 93,401
Accrued payroll and related	118,288	-	1,400	3,257	122,945
Due to other funds	9,180	-	7,381	15,171	31,732
Total Liabilities	<u>197,935</u>	<u>10,000</u>	<u>14,050</u>	<u>26,093</u>	<u>248,078</u>
Deferred Inflows of Resources					
Deferred revenues	93,673	-	5,591	-	99,264
Fund Balances (Deficits)					
Nonspendable	-	-	-	7,489	7,489
Restricted	82,999	-	-	-	82,999
Committed	-	574,091	-	-	574,091
Assigned	700,000	-	-	53,423	753,423
Unassigned	1,396,181	-	886	12,019	1,409,086
Total Fund Balances	<u>2,179,180</u>	<u>574,091</u>	<u>886</u>	<u>72,931</u>	<u>2,827,088</u>
Total Liabilities and Fund Balances	<u>\$ 2,470,787</u>	<u>\$ 584,091</u>	<u>\$ 20,527</u>	<u>\$ 99,024</u>	<u>\$ 3,174,429</u>

Town of Chaplin, Connecticut
 Reconciliation of Governmental Funds Balance Sheet to the
 Government Wide Statement of Net Position - Governmental Activities
 June 30, 2020

Fund Balances - Total Governmental Funds	\$ 2,827,088
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,378,279
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	93,673
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(558,391)</u>
Net Position of Governmental Activities	<u>\$ 12,740,649</u>

Town of Chaplin, Connecticut
Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Education Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes for general purposes	\$ 7,159,087	\$ -	\$ -	\$ -	\$ 7,159,087
Intergovernmental	2,744,917	-	199,131	48,668	2,992,716
Charges for services	69,275	-	-	58,898	128,173
Miscellaneous revenue	48,349	-	-	304	48,653
Total Revenues	<u>10,021,628</u>	<u>-</u>	<u>199,131</u>	<u>107,870</u>	<u>10,328,629</u>
EXPENDITURES					
Current					
General government	1,030,255	-	-	30,834	1,061,089
Public works	530,175	-	-	-	530,175
Public safety	298,190	-	-	-	298,190
Education	6,713,715	-	198,082	75,479	6,987,276
Debt Service	9,007	-	-	-	9,007
Capital expenditures	-	1,138,330	-	-	1,138,330
Total Expenditures	<u>8,581,342</u>	<u>1,138,330</u>	<u>198,082</u>	<u>106,313</u>	<u>10,024,067</u>
Excess (Deficiency) of Revenues					
Over expenditures	<u>1,440,286</u>	<u>(1,138,330)</u>	<u>1,049</u>	<u>1,557</u>	<u>304,562</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	653,738	-	-	653,738
Transfers out	<u>(653,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(653,738)</u>
Total Other Financing Sources (Uses)	<u>(653,738)</u>	<u>653,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	786,548	(484,592)	1,049	1,557	304,562
Fund Balances - Beginning of Year	<u>1,392,632</u>	<u>1,058,683</u>	<u>(163)</u>	<u>71,374</u>	<u>2,522,526</u>
Fund Balances - End of Year	<u>\$ 2,179,180</u>	<u>\$ 574,091</u>	<u>\$ 886</u>	<u>\$ 72,931</u>	<u>\$ 2,827,088</u>

Town of Chaplin
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 304,562
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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. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	1,105,050
Depreciation expense	(596,105)
	<u>508,945</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes and other revenues in the General Fund	<u>38,900</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in

Compensated absences	11,307
Other post employment benefits	53,541
	<u>64,848</u>

Change in Net Position of Governmental Activities	<u><u>\$ 917,255</u></u>
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Town of Chaplin, Connecticut
Statement of Net Position
Fiduciary Funds
June 30, 2020

ASSETS

Cash	\$ <u>12,157</u>
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LIABILITIES

Due to others	\$ <u>12,157</u>
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Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

Financial Reporting Entity

The financial reporting entity consists of: 1) the primary government; 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. The criterion has been considered and there are no agencies or entities, which should be presented with this government.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund balances, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Improvement Program - The Capital Improvement Program is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Education Grants – This fund receives Federal, State, and local grant money and spends it according to the terms of the grant.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

William Ross Library Restoration Fund – This fund accounts for repairs and improvements to the library.

Chaplin Library Fund – This fund accounts for the libraries grants and income and the expenditures of the same.

Senior Center – Grants, donations and fees earned by the senior center are accumulated here and spent on the seniors and the senior center.

Recreation Commission – Grants, donations and fees earned by the recreation commission are accumulated here and spent as directed by the commission.

Pre-School and After School Fund – Grants and fees charged for the pre-school and after school funds and the related costs are included in this fund.

Child Nutrition Fund – The school cafeteria activities including revenues from the students and reimbursements for free and reduced lunches are in this fund.

The following is the Town’s non-major capital projects fund:

Nonlapsing Fund – This fund was established under the Connecticut General Statutes for the unspent General Fund education budget.

The following is the Town’s permanent fund:

Cemetery Fund – Various donors have provided funding whereby the interest is used for the care and maintenance of cemetery plots.

Fiduciary Funds (Not included in government-wide financial statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency fund on behalf of others. These include Agency funds. The Agency Fund is primarily utilized to account for monies held as custodian for outside student groups.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus and utilizes 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict GASB guidance.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Assets, Liabilities and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax-Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net position. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

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

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings: the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded, and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Due From/To Other Funds - During its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological, or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

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

Land is considered inexhaustible and, therefore, not depreciated. Other capital assets of the Town are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Intangible assets	Varies, if any	5,000
Buildings and systems	50	5,000
Machinery and equipment :		
Equipment	10	5,000
Vehicles	10	5,000
Infrastructure	40	5,000

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2020, the governmental funds report unavailable revenues from two sources, property taxes and grant funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Liabilities - In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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, and debt payments, 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. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Net Position - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Position include, invested in capital assets, net of related debt and restricted. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws, or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority, a motion at a Town Meeting. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing boards.
- Assigned fund balance, in the General Fund, will represent amounts constrained by either the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Currently, this is done by the Board of Finance. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, the Town considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 19, 2021.

Note 2 - Stewardship, Compliance and Accountability

Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year-end are reported on the budgetary basis statements as expenditures.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** - Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting acts on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list, which will be sufficient to cover, together with other income, or revenue surplus, which is appropriated, the amounts appropriated and any revenue deficit of the Town.

Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. There were no additional appropriations and transfers for the year.

Fund Deficit

The Cemetery Fund has an unassigned deficit of \$230 at June 30, 2020. The Town considers this a timing issue and plans to address this deficit in the subsequent year.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Note 3 - Cash, Cash Equivalents, and Investments

Cash and investments of the Town consist of the following at June 30, 2020:

Statement of Net Assets	
Cash and equivalents	\$ 2,985,294
Fiduciary Funds	
Cash and equivalents	12,157
Total Cash and Investments	\$ 2,997,451

Cash and Cash Equivalents - As of June 30, 2020 the carrying amount of the Town's deposits with financial institutions were:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 2,573,337
Plus external investment pools	507,119
	\$ 3,080,456

The balance of the Town's deposits with financial institutions was \$3,080,456, of which \$262,193 was covered by federal depository insurance.

Note 4 - Receivables, Deferred Inflows of Financial Resources

Governmental funds report deferred revenue regarding receivables for revenue that are not considered available to liquidate liabilities of the current period. The following were reported as *deferred inflows as* of the year-end:

	General Fund	Capital Improvement Program	Educational Grants Fund
Property taxes	\$ 93,673	\$ -	\$ -
Advances on grants	-	-	5,591
	\$ 93,673	\$ -	\$ 5,591

Note 5 - Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2020, these were summarized as follows:

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Receivable fund	Payable Fund	Amount
General Fund	Cafeteria Fund	\$ 15,028
General Fund	Education Grants Fund	7,381
General Fund	Preschools Fund	143
Cemetery Fund	General Fund	5,695
Library Reserve Fund	General Fund	3,485
		<u>\$ 31,732</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2020 were as follows:

	Transfers into:			Total
	General Fund	Capital Improvement Program	Other Governmental Funds	
Transfers out of:				
General Fund	\$ -	\$ 653,738	\$ -	\$ 653,738

Note 6 - Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 355,558	\$ -	\$ -	\$ 355,558
Capital assets being depreciated				
Buildings and systems	7,985,309	40,773	-	8,026,082
Machinery and equipment	1,554,344	60,540	-	1,614,884
Infrastructure	5,327,190	1,003,737	-	6,330,927
	14,866,843	1,105,050	-	15,971,893
Less accumulated depreciation	5,353,067	596,105	-	5,949,172
Net depreciable assets	9,513,776	508,945	-	10,022,721
Total capital assets	\$ 9,869,334	\$ 508,945	\$ -	\$ 10,378,279

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Depreciation and amortization expense were charged to functions/programs of the governmental activities as follows:

Education	\$ 232,069
Public Works	217,787
General Government	44,119
Public Safety	<u>102,130</u>
	<u>\$ 596,105</u>

Note 7 - Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 302,692	\$ 21,750	\$ (10,443)	\$ 313,999	\$ 31,400
OPEB obligations	<u>297,933</u>	<u>10,397</u>	<u>(63,938)</u>	<u>244,392</u>	<u>-</u>
	<u>\$ 600,625</u>	<u>\$ 32,147</u>	<u>\$ (74,381)</u>	<u>\$ 558,391</u>	<u>\$ 31,400</u>

Each governmental fund liability is liquidated by the respective fund, primarily the General Fund. Interests on these obligations are expensed to the respective fund, primarily the General Fund.

Compensated Absences

Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Total tax collections (including interest and lien fees) for the year - primary government					\$ 7,228,370
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					<u>-</u>
Debt limitation base					<u>\$ 7,228,370</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 16,263,833	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	32,527,666	-	-	-
3 3/4 times base	-	-	24,395,749	-	-
3 1/4 times base	-	-	-	23,492,203	-
3 times base	-	-	-	-	21,685,110
Total debt limitation	<u>16,263,833</u>	<u>32,527,666</u>	<u>24,395,749</u>	<u>23,492,203</u>	<u>21,685,110</u>
Indebtedness					
Bonds payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 16,263,833</u>	<u>\$ 32,527,666</u>	<u>\$ 24,395,749</u>	<u>\$ 23,492,203</u>	<u>\$ 21,685,110</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 50,598,591</u>

Note 8 - Net Position

The components of net position are detailed below:

Invested in Capital Assets, Net of Related Debt - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants and other agreements that must be kept intact and cannot be spent. This is made up of \$5,925 of trust fund principal and \$1,564 in consumable inventory.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

General Government	\$ 75,668
Capital Projects	<u>7,331</u>
	<u>\$ 82,999</u>

Unrestricted - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Note 9 - Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	<u>General Fund</u>	<u>Capital Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable				
Not in spendable form				
Inventories	\$ -	\$ -	\$ 1,564	\$ 1,564
Required to be maintained				
Trust principal	<u>-</u>	<u>-</u>	<u>5,925</u>	<u>5,925</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,489</u>	<u>\$ 7,489</u>
Restricted				
General Government	75,668	\$ -	\$ -	\$ 75,668
Capital Projects	<u>7,331</u>	<u>-</u>	<u>-</u>	<u>7,331</u>
	<u>\$ 82,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,999</u>
Committed				
Capital Projects	<u>\$ -</u>	<u>\$ 574,091</u>	<u>\$ -</u>	<u>\$ 574,091</u>
Assigned				
General Government	\$ 700,000	\$ -	\$ 49,938	\$ 749,938
Capital Projects	<u>-</u>	<u>-</u>	<u>3,485</u>	<u>3,485</u>
	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 53,423</u>	<u>\$ 753,423</u>

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Note 10 - Employee Retirement Systems and Pension Plans

Connecticut State Teachers' Retirement Fund

Organization

The Connecticut Teachers' Retirement System (TRS) is the public pension plan offered by the State of Connecticut 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. The State Teachers' Retirement Board (TRB) is responsible for the administration of the Connecticut Teachers' Retirement System. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System - a cost sharing multiemployer defined benefit pension plan administered by the Teachers' Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the 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% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of 1% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% 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% 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.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

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

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement.

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

Contributions-State of Connecticut

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

Employer (School Districts)

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

Employees:

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>6,194,807</u>
Total	<u>\$ 6,194,807</u>

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$760,828 in on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

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

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity - US Equity	20.0%	8.1%
Public Equity - International	11.0%	8.5%
Public Equity - Emerging Markets	9.0%	10.4%
Fixed Income - Core Fixed Income	16.0%	4.6%
Fixed Income - Inflation Linked	5.0%	3.6%
Fixed Income - High Yield	6.0%	6.5%
Fixed Income - Emerging Market	5.0%	5.2%
Private Equity	10.0%	9.8%
Real Estate	10.0%	7.0%
Alternative Investments - Real	4.0%	8.2%
Alternative Investments - Hedge	3.0%	5.4%
Liquidity Fund	<u>1.0%</u>	2.9%
Total	<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 State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

A copy of the plan's comprehensive annual financial report can be obtained from the State of Connecticut Teachers Retirement Board.

Deferred Compensation Plan

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

The Town has established a deferred compensation plan under Section 457 of the Internal Revenue Service Code for employees of the general government. Employees may elect to defer a portion of their gross pay up to the maximum allowed in the Code. The Town is not the trustee of this plan.

Note 11 - Other Post-Employment Benefits

Chaplin Public Schools Plan Description

The Chaplin Public Schools Other Post Employment Benefit Program (“OPEB”) is a single employer defined benefit plan administered by the Town of Chaplin, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility	Teachers and Certified Administrators – A Teacher or Certified Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.
Cost Sharing	All retirees pay 100% of the premiums less the amount paid to the Town by the Teachers’ Retirement Board.
Plan of Coverage	Various medical, dental, and pharmaceutical plans depending on whether retirement is prior to age 65 or after 65.

The Town of Chaplin’s total OPEB liability of \$244,392 was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Projected salary increase	2.75%
Long-term investment rate of return	2.65%
Discount rate	2.65%

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

The discount rate was based on the 20-year AA municipal bond index for unfunded OPEB plans. Significant methods were as follows:

Latest Actuarial Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Medical Inflation	Starts at 5.95% in 2018, decreasing to an ultimate rate of 4.75% by 2025.
Amortization Method	Level percentage of payroll
Remaining Amortization	20 years
Mortality	Pun-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement
Retirement	Average retirement age of 58
Percentage Participation	100% are assumed to elect coverage

Changes in the Total Net OPEB Liability

Balance as of prior measurement date	\$ 297,933
Service cost	7,691
Interest	8,527
Effect of Economic/Demographic Gains or Losses	(63,938)
Difference between expected and actual experience	-
Changes of assumptions or other inputs	(5,821)
Benefit payments	-
Total Net OPEB Liability	<u><u>\$ 244,392</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2019 to 3.87% in 2020.

Sensitivity of the total net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town of Chaplin, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

	Healthcare Cost Trend		
	Rates	1% Decrease	1% Increase
Total OPEB liability as of June 30, 2020	\$ 244,392	\$ 225,773	\$ 265,832

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB returns of \$53,541. At June 30, 2020, as allowed under GASB 75 Paragraph 43(a), deferred inflows and outflows should be expensed immediately under the alternative method. Therefore, the Town reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

Participant Breakdown as of July 1, 2019

Inactive plan members currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	20
Total members	22

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan

Plan description

Teachers, principals, superintendents, supervisors, and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

\$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

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.

ADMINISTRATIVE EXPENSES

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

EMPLOYER (SCHOOL DISTRICTS)

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.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

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

Town's proportionate share of the net pension and OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>966,114</u>
Total	<u>\$ 966,114</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Town has no proportionate share of the net OPEB liability. The Town recognized OPEB returns of \$70,697 for on-behalf amounts for the contributions to the plan by the State.

Actuarial assumptions

Inflation	2.50%
Health care cost trend rate	5.00% decreasing to 4.
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2020

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate. Additionally, 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. Further, the expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate.

The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Note 12 – Commitments and Contingencies

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time,

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

For projects with a cost over two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Encumbrances

The Town uses encumbrance accounting for budgeting in the General Fund. At year-end, the Town had \$0 in encumbrances outstanding. These encumbrances have not met the requirements to be classified as restricted, committed, or assigned and are, therefore, included in the unassigned Fund Balance.

Jointly Governed Organizations

Regional School District #11- Central Office Committee

As of July 1, 2011, the Town has an agreement with Regional School District #11 – Central Office Committee to provide supervisory services for the Chaplin Board of Education.

Mid-Northeast Recycling Operating Committee

The Town is a member of Mid-Northeast Recycling Operating Committee (“MID-NEROC”), established under the Chapter 446d of the Connecticut General Statutes, to construct and operate a permanent household chemical collection facility. The Town is responsible for its share of the annual operating budget each year. In addition, the Town shares jointly in the liability arising out of the collection facility operations. In the event of termination of the agreement, the assets and liabilities will be liquidated, and the participating Towns will each share in the revenues and expenses proportionately by their respective populations, if any.

During the year, the Town paid \$1,792 into MID-NEROC for recycling services.

Separate financial statements of the joint venture may be obtained by contacting MID-NEROC directly at 630 Governor’s Highway, South Windsor, CT, 06074

Note 13 – GASB Pronouncement Issued, But Not Yet Effective

GASB Statement 87 - *Leases* –The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an

Town of Chaplin, Connecticut
Notes to Financial Statements
For the year ended June 30, 2020

underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after December 15, 2020.

DRAFT

Town of Chaplin, Connecticut

Required Supplementary Information
June 30, 2020

DRAFT

Town of Chaplin, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and actual (Budgetary Basis) – General Fund
June 30, 2020

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Additional</u>	<u>Final Budget</u>		
REVENUES	Budget	Appropriations and Transfers	Final Budget	Basis	Final Budget
Property Taxes					
Property taxes	\$ 7,009,202	\$ (12,662)	\$ 6,996,540	\$ 7,020,127	\$ 23,587
Pmt in lieu of taxes	-	-	-	1,343	1,343
Telecommunication prop. tax	3,500	-	3,500	2,617	(883)
Prior years taxes	50,000	-	50,000	87,151	37,151
Interest and lien fees	30,000	-	30,000	47,849	17,849
	<u>7,092,702</u>	<u>(12,662)</u>	<u>7,080,040</u>	<u>7,159,087</u>	<u>79,047</u>
Reimbursements in Lieu of Taxes					
Disability exemption	335	-	335	395	60
Municipal stabilization grant	34,779	-	34,779	34,779	-
Pequot state property	73,052	-	73,052	73,052	-
State property reimbursment	31,817	-	31,817	31,817	-
School bus fuel reimbursment	18,000	-	18,000	-	(18,000)
Verterans exemption	415	-	415	391	(24)
	<u>158,398</u>	<u>-</u>	<u>158,398</u>	<u>140,434</u>	<u>(17,964)</u>
State and Federal Funding for Operations					
Circuit Court	3,020	-	3,020	5,145	2,125
Historic document protection	5,500	-	5,500	5,500	-
Municipal Grants in Aid	601	-	601	601	-
Town road aid	186,833	-	186,833	186,806	(27)
	<u>195,954</u>	<u>-</u>	<u>195,954</u>	<u>198,052</u>	<u>2,098</u>
State Educational Funding					
State Education Funding	1,710,040	-	1,710,040	1,716,299	6,259
Receipts for Town Services					
Fire Marshal fees	-	-	-	180	180
Building permits	8,000	-	8,000	9,325	1,325
Cemeteries	500	-	500	2,210	1,710
Conveyance tax	15,000	-	15,000	19,291	4,291
Dog license and surcharges	600	-	600	591	(9)
Inland/Wetlands	250	-	250	110	(140)
Application fees/land use forms	2,500	-	2,500	3,425	925
Pistol permits	850	-	850	700	(150)
Historic Commission	150	-	150	225	75
Copies	3,100	-	3,100	4,701	1,601
Planning and zoning	-	-	-	6,000	6,000
Firehouse hall rental	2,100	-	2,100	1,144	(956)
Trade name	60	-	60	40	(20)
Transfer station fees	6,000	-	6,000	9,363	3,363
Town clerk revenue	8,250	-	8,250	11,841	3,591
Vital Statistics	-	-	-	128	128
	<u>47,360</u>	<u>-</u>	<u>47,360</u>	<u>69,274</u>	<u>21,914</u>
Miscellaneous Revenues					
Investment interest	16,000	-	16,000	30,681	14,681
Miscellaneous	5,750	-	5,750	17,668	11,918
Elementary School	-	-	-	-	-
F2F Income	-	-	-	-	-
	<u>21,750</u>	<u>-</u>	<u>21,750</u>	<u>48,349</u>	<u>26,599</u>
TOTAL REVENUES	<u>9,226,204</u>	<u>(12,662)</u>	<u>9,213,542</u>	<u>9,331,495</u>	<u>117,953</u>

Town of Chaplin, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and actual (Budgetary Basis) – General Fund
June 30, 2020

	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Additional</u>		<u>Actual</u>	
	<u>Budget</u>	<u>Appropriations</u> <u>and Transfers</u>	<u>Final Budget</u>	<u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u>
General Government					
General Expenses	135,092	(7,990)	135,092	134,796	296
Accounting	51,329	-	51,329	49,838	1,491
Assessors	43,630	-	43,630	43,147	483
Board of Assessment Appeals	310	-	310	288	22
Board of Finance	26,200	-	26,200	24,011	2,189
Board of Selectman	115,166	-	115,166	114,314	852
Building Grounds Maintenance	79,392	3,853	83,245	86,123	(2,878)
Building Inspector	21,506	573	22,079	22,079	-
Community Economic Development	530	-	530	45	485
Conservation Commission	505	-	505	-	505
Emergency Preparedness	8,174	-	8,174	5,504	2,670
Employee Benefits	233,917	-	233,917	209,372	24,545
Fire Marshall	8,459	-	8,459	8,459	-
Health and Social Services	12,150	-	12,150	12,146	4
Historic Commission	741	-	741	557	184
Inland/Wetland	16,333	90	16,423	16,323	100
Library	79,100	-	79,100	73,510	5,590
Open Burning Official	1,757	-	1,757	1,557	200
Park and Recreation	15,762	-	15,762	12,928	2,834
Planning & Zoning	24,965	-	24,965	23,148	1,817
Police Protection	203,802	-	203,802	180,880	22,922
Public works	306,125	5,490	311,615	304,256	7,359
Registrars	22,396	-	22,396	12,491	9,905
Sanitation	195,000	-	195,000	192,301	2,699
Senior Center	83,008	-	83,008	68,911	14,097
Tax Collector	36,818	-	36,818	33,911	2,907
Town Clerk	59,697	-	59,697	54,256	5,441
Town Contingency Fund	25,000	(10,991)	14,009	-	14,009
Town memberships	22,856	-	22,856	22,842	14
Transfer station	39,221	-	39,221	31,999	7,222
Treasurer	9,240	174	9,414	9,130	284
Tree Warden	1,824	-	1,824	1,618	206
Vital Statistics	604	-	604	583	21
Volunteer Fire Department	101,950	-	101,950	107,294	(5,344)
Zoning Board of Appeals	1,614	-	1,614	-	1,614
	1,984,173	(8,801)	1,983,362	1,858,617	124,745

Town of Chaplin, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and actual (Budgetary Basis) – General Fund
June 30, 2020

	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Additional</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Budget</u>	<u>Appropriations</u> <u>and Transfers</u>		<u>Budgetary</u>	
Capital Improvement					
Capital outlay	503,738	-	503,738	653,738	(150,000)
	503,738	-	503,738	653,738	(150,000)
Debt Service					
Lease-Canon Financial Services	8,196	-	9,007	9,007	-
	8,196	-	9,007	9,007	-
Total Town Government	2,496,107	(8,801)	2,496,107	2,521,362	(25,255)
Education Expenditures					
Elementary school	3,743,993	-	3,743,993	3,644,956	99,037
Regional school	2,407,802	-	2,407,802	2,378,629	29,173
Total Education	6,151,795	-	6,151,795	6,023,585	128,210
TOTAL EXPENDITURES	8,647,902	(8,801)	8,647,902	8,544,947	102,955
Excess (Deficiency) of Revenues					
Over Expenditures - Budgetary Basis	\$ 578,302	\$ (3,861)	\$ 565,640	\$ 786,548	\$ 220,908
Adjustments to Generally Accepted Accounting Principles (GAAP)					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis					
Revenues from Teachers' Retirement				690,131	
Expenditures from Teachers' Retirement				(690,131)	
Excess (Deficiency) of Revenues and Other Financing Sources over					
Expenditures and Other Financing Uses- GAAP Basis				\$ 786,548	

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1) the Town does not recognize as income or expenditures on the budgetary basis payments made for the teachers' retirement by the State of Connecticut on the Town's behalf.

Town of Chaplin, Connecticut
 Schedule of the Town's Proportionate Share of Net Pension Liability
 Teachers Retirement Plan
 June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>\$ 6,194,807</u>	<u>\$ 4,776,556</u>	<u>\$ 5,702,182</u>	<u>\$ 4,766,601</u>
Total	<u>\$ 6,194,807</u>	<u>\$ 4,776,556</u>	<u>\$ 5,702,182</u>	<u>\$ 4,766,601</u>
Town's covered-employee payroll (1)	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Town is showing four year's presentation.

Note: See notes to the financial statements for actuarial methods and assumptions.

Town of Chaplin, Connecticut
Schedule of Changes in the Town's Total OPEB Liability
And Related Ratios
Other Post-Employment Benefits Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Balance as of prior measurement date, as restated	\$ 297,933	\$ 305,027	\$ 829,750
Service cost	7,691	7,510	35,410
Interest	8,527	9,376	30,281
Effect of Economic/Demographic Gains of Losses	(63,938)	(27,139)	(597,718)
Difference between expected and actual experience	-	-	-
Changes of assumptions or other inputs	(5,821)	3,159	7,304
Benefit payments	-	-	-
Total OPEB liability-ending	<u>\$ 244,392</u>	<u>\$ 297,933</u>	<u>\$ 305,027</u>
 Covered-employee payroll	 \$ 2,269,543	 \$ 2,110,412	 \$ 2,110,545
 Total OPEB liability as a percentage of covered-employee payroll	 10.77%	 14.12%	 14.45%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Town is showing three year's presentation.

Note: See notes to the financial statements for actuarial methods and assumptions.

Town of Chaplin, Connecticut
Schedule of Changes in the State Teachers' Retirement Board
Health Insurance Plan and Schedule of Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	\$ 966,114	\$ 954,850	\$ 1,467,673
Total	<u>\$ 966,114</u>	<u>\$ 954,850</u>	<u>\$ 1,467,673</u>
Town's covered-employee payroll (1)	N/A	N/A	\$ -
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	60.66%	65.56%	81.20%
<u>Schedule of Contributions</u>			
Contractually required contribution (2)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Not applicable since 0% proportional share of the net OPEB liability

(2) Local employers are not required to contribute to the plan

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Town is showing three year's presentation.

Town of Chaplin, Connecticut

Combining Fund Financial Statements
June 30, 2020

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Town of Chaplin, Connecticut
Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Special Revenues	Permanent Fund - Cemetery	Total Other Governmental Funds
ASSETS			
Cash and equivalents	\$ 61,929	\$ -	\$ 61,929
Other receivables			
Intergovernmental	26,351	-	26,351
Due from other funds	3,485	5,695	9,180
Inventories	<u>1,564</u>	<u>-</u>	<u>1,564</u>
 Total Assets	 <u>\$ 93,329</u>	 <u>\$ 5,695</u>	 <u>\$ 99,024</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,665	\$ -	\$ 7,665
Accrued payroll and related	3,257	-	3,257
Due to other funds	<u>15,171</u>	<u>-</u>	<u>15,171</u>
 Total Liabilities	 <u>26,093</u>	 <u>-</u>	 <u>26,093</u>
Fund Balances (Deficits)			
Nonspendable	1,564	5,925	7,489
Assigned	53,423	-	53,423
Unassigned	<u>12,249</u>	<u>(230)</u>	<u>12,019</u>
 Total Fund Balances	 <u>67,236</u>	 <u>5,695</u>	 <u>72,931</u>
 Total Liabilities and Fund Balances	 <u>\$ 93,329</u>	 <u>\$ 5,695</u>	 <u>\$ 99,024</u>

Town of Chaplin, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
As of the Year Ended June 30, 2020

	Special Revenues	Permanent Fund - Cemetery	Total Other Governmental Funds
REVENUES			
Intergovernmental	\$ 48,668	\$ -	\$ 48,668
Charges for services	58,898	-	58,898
Miscellaneous revenue	304	-	304
Total Revenues	<u>107,870</u>	<u>-</u>	<u>107,870</u>
EXPENDITURES			
General government	30,834	-	30,834
Education	75,479	-	75,479
Total Expenditures	<u>106,313</u>	<u>-</u>	<u>106,313</u>
Excess (Deficiency) of Revenues Over expenditures	<u>1,557</u>	<u>-</u>	<u>1,557</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,557	-	1,557
Fund Balances - Beginning of Year	<u>65,679</u>	<u>5,695</u>	<u>71,374</u>
Fund Balances - End of Year	<u>\$ 67,236</u>	<u>\$ 5,695</u>	<u>\$ 72,931</u>

Town of Chaplin, Connecticut
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 2020

	Library Restoration	Chaplin Library	Senior Center	Recreation Commission	Pre-School & After School Program	Child Nutrition	Total Special Revenue Funds
ASSETS							
Cash and equivalents	\$ -	\$ 18,383	\$ 24,026	\$ 7,543	\$ 16,155	\$ (4,178)	\$ 61,929
Other receivables							
Intergovernmental	-	-	-	-	15,075	11,276	26,351
Due from other funds	3,485	-	-	-	-	-	3,485
Inventories	-	-	-	-	-	1,564	1,564
Total Assets	<u>\$ 3,485</u>	<u>\$ 18,383</u>	<u>\$ 24,026</u>	<u>\$ 7,543</u>	<u>\$ 31,230</u>	<u>\$ 8,662</u>	<u>\$ 93,329</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ (24)	\$ 38	\$ -	\$ 7,651	\$ 7,665
Accrued payroll and related	-	-	-	-	14	3,243	3,257
Due to other funds	-	-	-	-	143	15,028	15,171
Total Liabilities	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>38</u>	<u>157</u>	<u>25,922</u>	<u>26,093</u>
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	1,564	1,564
Assigned	3,485	18,383	24,050	7,505	-	-	53,423
Unassigned	-	-	-	-	31,073	(18,824)	12,249
Total Fund Balances	<u>3,485</u>	<u>18,383</u>	<u>24,050</u>	<u>7,505</u>	<u>31,073</u>	<u>(17,260)</u>	<u>67,236</u>
Total Liabilities and Fund Balances	<u>\$ 3,485</u>	<u>\$ 18,383</u>	<u>\$ 24,026</u>	<u>\$ 7,543</u>	<u>\$ 31,230</u>	<u>\$ 8,662</u>	<u>\$ 93,329</u>

Town of Chaplin, Connecticut
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Special Revenue Funds
 For the Year Ended June 30, 2020

	Library Restoration	Chaplin Library	Senior Center	Recreation Commission	Pre-School & After School	Child Nutrition	Total Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,668	\$ 48,668
Charges for services	-	367	10,323	12,819	19,901	15,488	58,898
Miscellaneous revenue	-	304	-	-	-	-	304
Total Revenues	<u>-</u>	<u>671</u>	<u>10,323</u>	<u>12,819</u>	<u>19,901</u>	<u>64,156</u>	<u>107,870</u>
EXPENDITURES							
General government	-	1,076	12,253	17,505	-	-	30,834
Education	-	-	-	-	8,866	66,613	75,479
Total Expenditures	<u>-</u>	<u>1,076</u>	<u>12,253</u>	<u>17,505</u>	<u>8,866</u>	<u>66,613</u>	<u>106,313</u>
Excess (Deficiency) of Revenues							
Over expenditures	-	(405)	(1,930)	(4,686)	11,035	(2,457)	1,557
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(405)	(1,930)	(4,686)	11,035	(2,457)	1,557
Fund Balances - Beginning of Year	<u>3,485</u>	<u>18,788</u>	<u>25,980</u>	<u>12,191</u>	<u>20,038</u>	<u>(14,803)</u>	<u>65,679</u>
Fund Balances - End of Year	<u>\$ 3,485</u>	<u>\$ 18,383</u>	<u>\$ 24,050</u>	<u>\$ 7,505</u>	<u>\$ 31,073</u>	<u>\$ (17,260)</u>	<u>\$ 67,236</u>

Town of Chaplin, Connecticut
 Combining Statement of Net Position
 Agency Funds
 June 30, 2020

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
ASSETS				
Cash	\$ 8,659	\$21,651	\$ (18,153)	\$ 12,157
LIABILITIES				
Due to others	\$ 8,659	\$21,651	\$ (18,153)	\$ 12,157

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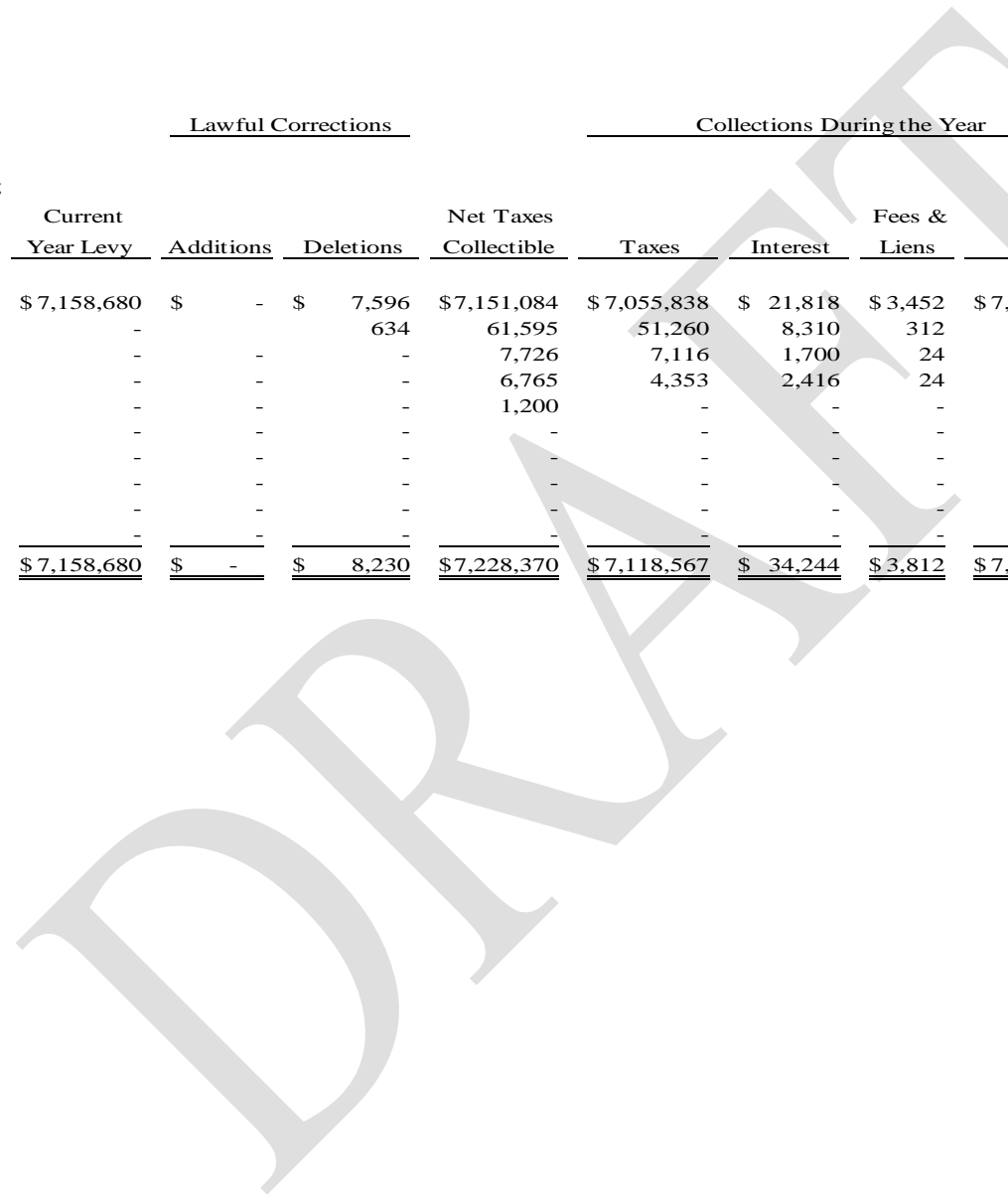
Town of Chaplin, Connecticut

Supplementary Schedules
June 30, 2020

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Town of Chaplin, Connecticut
 Report of the Property Tax Collector
 June 30, 2020

List Year	Beginning		<u>Lawful Corrections</u>		Net Taxes Collectible	<u>Collections During the Year</u>				Receivable Balance	Refunds	Net Ending Receivable Balance
	Grand Receivable Balance	Current Year Levy	Additions	Deletions		Taxes	Interest	Fees & Liens	Total			
2018	\$ -	\$ 7,158,680	\$ -	\$ 7,596	\$7,151,084	\$ 7,055,838	\$ 21,818	\$ 3,452	\$ 7,081,108	\$ 95,246	\$ 1,502	\$ 96,748
2017	62,229	-	-	634	61,595	51,260	8,310	312	59,882	10,335	538	10,873
2016	7,726	-	-	-	7,726	7,116	1,700	24	8,840	610	-	610
2015	6,765	-	-	-	6,765	4,353	2,416	24	6,793	2,412	-	2,412
2014	1,200	-	-	-	1,200	-	-	-	-	1,200	-	1,200
2013	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 77,920</u>	<u>\$ 7,158,680</u>	<u>\$ -</u>	<u>\$ 8,230</u>	<u>\$7,228,370</u>	<u>\$ 7,118,567</u>	<u>\$ 34,244</u>	<u>\$ 3,812</u>	<u>\$ 7,156,623</u>	<u>\$ 109,803</u>	<u>\$ 2,040</u>	<u>\$ 111,843</u>



Town of Chaplin, Connecticut
Statement of Changes in Fund Balance
Capital Improvement Program
For the Year Ended June 30, 2020

Allocated to Projects	Beginning Fund Balance	Approved Budget		Intrafund Transfers	Current Year Revenues	Current Year Expenditures	Transfers and Close-Outs	Ending Fund Balance
		Original	Additional					
Board of Education								
Fencing PreK	\$ -	\$ 1,590	\$ -	\$ -	\$ -	\$ (7,055)	\$ 6,410	\$ 945
Repair Damage Curbs	970	-	-	-	-	-	(970)	-
Gym Foam Wall	-	11,500	-	-	-	(11,957)	-	(457)
Cafeteria Tables	2,901	-	-	-	-	-	(2,901)	-
Smoke Detectors	2,540	-	-	-	-	-	(2,540)	-
Replace carpeting w/Flooring	-	-	-	-	-	(12,900)	-	(12,900)
General Government								
Assessor - Phase II	8,936	-	-	-	-	(6,443)	-	2,493
Comprehensive plan of development	10,293	-	-	-	-	-	-	10,293
Bicentennial Celebration	-	5,000	-	-	-	-	-	5,000
Open space conservation	10,625	-	-	-	-	-	-	10,625
N. Bear Hill Bridge	109,930	-	-	-	-	(45,941)	-	63,989
Museum	35,000	-	-	-	-	-	-	35,000
Town Hall HVAC	331	-	-	-	-	(1,124)	-	(793)
Community Ctr/Library/Senior Ctr								
Lib/SS Handicap Access	3,115	-	-	-	-	(305)	-	2,810
Library/Senior Center roof	14,700	-	-	-	-	(8,860)	-	5,840
Public Safety								
Fire Hose	10,000	-	-	-	-	(10,000)	-	-
Fire fighter gear	7,109	6,000	-	-	-	-	-	13,109
SCBA Bottles	5,002	-	-	-	-	(4,990)	-	12
Vehicle Replacement	70,000	25,000	-	-	-	-	-	95,000
Ambulance Corps	-	30,000	-	-	-	-	-	30,000
Replace SCBA Systems	-	-	-	-	-	-	150,000	150,000
Public Works/Highway								
Roads	15,388	204,648	-	-	-	(242,516)	-	(22,480)
N. Bear Hill drainage	690,135	-	-	-	-	(684,629)	-	5,506
Drainage Infrastructure	-	20,000	-	-	-	(4,403)	-	15,597
Nutmeg Lane Drainage	-	10,000	-	-	-	-	-	10,000
Town Hall Parking Lot	-	50,000	-	-	-	-	-	50,000
Equipment Replacement	6,063	20,000	-	-	-	(165)	-	25,898
Town Hall Sidewalk Replacement	-	30,000	-	-	-	(26,241)	-	3,759
Vehicle Replacement	-	55,000	-	-	-	(45,551)	-	9,449
Tree Removal	4,950	25,000	-	-	-	(25,250)	-	4,700
Bedham Road Bridge	-	10,000	-	-	-	-	-	10,000
Total Allocated Fund Balance	<u>1,007,987</u>	<u>503,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,138,330)</u>	<u>149,999</u>	<u>523,395</u>
Unallocated Fund Balance	<u>50,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,696</u>
Total Fund Balance	<u>\$ 1,058,683</u>	<u>\$ 503,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,138,330)</u>	<u>\$ 149,999</u>	<u>\$ 574,091</u>

Town of Chaplin, Connecticut

Internal Control and Compliance Reports
June 30, 2020

DRAFT



Guiding Successful People

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Darin L. Offerdahl MBA CPA
Kerry L. Emerson

Sandra M. Woodbridge CPA*
Dominic L. Cusano MBA CPA*
*indicates retired

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Selectmen
Town of Chaplin, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chaplin, Connecticut (“Town”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chaplin’s basic financial statements and have issued our report thereon dated January 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Chaplin, Connecticut’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chaplin, Connecticut’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Chaplin, Connecticut’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Chaplin, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AO & Company, LLC

Killingworth, Connecticut
January 19, 2021

Town of Chaplin, Connecticut

State Single Audit
June 30, 2020

DRAFT



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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Independent Auditor's Report

The Board of Selectmen
Town of Chaplin, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Chaplin, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Chaplin, Connecticut's major state programs for the year ended June 30, 2020. The Town of Chaplin, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Chaplin, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Chaplin, Connecticut's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Chaplin, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Chaplin, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town of Chaplin, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Chaplin, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Chaplin, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the Town of Chaplin, Connecticut, as of and for the year ended June 30, 2020 and have issued our report thereon dated January 19, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

AO & Company, LLC

Killingworth, Connecticut
January 19, 2021

Town of Chaplin, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

State Program Pass-Through Grantor Program Title	State Grant Program Core- CT Number	Expenditures	Expenditures to Subrecipients
Connecticut State Library			
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 5,500	\$ -
Judicial Branch			
Funds Held for Others	34001-JUD95162-40001	5,145	-
Department of Transportation			
Town Aid Roads	12052-DOT57131-43455	93,403	-
Town Aid Roads	13033-DOT57131-43459	93,403	-
Total Department of Transportation		186,806	-
Office of Policy and Management			
Property Tax Relief for Disability Exemption	11000-OPM20600-17011	395	-
Property Tax Relief for Veterans	11000-OPM20600-17024	391	-
PILOT on State Owned Property	11000-OPM20600-17004	31,817	-
Municipal Purposes and Projects	12052-OPM20600-43587	601	-
Total Office of Policy and Management		33,204	-
Department of Education			
Early Childhood Program	11000-OEC64845-16274	98,000	-
School Breakfast Program	11000-SDE64370-17046	5,734	-
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16211	1,774	-
Health Foods Initiative	11000-SDE64370-16212	3,380	-
Adult Education	11000-SDE64370-17030	3,069	-
Talent Development	11000-SDE64370-12552	1,543	-
Child Care Quality Enhancement	11000-OEC64845-16158	1,637	-
Total Department of Education before Exempt Programs		115,137	-
Total Non-Exempt State Financial Assistance		\$ 345,792	\$ -
EXEMPT PROGRAMS			
Department of Education			
Education Cost Sharing	11000-SDE64000-17041	\$ 1,713,230	\$ -
Office of Policy and Management			
Municipal Stabilization Grant	11000-OPM20600-17104	34,779	-
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	73,052	-
Total Exempt programs		1,821,061	-
Total State Financial Assistance		\$ 2,166,853	\$ -

Town of Chaplin, Connecticut

Notes to the Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2020

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Chaplin under programs of the State of Connecticut for the fiscal year ended June 30, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including capital projects and education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Chaplin conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditure's column of the Schedule of Expenditures of State Financial Assistance.

Town of Chaplin, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes	___ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	___	___ <input checked="" type="checkbox"/> None reported	

Noncompliance material to financial statements noted?

	___ Yes	___ <input checked="" type="checkbox"/> No	
--	---------	--	--

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ Yes	___ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	___	___ <input checked="" type="checkbox"/> None reported	

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the state Single Audit Act?

	___ Yes	___ <input checked="" type="checkbox"/> No	
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The following schedule reflects the major programs included in this audit:

State Grantor and Program Title	State Grant Program Core-CT Number	Expenditures
Town Aid Roads	12052-DOT57131-43455	93,403
Town Aid Roads	13033-DOT57131-43459	93,403
Total		186,806

Dollar Threshold used to distinguish between Type A and Type B program: \$100,000

Town of Chaplin, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section II - Financial Statement Findings

No financial statement findings are reported relating to State financial assistance programs.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.

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Town of Chaplin, Connecticut

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2020

2008-1 – Entity Level Controls

Condition: Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework.

The Town of Chaplin, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Current Status: The Town of Chaplin remediated this finding and it no longer exists.