

TOWN OF CHAPLIN, CONNECTICUT

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2024**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORTS,
REQUIRED SUPPLEMENTARY
INFORMATION,
OTHER SUPPLEMENTARY
INFORMATION,
GOVERNMENT AUDITING STANDARDS
REPORT,
FEDERAL SINGLE AUDIT REPORTS
AND
STATE SINGLE AUDIT REPORTS**



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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Finance
Town of Chaplin, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, Connecticut (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 4-10), budgetary comparison information (pages 48-49), The Connecticut Teachers Retirement System schedule (page 50), and other post-employment benefit schedules (pages 51-52), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining financial statements, supplementary schedule, Report of the Property Tax Collector, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of State Financial Assistance as required by the Connecticut Single Audit Act are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements, supplementary schedule, Report of the

Property Tax Collector, the Schedule of Expenditures of Federal Awards, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Hayt, Filippetti & Malaghan, LLC

Groton, Connecticut

January 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF CHAPLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Our discussion and analysis of Town of Chaplin, Connecticut's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Town's financial statements, which begin with the Government Wide Statement of Net Position on page 11.

FINANCIAL HIGHLIGHTS

The following are the Town's significant financial highlights for the year ended June 30, 2024:

- Total net position *increased* by \$871,503 from operations.
- Total fund balance *decreased* by \$729,899. This is net of a \$143,166 *decrease* in the General Fund, a \$610,979 *decrease* in the Capital Projects Fund, a \$3,504 *decrease* in the Educational Grants Fund and an overall \$27,750 *increase* in the Nonmajor Governmental Funds.
- General Fund unassigned fund balance is approximately 71% of that fund's total fund balance.
- The Town had a final fiscal-year 2024 expenditure budget totaling \$9,874,758 (including additional appropriations of \$227,000). Total revenues came in \$285,753 *ahead* of budget. Total expenditures came in \$4,159 *under* budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities 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 the Governmental Funds Balance Sheet. 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 Town government.

TOWN OF CHAPLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Reporting the Town as a Whole

Our analysis of the Town as a whole begins with the Statement of Net Position (Table 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 (Table 2) 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 taken into account 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 education, public works, public safety and general government. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

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 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. The Town's uses governmental funds to report on all its funds:

- **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 a reconciliation following the fund financial statements.

**TOWN OF CHAPLIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

The Town as a Whole – Governmental Activities – Statement of Net Position

Table 1 - Net Position

	Governmental Activities		Increase (Decrease)
	2024	2023	
Current and other assets	\$ 4,771,772	\$ 5,184,118	\$ (412,346)
Capital assets, net	11,033,536	9,901,108	1,132,428
Total assets and deferred outflows of resources	<u>\$ 15,805,308</u>	<u>\$ 15,085,226</u>	<u>\$ 720,082</u>
Other liabilities	\$ 1,156,445	\$ 1,059,209	\$ 97,236
Long-term debt outstanding	681,290	647,936	33,354
Total liabilities	<u>1,837,735</u>	<u>1,707,145</u>	<u>130,590</u>
Deferred inflows of resources	<u>-</u>	<u>282,011</u>	<u>(282,011)</u>
Net position			
Net investment in capital assets	10,981,374	9,826,222	1,155,152
Restricted	177,428	149,562	27,866
Unrestricted	2,808,771	3,120,286	(311,515)
Total net position	<u>13,967,573</u>	<u>13,096,070</u>	<u>871,503</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,805,308</u>	<u>\$ 15,085,226</u>	<u>\$ 720,082</u>

As indicated in Table 2 – Change in Net Position, the net position of the Town's Governmental Activities *increased* \$871,503 from operations from a year ago. The largest reason for the *increase* was due to the start of the England Road Bridge replacement project. During the year ended June 30, 2024, the Town capitalized a total of \$1,161,881 of costs incurred towards the replacement of England Road Bridge. A total of \$1,109,882 of Federal and State grant revenue was recognized in connection with this project, *increasing* net position by the same amount before the effects of other Town revenues and expenses.

In addition, the Town's deferred inflows of resources from 2023 were recognized in property tax revenues for the year ended June 30, 2024. No other such deferred inflows existed at June 30, 2024.

TOWN OF CHAPLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

The Town as a Whole – Combined Statement of Activities

Table 2 - Change in Net Position

	Governmental Activities		Increase (Decrease)
	2024	2023	
Revenues			
Program revenues			
Charges for services	\$ 276,786	\$ 257,443	\$ 19,343
Operating grants and contributions	3,014,058	3,229,283	(215,225)
Capital grants and contributions	1,798,631	202,094	1,596,537
General revenues:			
Property taxes, interest, and liens	7,394,665	7,391,054	3,611
Unrestricted interest and investment earnings	32,097	18,657	13,440
Special item - loss on disposal of capital assets	(29,355)	-	(29,355)
Total revenues	<u>12,486,882</u>	<u>11,098,531</u>	<u>1,388,351</u>
Program expenses			
General government	1,691,060	1,809,996	(118,936)
Public works	675,656	663,945	11,711
Public safety	518,307	398,816	119,491
Education	8,724,440	8,265,780	458,660
Interest on long-term debt	5,916	-	5,916
Total expenses	<u>11,615,379</u>	<u>11,138,537</u>	<u>476,842</u>
Change in net position	871,503	(40,006)	911,509
Net position, beginning of year	<u>13,096,070</u>	<u>13,136,076</u>	<u>(40,006)</u>
Net position, end of year	<u><u>\$ 13,967,573</u></u>	<u><u>\$ 13,096,070</u></u>	<u><u>\$ 871,503</u></u>

As mentioned earlier, the Town's net position *increased* by \$871,503, largely as a result of Federal and State construction reimbursement grants used to improve Town infrastructure known as the England Road Bridge. This is the primary reason for the *increase* in capital grants and contributions. The Town recognized a \$29,355 loss on disposal after adjusting its inventory records for old and obsolete capital assets no longer in its possession.

Governmental Activities – Total and Net Cost of Activities

The schedule below 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:

TOWN OF CHAPLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Governmental Activities – Total and Net Cost of Activities *(Continued)*

Table 3 - Total and Net Cost of Services

	Total Cost of Services		Increase (Decrease)	Increase (Decrease)	Net Cost (Revenue) of Services		Increase (Decrease)	Increase (Decrease)
	2024	2023			2024	2023		
Governmental Activities								
General government	\$ 1,691,060	\$ 1,809,996	\$ (118,936)	-6.57%	\$ 1,206,653	\$ 1,235,941	\$ (29,288)	-2.37%
Public works	675,656	663,945	11,711	1.76%	(1,122,975)	461,851	(1,584,826)	-343.15%
Public safety	518,307	398,816	119,491	29.96%	518,307	398,816	119,491	29.96%
Education	8,724,440	8,265,780	458,660	5.55%	5,918,003	5,353,109	564,894	10.55%
Interest on long-term debt	5,916	-	5,916	100.00%	5,916	-	5,916	100.00%
Totals	<u>\$11,615,379</u>	<u>\$11,138,537</u>	<u>\$ 476,842</u>	<u>4.28%</u>	<u>\$6,525,904</u>	<u>\$7,449,717</u>	<u>\$ (923,813)</u>	<u>-12.40%</u>

Because the Town's costs for replacing the England Road Bridge are capitalized on the Statement of Net Position and not included in the Statement of Activities, the associated Federal and State grant funding effectively reduces the *cost* of the public works of \$675,656 to net *revenue* of \$1,122,975 as shown in Table 3 above.

THE TOWN'S FUNDS

As the year showed a \$871,503 *increase* in net position from operations, it also showed a \$729,899 *decrease* in total fund balance in the governmental funds as presented in governmental funds financial statements. The difference in the amounts is primarily from the treatment of long-term debt and capital assets, as well as deferred inflows. In the fund financial statements, debt issuances are an increase in fund balance and 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 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.

The significant *decrease* in fund balance is due to capital outlay in the Capital Projects fund, including the England Road Bridge project. Approximately \$555,000 of the combined Federal and State grant revenue associated with that project is included in revenue – unavailable at June 30, 2024 as the receipt of those funds did not occur within 60 days of year-end. Such grant income was recognized, however, on the government-wide Statement of Activities in the \$1,798,631 of capital grants and contributions, previously discussed in Table 2.

**TOWN OF CHAPLIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Town's 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 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. Below is a summarized view of the final budget and actual results for the General Fund:

Table 4 - General Fund - Budget Summary

	Final		
Revenues	Budget	Actual	Variance
Tax Collector	\$ 7,294,966	\$ 7,457,436	\$ 162,470
Miscellaneous Revenues	55,362	105,463	50,101
Receipts for Town Services	81,485	77,051	(4,434)
State Reimbursements in Lieu of Taxes	195,331	255,090	59,759
State Education Support	1,652,147	1,652,143	(4)
State and Federal Funding	194,900	212,761	17,861
Total Revenues	9,474,191	9,759,944	285,753
Expenditures			
General Government	2,592,165	2,588,006	4,159
Education	7,282,593	7,282,593	-
Total Expenditures	9,874,758	9,870,599	4,159
(Decrease) Increase in Fund Balance	\$ (400,567)	\$ (110,655)	\$ 289,912

Better than expected revenues and lower spending changed a budgeted decrease in fund balance, (budgetary basis), of \$400,567 to an actual decrease of only \$110,655.

Tax collections are generally analyzed by percentages, the most common being the percentage of taxes collected in the current year compared to the current levy. This would indicate what percentage of taxpayers paid their taxes in the year in which they were due. The Town collected 99.31% or \$7,153,095 of its budgeted current year's tax revenues of \$7,202,706. In addition, the Town collected 352.27% or \$193,748 of the \$55,000 budgeted for prior year's taxes. This positive collection rate, combined with the unbudgeted OPM Motor Vehicle Tax grant of \$51,183 accounts for most of the overall positive budgeted revenue variance of \$285,753.

TOWN OF CHAPLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$19,339,848 invested in government activity capital assets as shown in Table 5:

Table 5 - Capital Assets - Governmental Activities

	2024	2023	Change
Land	\$ 356,558	\$ 359,058	\$ (2,500)
Construction in progress	1,161,881	-	1,161,881
Buildings and improvements	8,206,828	8,053,017	153,811
Vehicles	1,690,088	1,583,863	106,225
Machinery and equipment	751,367	823,713	(72,346)
Infrastructure	7,173,126	6,989,224	183,902
Totals	<u>\$ 19,339,848</u>	<u>\$ 17,808,875</u>	<u>\$ 1,530,973</u>

This amount represents a net *increase* (including additions and deductions) of \$1,530,973 from last year. The significant capital additions for the year included construction in progress for the England Road Bridge as mentioned earlier, major road improvements, a 2024 freightliner rescue truck and a 2022 Ford 350 truck. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Debt

At year end, the Town had \$681,290 in long-term liabilities outstanding. This is an *increase* of \$33,354 from the prior year primarily due to an *increase* in the other post-employment benefits liability. More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At a referendum held on September 17, 2024, the Town approved a total budget for fiscal year 2024-2025 of \$9,841,817 using a mil rate of 29.95 and \$334,034 of the General Fund's unallocated fund balance. The general government portion of the budget totals \$2,180,158 while the education budget is \$7,661,659. The Town also approved a \$312,674 transfer to the capital project fund.

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 the Town of Chaplin, Connecticut, 495 Phoenixville Road, Chaplin, CT 06235.

BASIC FINANCIAL STATEMENTS

TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Cash and cash equivalents	\$ 3,371,409	\$ 3,371,409
Receivables, net	1,397,892	1,397,892
Inventories	2,471	2,471
Capital assets		
Non-depreciable	1,518,439	1,518,439
Depreciable, net	9,515,097	9,515,097
Total assets	<u>\$ 15,805,308</u>	<u>\$ 15,805,308</u>

LIABILITIES AND NET POSITION

LIABILITIES		
Accounts payable	\$ 730,597	\$ 730,597
Accrued expenses	197,112	197,112
Unearned revenue	228,736	228,736
Noncurrent liabilities		
Due within one year	43,341	43,341
Due in more than one year	637,949	637,949
Total liabilities	<u>1,837,735</u>	<u>1,837,735</u>
NET POSITION		
Invested in capital assets, net of related debt	10,981,374	10,981,374
Restricted	177,428	177,428
Unrestricted	2,808,771	2,808,771
Total net position	<u>13,967,573</u>	<u>13,967,573</u>
Total liabilities and net position	<u>\$ 15,805,308</u>	<u>\$ 15,805,308</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
GOVERNMENTAL ACTIVITIES						
General government	\$ (1,691,060)	\$ 160,026	\$ 324,381	\$ -	\$ (1,206,653)	\$ (1,206,653)
Public works	(675,656)	-	-	1,798,631	1,122,975	1,122,975
Public safety	(518,307)	-	-	-	(518,307)	(518,307)
Education	(8,724,440)	116,760	2,689,677	-	(5,918,003)	(5,918,003)
Interest on long-term debt	(5,916)	-	-	-	(5,916)	(5,916)
Total governmental activities	<u>\$ (11,615,379)</u>	<u>\$ 276,786</u>	<u>\$ 3,014,058</u>	<u>\$ 1,798,631</u>	<u>(6,525,904)</u>	<u>(6,525,904)</u>
GENERAL REVENUES						
Property taxes, interest, and liens					7,394,665	7,394,665
Unrestricted interest and investment earnings					32,097	32,097
Special item - loss on disposal of capital assets					(29,355)	(29,355)
Total general revenues					<u>7,397,407</u>	<u>7,397,407</u>
Change in net position					871,503	871,503
NET POSITION, beginning of year, as restated					13,096,070	13,096,070
NET POSITION, end of year					<u>\$ 13,967,573</u>	<u>\$ 13,967,573</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CHAPLIN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	ASSETS					
	GENERAL FUND	CAPITAL PROJECTS FUND	EDUCATIONAL GRANTS FUND	AMERICAN RESCUE PLAN ACT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS						
Cash and cash equivalents	\$ 2,027,367	\$ 880,223	\$ 10,305	\$ 228,736	\$ 224,778	\$ 3,371,409
Receivables, net	209,413	1,109,882	40,655	-	37,942	1,397,892
Due from other funds	37,757	-	-	-	1,871	39,628
Inventories	-	-	-	-	2,471	2,471
Total current assets	<u>\$ 2,274,537</u>	<u>\$ 1,990,105</u>	<u>\$ 50,960</u>	<u>\$ 228,736</u>	<u>\$ 267,062</u>	<u>\$ 4,811,400</u>
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES						
Accounts payable	\$ 142,192	\$ 555,400	\$ 14,332	\$ -	\$ 18,673	\$ 730,597
Accrued expenses	191,572	-	787	-	4,753	197,112
Due to other funds	-	9,250	30,378	-	-	39,628
Unearned revenue	-	-	-	228,736	-	228,736
Total current liabilities	<u>333,764</u>	<u>564,650</u>	<u>45,497</u>	<u>228,736</u>	<u>23,426</u>	<u>1,196,073</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue - unavailable	<u>179,201</u>	<u>555,400</u>	<u>5,106</u>	<u>-</u>	<u>5,203</u>	<u>744,910</u>
Total deferred inflows of resources	<u>179,201</u>	<u>555,400</u>	<u>5,106</u>	<u>-</u>	<u>5,203</u>	<u>744,910</u>
Total liabilities and deferred inflows of resources	<u>512,965</u>	<u>1,120,050</u>	<u>50,603</u>	<u>228,736</u>	<u>28,629</u>	<u>1,940,983</u>
FUND BALANCES						
Nonspendable	-	-	-	-	2,471	2,471
Restricted	177,428	-	-	-	-	177,428
Committed	-	830,359	-	-	-	830,359
Assigned	334,035	39,696	357	-	235,962	610,050
Unassigned	<u>1,250,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,109</u>
Total fund balances	<u>1,761,572</u>	<u>870,055</u>	<u>357</u>	<u>-</u>	<u>238,433</u>	<u>2,870,417</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,274,537</u>	<u>\$ 1,990,105</u>	<u>\$ 50,960</u>	<u>\$ 228,736</u>	<u>\$ 267,062</u>	<u>\$ 4,811,400</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF CHAPLIN, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET
OF THE GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balances for governmental funds		\$ 2,870,417
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		11,033,536
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Deferred inflows - unavailable revenues		744,910
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position:		
Notes payable	(52,162)	
Compensated absences	(184,478)	
Other post employment benefits	<u>(444,650)</u>	
		(681,290)
Net position of governmental activities		<u><u>\$ 13,967,573</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	GENERAL FUND	CAPITAL PROJECTS FUND	EDUCATIONAL GRANTS FUND	AMERICAN RESCUE PLAN ACT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES						
Property taxes, interest, lien fees	\$ 7,434,101	\$ -	\$ -	\$ -	\$ -	\$ 7,434,101
Intergovernmental revenues	2,674,264	671,660	381,652	385,503	135,824	4,248,903
Local revenue	140,084	-	-	-	122,906	262,990
Miscellaneous revenue	67,655	260	4	-	-	67,919
Total revenues	<u>10,316,104</u>	<u>671,920</u>	<u>381,656</u>	<u>385,503</u>	<u>258,730</u>	<u>12,013,913</u>
EXPENDITURES						
Current						
General government	2,047,085	-	-	2,112	58,149	2,107,346
Public works	379,388	-	-	-	-	379,388
Public safety	345,424	-	-	-	-	345,424
Education	7,352,172	-	385,160	-	172,831	7,910,163
Debt service						
Principal	-	22,724	-	-	-	22,724
Interest	-	5,916	-	-	-	5,916
Capital outlay	-	1,589,460	-	383,391	-	1,972,851
Total expenditures	<u>10,124,069</u>	<u>1,618,100</u>	<u>385,160</u>	<u>385,503</u>	<u>230,980</u>	<u>12,743,812</u>
Excess (deficiency) of revenues over expenditures	<u>192,035</u>	<u>(946,180)</u>	<u>(3,504)</u>	<u>-</u>	<u>27,750</u>	<u>(729,899)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	9,250	344,451	-	-	-	353,701
Transfers out	(344,451)	(9,250)	-	-	-	(353,701)
Total other financing sources (uses)	<u>(335,201)</u>	<u>335,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(143,166)</u>	<u>(610,979)</u>	<u>(3,504)</u>	<u>-</u>	<u>27,750</u>	<u>(729,899)</u>
FUND BALANCE, beginning of year	<u>1,904,738</u>	<u>1,481,034</u>	<u>3,861</u>	<u>-</u>	<u>210,683</u>	<u>3,600,316</u>
FUND BALANCES, end of year	<u>\$ 1,761,572</u>	<u>\$ 870,055</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 238,433</u>	<u>\$ 2,870,417</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CHAPLIN, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net changes in fund balances - total governmental funds \$ (729,899)

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

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

Expenditures for capital assets	1,910,096	
Depreciation expense	<u>(748,313)</u>	
		1,161,783

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

Change in revenues - unavailable property taxes	502,328
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt obligations is as follows:

Principal repayments:		
General obligation bonds and notes payable	<u>22,724</u>	
		22,724

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. This amount represents the effect of such items:

Compensated absences	(11,387)	
Loss on disposal of capital assets	(29,355)	
Other post employment benefits	<u>(44,691)</u>	
		<u>(85,433)</u>

Changes in net position of governmental activities	<u>\$ 871,503</u>
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TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	CUSTODIAL FUNDS
ASSETS	
Cash and cash equivalents	\$ 16,079
Total assets	<u>\$ 16,079</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and others	<u>\$ 16,079</u>
Total net position	<u>\$ 16,079</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>CUSTODIAL FUNDS</u>
ADDITIONS	
Contributions	<u>45,401</u>
Total additions	<u>45,401</u>
DEDUCTIONS	
Program expenses	<u>45,913</u>
Total deductions	<u>45,913</u>
Net decrease in fiduciary net position	(512)
NET POSITION	
Beginning of year	16,591
End of year	<u><u>\$ 16,079</u></u>

The accompanying notes are an integral part of these financial statements

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE OF ORGANIZATION

The Town of Chaplin, Connecticut (the “Town”) is a municipal corporation governed by a selectmen-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’s financial matters.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

REPORTING ENTITY

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) 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 incomplete or misleading as set forth by GASB.

In evaluating how to define the reporting entity for financial statement 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.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods 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.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

BASIC FINANCIAL STATEMENTS – 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues and expenses/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 proprietary and 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, a 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

There are currently no funds in the Town which meet the criteria for being reported as a proprietary fund.

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

Fund Categories

- a. 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 - This 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 Projects Fund – This fund is a capital projects fund and is used to account for revenues and expenditures associated with the construction of Town facilities and infrastructure.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (*Continued*)

a. Governmental Funds (*Continued*)

- Educational Grants Fund - This fund is a special revenue fund and is used to account for federal grant revenue and expenditures associated with school grants.
- American Rescue Plan Act Fund – This fund is a special revenue fund and is used to account for federal grant revenue and expenditures associated with the American Rescue Plan Act.

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:

1. Chaplin Library Fund
2. Senior Center Fund
3. Recreation Commission Fund
4. Pre-School and After School Fund
5. Child Nutrition Fund

- b. Fiduciary Funds – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for others and therefore are not available to support the Town's programs. The Town currently maintains fiduciary funds that are classified as custodial funds. The custodial funds of the Town are:

1. PTO Fund
2. Student Activity Fund
3. Boy Scouts Fund

MEASUREMENT FOCUS 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 statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The custodial funds have no measurement focus but 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION (*Continued*)

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 to be 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES

DEPOSITS, INVESTMENTS AND RISK DISCLOSURES

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. Restricted cash includes cash and equivalents which are restricted for providing housing rehabilitation loans to qualifying homeowners.

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.

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 reports its investments at amortized cost (which approximates fair value). 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 TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

DEPOSITS, INVESTMENTS AND RISK DISCLOSURES (*Continued*)

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.

The Town follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

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.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

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.

An allowance for uncollectible taxes of \$16,658 has been recorded net with respect to taxes and interest receivable as of June 30, 2024.

OTHER RECEIVABLES

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

DUE FROM/TO OTHER FUNDS

During the course of 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, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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 inventorable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental 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.

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. Construction in Progress has not yet been placed into services and, therefore, not depreciated. Property, plant and equipment of the Town is depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$ 5,000
Buildings and improvements	50	5,000
Vehicles	10	5,000
Machinery and equipment	10	5,000
Infrastructure:		
Bridges	40	5,000
Water and sewer	40	5,000
Roads, sidewalks and drainage	40	5,000

UNEARNED REVENUES

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide and fund financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (*Continued*)

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.

Deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

The Town also had deferred inflows in connection with advance billings of property taxes for the subsequent fiscal year called “Unrecorded Revenues – time restrictions”.

LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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 expenditures.

NET POSITION

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is 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 position on the Statement of Net Position includes, net investment in capital assets and restricted resources. The balance is classified as unrestricted.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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:

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

FUND BALANCE (*Continued*)

- 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 is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
- 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 and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)

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 generally 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, liabilities, deferred inflows and outflows, 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.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts in the Management's Discussion and Analysis and beginning balances in certain footnotes to conform to the 2024 presentation.

SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through January 17, 2025, the date that the financial statements were available to be issued.

NOTE 2- STEWARDSHP, 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 or other postemployment benefits by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement Number 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Restricted Funds** – Restricted unbudgeted revenues and expenses are not included in the annual General Fund budget.
- **Transfers from other Funds** – Transfers in from certain other funds are not included in the annual General Fund budget.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - STEWARDSHP, COMPLIANCE, AND ACCOUNTABILITY (*Continued*)

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 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 takes action 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.

ADDITIONAL APPROPRIATIONS

For the year ended June 30, 2024, the Town made several line item budget transfers and the following additional appropriations:

Transfers out to Capital Projects Fund	
Road Maintenance	\$ 125,000
Other Projects	75,000
Electrical Room Upgrade	25,000
Bicennnial Celebration	2,000
	<u>\$ 227,000</u>

EXPENDITURES IN EXCESS OF BUDGET

Total expenditures were not in excess of total appropriations for the 2023-2024 fiscal year.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - STEWARDSHP, COMPLIANCE, AND ACCOUNTABILITY (*Continued*)

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2024, the following accounting pronouncement became effective. The Town implemented such pronouncement, as applicable:

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

NOTE 3 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents, and Restricted Cash - As of June 30, 2024, the carrying amount of the Town's deposits with financial institutions, exclusive of custodial funds, was:

Cash and Cash Equivalents and Restricted Cash	
Deposits with financial institutions	\$ 1,808,300
Plus external investment pools	<u>1,563,109</u>
	<u><u>\$ 3,371,409</u></u>

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 bank balance, exclusive of its custodial funds, of the deposits was \$2,415,916 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 498,213
Collateralized	191,770
Uninsured and uncollateralized	<u>1,725,933</u>
	<u><u>\$ 2,415,916</u></u>

All of the custodial funds bank balance was covered by Federal Depository Insurance at June 30, 2024.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - RECEIVABLES, DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

At June 30, 2024, receivables consisted of the following:

	Fund Financials				Government-Wide Financials
	General Fund	Capital Projects Fund	Educational Grants Fund	Nonmajor Governmental Funds	Governmental Activities
Receivables					
Property taxes	\$ 170,320	\$ -	\$ -	\$ -	\$ 170,320
Interest, liens and fees	51,783	-	-	-	51,783
Intergovernmental	-	1,109,882	40,655	31,483	1,182,020
Other	3,968	-	-	6,459	10,427
Receivables, gross	226,071	1,109,882	40,655	37,942	1,414,550
Allowance for doubtful accounts	(16,658)	-	-	-	(16,658)
Receivables, net	<u>\$ 209,413</u>	<u>\$ 1,109,882</u>	<u>\$ 40,655</u>	<u>\$ 37,942</u>	<u>\$ 1,397,892</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2024. The Town had \$228,736 of unearned revenue at year end, all of which consisted of unspent American Rescue Plan Act of 2022 (“ARPA”) funds management intends to utilize in the 2024-2025 fiscal year. Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The Town reports property taxes not received within 60 days of the year end as *unavailable revenues*. The Town reports property taxes billed in advance of the subsequent fiscal year as *unrecorded revenues*.

At June 30, 2024, the Town’s deferred inflows of resources relating to receivables consisted of the following:

	Fund Financials				Government-Wide Financials
	General Fund	Capital Projects Fund	Educational Grants Fund	Nonmajor Governmental Funds	Governmental Activities
Deferred inflows of resources					
Unavailable revenues - property taxes, interest, and lien fees	\$ 179,201	\$ 555,400	\$ 5,106	\$ 5,203	\$ -
	<u>\$ 179,201</u>	<u>\$ 555,400</u>	<u>\$ 5,106</u>	<u>\$ 5,203</u>	<u>\$ -</u>

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, these were summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Educational Grants Fund	\$ 28,507
General Fund	Capital Projects Fund	9,250
Nonmajor Governmental Fund	Capital Projects Fund	1,871
		<u>\$ 39,628</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2024 were as follows:

	<u>Transfers into</u>	<u>Transfers into</u>
	Capital Projects Fund	General Fund
Transfers out of:		
General Fund	<u>\$ 344,451</u>	<u>\$ -</u>
Capital Projects Fund	<u>\$ -</u>	<u>\$ 9,250</u>

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 359,058	\$ -	\$ (2,500)	\$ 356,558
Construction in progress	-	1,161,881	-	1,161,881
Total capital assets, not being depreciated	<u>359,058</u>	<u>1,161,881</u>	<u>(2,500)</u>	<u>1,518,439</u>
Capital assets, being depreciated				
Buildings and improvements	8,053,016	251,390	(97,578)	8,206,828
Vehicles	1,583,863	256,106	(149,881)	1,690,088
Machinery and equipment	823,713	48,844	(121,190)	751,367
Infrastructure	6,989,225	191,875	(7,974)	7,173,126
Total capital assets, being depreciated	<u>17,449,817</u>	<u>748,215</u>	<u>(376,623)</u>	<u>17,821,409</u>
Less: accumulated depreciation				
Buildings and improvements	(5,175,235)	(309,949)	82,329	(5,402,855)
Vehicles	(1,029,409)	(195,273)	148,595	(1,076,087)
Machinery and equipment	(407,472)	(61,367)	118,090	(350,749)
Infrastructure	(1,295,651)	(181,724)	754	(1,476,621)
Total accumulated depreciation	<u>(7,907,767)</u>	<u>(748,313)</u>	<u>349,768</u>	<u>(8,306,312)</u>
Total capital assets, being depreciated, net	<u>9,542,050</u>	<u>(98)</u>	<u>(26,855)</u>	<u>9,515,097</u>
Governmental activities capital assets, net	<u>\$ 9,901,108</u>	<u>\$ 1,161,783</u>	<u>\$ (29,355)</u>	<u>\$ 11,033,536</u>

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

General Government	\$ 35,943
Culture and Recreation	8,799
Public works	294,156
Public safety	172,883
Education	236,532
	<u>\$ 748,313</u>

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG-TERM LIABILITIES

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other liabilities:					
Note payable - direct borrowings	\$ 74,886	\$ -	\$ 22,724	\$ 52,162	\$ 24,893
Other post employment benefits - BOE	399,959	44,691	-	444,650	-
Compensated absences	173,091	29,177	17,790	184,478	18,448
	<u>\$ 647,936</u>	<u>\$ 73,868</u>	<u>\$ 40,514</u>	<u>\$ 681,290</u>	<u>\$ 43,341</u>

Each governmental funds' liability is liquidated by the respective fund, primarily the General Fund and Capital Projects Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund and Capital Projects Fund.

NOTE 8 - NOTES PAYABLE

As of June 30, 2024, the Town had one (1) vehicle note outstanding. Under the terms of the note, which bears interest at 9.15% per annum, the Town must make three annual payments of \$28,640 which begin in September 2023.

Future maturities of principal and interest are as follows:

Year End	Note Payable	
	Principal	Interest
2025	\$ 24,893	\$ 3,747
2026	27,269	1,370
	<u>\$ 52,162</u>	<u>\$ 5,117</u>

NOTE 9 - OTHER LONG-TERM DEBT

Compensated Absences

Long-term liabilities for compensated absences are reported for certain employees of the Board of Education and consist of unpaid, but earned sick pay balances. Liabilities for compensated absences are reported in the government-wide financial statements. Expenditures and liabilities related to these obligations are recognized in the governmental fund financial statements when they mature such as upon the termination of employment. Compensated absences are reported as noncurrent liabilities in the statement of net position and amounted to \$184,478 for the year ended June 30, 2024.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 - 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 of Chaplin, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 7,470,663
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	<u>\$ 7,470,663</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 16,808,992	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	33,617,984	-	-	-
3 3/4 times base	-	-	28,014,986	-	-
3 1/4 times base	-	-	-	24,279,655	-
3 times base	-	-	-	-	22,411,989
Total debt limitation	<u>16,808,992</u>	<u>33,617,984</u>	<u>28,014,986</u>	<u>24,279,655</u>	<u>22,411,989</u>
Indebtedness					
Bonds and notes payable	<u>52,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 16,756,830</u>	<u>\$ 33,617,984</u>	<u>\$ 28,014,986</u>	<u>\$ 24,279,655</u>	<u>\$ 22,411,989</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 52,294,641

NOTE 11 - NET POSITION

The components of net position are as detailed below:

Net Investment in Capital Assets – 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 –the component of net position that reflects funds set aside in accordance with laws, regulations, grants and other agreements. This is made up of \$177,428 in the General Fund.

Unrestricted – all other amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - 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:

	General Fund	Capital Projects Fund	Educational Grants Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Not in spendable form					
Inventories	\$ -	\$ -	\$ -	\$ 2,471	\$ 2,471
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,471</u>	<u>\$ 2,471</u>
Restricted					
General Government	\$ 115,436	\$ -	\$ -	\$ -	\$ 115,436
Education	61,992	-	-	-	61,992
	<u>\$ 177,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,428</u>
Committed					
Capital Projects	<u>\$ -</u>	<u>\$ 830,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 830,359</u>
Assigned					
General Government	\$ 334,035	\$ -	\$ -	\$ 85,919	\$ 419,954
Capital Projects	-	39,696	-	-	39,696
Education	-	-	357	150,043	150,400
	<u>\$ 334,035</u>	<u>\$ 39,696</u>	<u>\$ 357</u>	<u>\$ 235,962</u>	<u>\$ 610,050</u>
Unassigned	<u>\$ 1,250,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,109</u>

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes.

TRS is a cost-sharing multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)

TEACHERS' RETIREMENT SYSTEM (*Continued*)

Plan Description (*Continued*)

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the TRS. 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 the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% 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.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. 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 reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

TEACHERS' RETIREMENT SYSTEM *(Continued)*

Contributions

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

Employer (School Districts /Town of Chaplin): School district employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

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

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% 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

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

TEACHERS' RETIREMENT SYSTEM *(Continued)*

Actuarial Assumptions *(Continued)*

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 TRS 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%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	6.8%
Public Credit	2.00%	2.9%
Core Fixed Income	13.00%	0.4%
Liquidity Fund	1.00%	-0.4%
Risk Mitigation	5.00%	0.1%
Private Equity	15.00%	11.2%
Private Credit	10.00%	6.1%
Real Estate	10.00%	6.2%
Infrastructure and Natural Resources	7.00%	7.7%
	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)

TEACHERS' RETIREMENT SYSTEM (Continued)

Town's Proportionate Share of the Collective Net Pension Liability

Town of Chaplin's Net Pension Liability	\$ -
State of Connecticut's Net Pension Liability for the Town of Chaplin	6,158,512
Net Pension Liability	<u>\$ 6,158,512</u>
Portion of the State of Connecticut's Net Pension Liability which is related to the Town of Chaplin employees	0.036200%
On-behalf payments revenue and pension expense	\$ 589,642
Proportion Basis	Employee contributions
Change in proportion since prior measurement date	None

The Town is not required to make contributions to the plan. The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Sensitivity Analysis – The following presents Connecticut's net pension liability with respect to the Town of Chaplin, Connecticut's employee group, calculated using the current discount rate, as well as what this net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
State's Net Pension Liability	<u>\$ 8,045,731</u>	<u>\$ 6,158,512</u>	<u>\$ 4,591,892</u>

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

Support Provided by Nonemployer Contributing Entity (State) – The Town has a special funding situation whereby the State is obligated to pay the pension costs of the TRS and the Town is not required to pay any of the costs. However, the Town must record the costs paid by the State on behalf of the Town's employees as revenue and expense in its GAAP financial statements which amounted to \$589,642 of revenue and expense.

Obtaining a Report of the Plan – TRS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The report includes information on the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)

OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM

Plan Description

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

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). Employees are eligible to retire at age sixty with twenty years of credited service in Connecticut, or thirty-five years of credited service including at least twenty-five 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 the plan costs through an annual appropriation in the General Fund.

**THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

**OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM
*(Continued)***

Contributions *(Continued)*

Employer

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

Employees/Retirees

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

Administrative Expenses

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2028
Municipal bond index rate (measurement date)	3.65%
Municipal bond index rate (prior)	3.54%
Single equivalent interest rate (measurement date)	3.64% (net of investment exp, incl. inflation)
Single equivalent interest rate (prior)	3.53% (net of investment exp, incl. inflation)
Healthcare cost trend rates (Medicare)	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031

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

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM
(Continued)

Long-Term Rate of Return

The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is 0.77%. Price inflation is expected to be 2.50% while the expected rate of return is 3.25%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

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

The State of Connecticut's proportionate share of the net OPEB liability associated with the Town is 0.036200% or \$576,968. The Town recognized on-behalf revenues and expenditures of \$(67,971) in connection with this plan.

Other Information

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

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION

From an accrual accounting perspective, the cost of post-employment health care benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Chaplin, Connecticut (The “Town”) in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

At July 1, 2023, plan membership consisted of 23 participants, of which all were active employees.

Funding Policy

Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements. Since the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines.

Actuarial Methods and Significant Assumptions

The Town's annual post employment benefit expense is calculated based using the Entry Age Normal Cost Method. Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION *(Continued)*

Actuarial Methods and Significant Assumptions *(Continued)*

Funding for the Plan has been established on a pay-as-you-go basis. Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Investment Rate of Return	0.00%
Discount Rate	3.45% (Previously 4.35%)
Payroll Growth Rate	3.00%
Healthcare Cost Trend Rates	4.70% for year 1, decreasing year, to an ultimate rate of 4.20% for year 10 and later
Asset Valuation Method	N/A
 Mortality	 Pub-2010 Public Retirement Plans Mortality Tables with mortality improvement projected for 10 years.
 Retirement	 Average retirement age is assumed to be 63.
 Participation	 100% of current active members will elect medical coverage at retirement.

The discount rate used to measure the total OPEB liability was 3.45% and was based on the published Bond Buyer General Obligation 20-Bond Municipal Index effective as of June 30, 2024. Total OPEB expense recognized for this Plan for the year ended June 30, 2024 was \$44,691.

Changes in the OPEB Liability

Changes in the OPEB liability for the year ended June 30, 2024 are as follows:

Balance as of June 30, 2023	\$ 399,959
Changes for the year:	
Service cost	78,149
Interest	21,515
Differences between expected and actual	(87,315)
Changes of assumptions	32,342
Benefit payments	-
Net changes	<u>44,691</u>
Balance as of June 30, 2024	<u><u>\$ 444,650</u></u>

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION *(Continued)*

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the current discount rate of 3.45% as well as what the Town's net OPEB liability if it were calculated using a discount rate that is 1 percentage lower (2.45%) or 1 percentage higher (4.45%)

	1% Decrease 2.450 %	Current Discount Rate 3.450%	1% Increase 4.450%
Total OPEB liability as of June 30, 2024	<u>\$481,868</u>	<u>\$444,650</u>	<u>\$413,716</u>

The following presents the total OPEB liability of the Town, calculated using the current health care cost trend rate of 4.70% decreasing to 4.20% as well as what the Town's net OPEB liability if it were calculated using a health care cost trend rate that is 1 percentage lower (3.70% decreasing to 3.20%) or 1 percentage higher (5.70% decreasing to 5.20%).

	3.70% decreasing to 3.20%	4.70% decreasing to 4.20%	5.70% decreasing to 5.20%
Total OPEB liability as of June 30, 2024	<u>\$412,032</u>	<u>\$444,650</u>	<u>\$483,930</u>

NOTE 14 – CONTINGENT LIABILITIES AND RISK MANAGEMENT

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.

CONTINGENCIES

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 which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

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.

THE TOWN OF CHAPLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 101 - *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 (the Town's fiscal year ending June 30, 2025).
- GASB Statement 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement is effective for fiscal years beginning after June 15, 2024 (the Town's fiscal year ending June 30, 2025).
- GASB Statement 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement is effective for fiscal years beginning after June 15, 2025 (the Town's fiscal year ending June 30, 2026).

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES					
Tax Collector					
Current Year's Taxes	\$ 7,202,706	\$ -	\$ 7,202,706	7,153,095	\$ (49,611)
ANRG Collection Fees	3,500	-	3,500	17,678	14,178
Payments in Lieu of Taxes	1,400	-	1,400	1,597	197
Prior Year's Taxes	55,000	-	55,000	193,748	138,748
Interest and Lien Fees	30,000	-	30,000	87,258	57,258
Telecommunications Property Tax	2,360	-	2,360	4,060	1,700
	<u>7,294,966</u>	<u>-</u>	<u>7,294,966</u>	<u>7,457,436</u>	<u>162,470</u>
Miscellaneous Revenues					
Elementary School Reimbursements	22,000	-	22,000	27,315	5,315
Investment Interest	12,000	-	12,000	31,795	19,795
Miscellaneous Revenues - MAWC	12,500	-	12,500	4,140	(8,360)
Municipal NIPS Environment Fee	7,500	-	7,500	10,493	2,993
Recycling	162	-	162	310	148
Sale of Town Surplus Equipment	-	-	-	29,685	29,685
Town Real Estate	-	-	-	1,725	1,725
Webster Bank Income F2F	1,200	-	1,200	-	(1,200)
	<u>55,362</u>	<u>-</u>	<u>55,362</u>	<u>105,463</u>	<u>50,101</u>
Receipts For Town Services					
Building Permits	21,000	-	21,000	27,606	6,606
Cemeteries	1,500	-	1,500	6,685	5,185
Conveyance Taxes	22,500	-	22,500	15,127	(7,373)
Dog Licenses and Surcharges	500	-	500	701	201
Fire Marshall Fees	95	-	95	-	(95)
Historic Commission	150	-	150	-	(150)
Inlands/Wetlands Permits and Registrations	1,250	-	1,250	-	(1,250)
Pistol Permits	2,075	-	2,075	700	(1,375)
Planning and Zoning Fees	4,400	-	4,400	2,417	(1,983)
Rentals Collected	1,000	-	1,000	1,250	250
Transfer Station Fees	8,800	-	8,800	10,133	1,333
Town Clerk Fees	15,575	-	15,575	10,658	(4,917)
Vital Statistics Copies and Licenses	2,330	-	2,330	1,464	(866)
Zoning Board of Appeals	310	-	310	310	-
	<u>81,485</u>	<u>-</u>	<u>81,485</u>	<u>77,051</u>	<u>(4,434)</u>
State Reimbursements in Lieu of Taxes					
Disability Exemptions	526	-	526	533	7
Motor Vehicle Tax Reimbursement	-	-	-	51,183	51,183
Municipal Revenue Sharing	51,183	-	51,183	57,084	5,901
Municipal Stabilization Grant	34,779	-	34,779	34,779	-
Pequot/Mohegan Grant	73,052	-	73,052	73,052	-
State and Federal Property Reimbursements	35,385	-	35,385	38,039	2,654
Veterans Exemption	406	-	406	420	14
	<u>195,331</u>	<u>-</u>	<u>195,331</u>	<u>255,090</u>	<u>59,759</u>
State Education Support					
Education Cost Sharing	1,652,147	-	1,652,147	1,652,143	(4)
	<u>1,652,147</u>	<u>-</u>	<u>1,652,147</u>	<u>1,652,143</u>	<u>(4)</u>
State and Federal Funding					
Circuit Court	2,300	-	2,300	1,425	(875)
Historic Documents Preservation Grant	6,000	-	6,000	6,000	-
Grants Miscellaneous	-	-	-	18,667	18,667
Grants Public Library	-	-	-	-	-
Municipal Projects Grant	601	-	601	601	-
Town Aid Road	185,999	-	185,999	186,068	69
	<u>194,900</u>	<u>-</u>	<u>194,900</u>	<u>212,761</u>	<u>17,861</u>
Total revenues	<u>9,474,191</u>	<u>-</u>	<u>9,474,191</u>	<u>9,759,944</u>	<u>285,753</u>

Continued

See independent auditors' report

TOWN OF CHAPLIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES					
General Government					
General Expenses	183,296	(3,686)	179,610	178,595	1,015
Accountant	70,589	-	70,589	70,554	35
Assessor	55,579	-	55,579	55,560	19
Board of Assessment Appeals	310	-	310	246	64
Board of Finance	31,332	5,181	36,513	36,513	-
Board of Selectmen	115,336	(5,154)	110,182	110,182	-
Building, Grounds, Maintenance	88,511	(1,404)	87,107	86,568	539
Building Inspector	23,035	(1,182)	21,853	21,853	-
Burning Official	1,851	-	1,851	1,701	150
Chaplin Bicentennial Arboretum	-	2,426	2,426	2,426	-
Community Economic Development	3,060	(2,850)	210	210	-
Emergency Preparedness	8,712	394	9,106	9,106	-
Employee Benefit Costs	266,115	48,151	314,266	314,264	2
Fire Marshal	10,227	-	10,227	9,490	737
Historic District Commission	768	-	768	601	167
Inland/Wetlands	19,062	(2,745)	16,317	16,317	-
Chaplin Library	90,570	-	90,570	90,535	35
Planning and Zoning	27,753	2,228	29,981	29,981	-
Police Protection	197,171	(37,943)	159,228	159,228	-
Public Works	365,050	14,443	379,493	379,388	105
Recreation	15,770	1,012	16,782	16,612	170
Registrars Elections and Primaries	24,362	1,727	26,089	26,075	14
Sanitation	237,746	(1,861)	235,885	235,885	-
Senior Center	87,175	-	87,175	87,014	161
Tax Collection Services	42,374	13,424	55,798	55,798	-
Town Clerk	66,780	1,413	68,193	68,193	-
Town Memberships	18,297	(500)	17,797	17,797	-
Transfer Station	31,501	(314)	31,187	31,002	185
Town Treasurer	10,221	277	10,498	10,498	-
Tree Warden	1,971	60	2,031	2,031	-
Vital Statistics	685	-	685	637	48
Volunteer Fire Department	101,450	1,887	103,337	103,337	-
Zoning Board of Appeals	1,633	(484)	1,149	436	713
Town Contingency	32,500	(32,500)	-	-	-
	<u>2,230,792</u>	<u>2,000</u>	<u>2,232,792</u>	<u>2,228,633</u>	<u>4,159</u>
Financial Obligations					
Energy Projects	9,054	-	9,054	9,054	-
Copier	5,868	-	5,868	5,868	-
	<u>14,922</u>	<u>-</u>	<u>14,922</u>	<u>14,922</u>	<u>-</u>
Transfers for Capital Improvement					
Capital Outlay	119,451	225,000	344,451	344,451	-
	<u>119,451</u>	<u>225,000</u>	<u>344,451</u>	<u>344,451</u>	<u>-</u>
Total General Government	<u>2,365,165</u>	<u>227,000</u>	<u>2,592,165</u>	<u>2,588,006</u>	<u>4,159</u>
Board of Education					
Chaplin Elementary School	3,984,941	-	3,984,941	3,984,941	-
Region 11 High School (PHHS)	3,297,652	-	3,297,652	3,297,652	-
Total Education	7,282,593	-	7,282,593	7,282,593	-
Total Expenditures	<u>9,647,758</u>	<u>227,000</u>	<u>9,874,758</u>	<u>9,870,599</u>	<u>4,159</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis					
	<u>\$ (173,567)</u>	<u>\$ (227,000)</u>	<u>\$ (400,567)</u>	<u>\$ (110,655)</u>	<u>\$ 289,912</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
On behalf revenues from teacher's retirement pension and OPEB netted in budget				521,671	
On behalf expenditures from teacher's retirement pension and OPEB netted in budget				(521,671)	
Transfers in from Capital Projects Fund				9,250	
Unbudgeted local revenues - restricted				7,547	
Unbudgeted grants - restricted				26,942	
Unbudgeted expenses - restricted				(76,250)	
Excess (deficiency) of revenues over expenditures - GAAP Basis				<u>\$ (143,166)</u>	

See independent auditors' report

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability	<u>\$ 6,158,512</u>	<u>\$ 6,718,877</u>	<u>\$ 5,599,140</u>	<u>\$ 7,069,545</u>	<u>\$ 6,194,807</u>	<u>\$ 4,776,556</u>
Total proportionate share of the collective net pension liability	<u><u>\$ 6,158,512</u></u>	<u><u>\$ 6,718,877</u></u>	<u><u>\$ 5,599,140</u></u>	<u><u>\$ 7,069,545</u></u>	<u><u>\$ 6,194,807</u></u>	<u><u>\$ 4,776,556</u></u>
Town's covered payroll *	\$ 2,336,652	\$ 2,266,724	\$ 2,324,134	\$ 2,278,327	\$ 2,269,543	N/A
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%

NOTES TO THE SCHEDULE:

* Covered payroll is an estimated figure.

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2024 is based on a June 30, 2023 actuarial valuation and a June 30, 2023 measurement date).

Benefit changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Changes in assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50% (No change)
Salary increase	3.00-6.50%, including inflation (No change)
Investment rate of return	6.90%, (No change) net of pension plan investment expenses, including inflation

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

See independent auditors' report

**TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS PLAN
BOARD OF EDUCATION
LAST FIVE FISCAL YEARS***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 399,959	\$ 381,689	\$ 332,020	\$ 244,392	\$ 297,933
Changes for the year:					
Service cost	78,149	74,706	119,910	7,691	7,691
Interest	21,515	16,841	8,677	6,705	8,527
Effect of Economic/Demographic Gains or Losses	(87,315)	(57,297)	(103,759)	85,564	(63,938)
Changes of assumptions	32,342	(15,980)	24,841	(12,332)	(5,821)
Net changes	<u>44,691</u>	<u>18,270</u>	<u>49,669</u>	<u>87,628</u>	<u>(53,541)</u>
Ending Balance	<u>\$ 444,650</u>	<u>\$ 399,959</u>	<u>\$ 381,689</u>	<u>\$ 332,020</u>	<u>\$ 244,392</u>
Town's covered payroll	\$ 2,336,652	\$ 2,266,724	\$ 2,324,134	\$ 2,278,327	\$ 2,269,543
Total OPEB liability as a percentage of its covered payroll	19.03%	17.64%	16.42%	14.57%	10.77%

NOTES TO SCHEDULE

There are no assets being accumulated in a trust to pay benefits that meet the criteria of GASB 75.

Changes in Actuarial Assumptions

Investment Rate of Return 0.00% as of June 30, 2024

Discount Rate 3.450% (Prior was 4.35%)

Rate of Compensation Increase 3.00% (No change from 2023).

Mortality Pub-2010 Public Retirement Plans Mortality Tables with mortality improvement projected for 10 years.

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

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
TEACHERS' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Town's proportion of the net OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>\$ 576,968</u>	<u>\$ 588,419</u>	<u>\$ 610,016</u>	<u>\$ 1,054,423</u>	<u>\$ 966,114</u>
Total proportionate share of the collective net OPEB liability	<u><u>\$ 576,968</u></u>	<u><u>\$ 588,419</u></u>	<u><u>\$ 610,016</u></u>	<u><u>\$ 1,054,423</u></u>	<u><u>\$ 966,114</u></u>
Town's covered payroll	\$ 2,336,652	\$ 2,266,724	\$ 2,324,134	\$ 2,278,327	\$ 2,269,543
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	11.92%	9.46%	6.11%	2.50%	2.08%

NOTES TO THE SCHEDULE:

Valuation Date:	June 30, 2023
Inflation	2.50% (No change)
Real wage growth	0.50% (No change)
Wage inflation	3.00% (No change)
Salary increases	3.00-6.50%, including inflation (No change)
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation (No change)

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

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

See Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF CHAPLIN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

ASSETS

	CHAPLIN LIBRARY FUND	SENIOR CENTER FUND	RECREATION COMMISSION FUND	PRE-SCHOOL & AFTER SCHOOL FUND	CHILD NUTRITION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 33,032	\$ 48,568	\$ 8,779	\$ 42,924	\$ 91,475	\$ 224,778
Receivables, net	-	-	-	6,459	31,483	37,942
Due from other funds	-	-	-	1,871	-	1,871
Inventories	-	-	-	-	2,471	2,471
Total assets	<u>\$ 33,032</u>	<u>\$ 48,568</u>	<u>\$ 8,779</u>	<u>\$ 51,254</u>	<u>\$ 125,429</u>	<u>\$ 267,062</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES						
Accounts payable	\$ 92	\$ 3,423	\$ 945	\$ -	\$ 14,213	\$ 18,673
Accrued expenses	-	-	-	-	4,753	4,753
Total current liabilities	<u>92</u>	<u>3,423</u>	<u>945</u>	<u>-</u>	<u>18,966</u>	<u>23,426</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue - unavailable	-	-	-	5,203	-	5,203
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,203</u>	<u>-</u>	<u>5,203</u>
Total liabilities and deferred inflows of resources	<u>92</u>	<u>3,423</u>	<u>945</u>	<u>5,203</u>	<u>18,966</u>	<u>28,629</u>
FUND BALANCE						
Nonspendable	-	-	-	-	2,471	2,471
Assigned	32,940	45,145	7,834	46,051	103,992	235,962
Total fund balance	<u>32,940</u>	<u>45,145</u>	<u>7,834</u>	<u>46,051</u>	<u>106,463</u>	<u>238,433</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 33,032</u>	<u>\$ 48,568</u>	<u>\$ 8,779</u>	<u>\$ 51,254</u>	<u>\$ 125,429</u>	<u>\$ 267,062</u>

See independent auditors' report

**TOWN OF CHAPLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	CHAPLIN LIBRARY FUND	SENIOR CENTER FUND	RECREATION COMMISSION FUND	PRE-SCHOOL & AFTER SCHOOL FUND	CHILD NUTRITION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 135,824	\$ 135,824
Local revenue	15,136	41,037	18,776	42,022	5,935	122,906
Total revenues	15,136	41,037	18,776	42,022	141,759	258,730
EXPENDITURES						
Current						
General Government	2,145	39,858	16,146	-	-	58,149
Education	-	-	-	39,642	133,189	172,831
Total expenditures	2,145	39,858	16,146	39,642	133,189	230,980
Excess (deficiency) of revenues over expenditures	12,991	1,179	2,630	2,380	8,570	27,750
FUND BALANCE, beginning of year	19,949	43,966	5,204	43,671	97,893	210,683
FUND BALANCE, end of year	\$ 32,940	\$ 45,145	\$ 7,834	\$ 46,051	\$ 106,463	\$ 238,433

See independent auditors' report

TOWN OF CHAPLIN, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	CUSTODIAL FUNDS			
	PTO FUND	STUDENT ACTIVITY FUND	BOY SCOUTS FUND	TOTAL
ASSETS				
Cash and cash equivalents	\$ 4,902	\$ 10,606	\$ 571	\$ 16,079
Total assets	<u>\$ 4,902</u>	<u>\$ 10,606</u>	<u>\$ 571</u>	<u>\$ 16,079</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and others	\$ 4,902	\$ 10,606	\$ 571	\$ 16,079
Total net position	<u>\$ 4,902</u>	<u>\$ 10,606</u>	<u>\$ 571</u>	<u>\$ 16,079</u>

See independent auditors' report

TOWN OF CHAPLIN, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	CUSTODIAL FUNDS			
	PTO FUND	STUDENT ACTIVITY FUND	BOY SCOUTS FUND	TOTAL
ADDITIONS				
Contributions	\$ 14,804	\$ 29,826	\$ 771	\$ 45,401
Total additions	14,804	29,826	771	45,401
DEDUCTIONS				
Program expenses	15,899	29,222	792	45,913
Total deductions	15,899	29,222	792	45,913
Net increase (decrease) in fiduciary net position	(1,095)	604	(21)	(512)
NET POSITION				
Beginning of year	5,997	10,002	592	16,591
End of year	\$ 4,902	\$ 10,606	\$ 571	\$ 16,079

See independent auditors' report

**TOWN OF CHAPLIN, CONNECTICUT
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2024**

Grand List	Taxes Receivable July 1, 2023	Current Year Levy	Lawful Corrections		Transfer to Suspense	Net Taxes Collectible	Collections During the Year				Total	Credits	Taxes Receivable June 30, 2024
			Additions	Deductions			Taxes	Interest & Liens	Suspense Collections	Refunds			
2022	\$ -	\$ 7,299,750	\$ 3,771	\$ 16,273	\$ 1,074	\$ 7,286,174	\$ 7,161,369	\$ 39,939	\$ -	\$ 2,653	\$ 7,203,961	\$ 6,038	\$ 130,843
2021	162,614	-	675	2,116	80	161,093	124,675	30,452	-	656	155,783	3,059	39,477
2020	51,994	-	1	1,099	13,875	37,021	37,021	16,277	4,567	-	57,865	-	-
2019	11,017	-	-	-	302	10,715	10,715	4,887	5,467	-	21,069	-	-
2018	6,982	-	31	-	38	6,975	6,975	5,752	3,992	-	16,719	-	-
2017	3,565	-	-	-	-	3,565	3,565	3,242	1,645	-	8,452	-	-
2016	11	-	-	11	-	-	-	-	171	-	171	-	-
2015	11	-	-	11	-	-	-	-	729	-	729	-	-
2014	-	-	-	-	-	-	-	-	762	-	762	-	-
2013	-	-	-	-	-	-	-	-	1,249	-	1,249	-	-
2012	-	-	-	-	-	-	-	-	1,024	-	1,024	-	-
Prior	-	-	-	-	-	-	-	-	2,879	-	2,879	-	-
	<u>\$ 236,194</u>	<u>\$ 7,299,750</u>	<u>\$ 4,478</u>	<u>\$ 19,510</u>	<u>\$ 15,369</u>	<u>\$ 7,505,543</u>	<u>\$ 7,344,320</u>	<u>\$ 100,549</u>	<u>\$ 22,485</u>	<u>\$ 3,309</u>	<u>\$ 7,470,663</u>	<u>\$ 9,097</u>	<u>\$ 170,320</u>

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF CHANGES IN FUND BALANCE - BY PROJECT
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	BEGINNING BALANCE	TRANSFERS IN BUDGET ADDITIONS (REDUCTIONS)	TRANSFERS OUT	INTRAFUND TRANSFERS	ADDITIONS (REVENUES POSTED)	REDUCTIONS (EXPENDITURES POSTED)	PROJECT CLOSEOUTS	ENDING BALANCE
Committed fund balance								
Board of education								
Replace electrical controls	\$ 12,500	\$ -	\$ -	\$ (12,500)	\$ -	\$ -	\$ -	\$ -
Wing air conditioning	38,000	-	-	(38,000)	-	-	-	-
Unexpended education fund	3,840	-	-	(3,840)	-	-	-	-
Pump house	-	5,000	-	-	-	(119)	-	4,881
Electrical room	-	25,000	-	-	-	-	-	25,000
General government								
Comprehensive plan of development	1,438	-	-	-	-	-	-	1,438
Bicentennial celebration	24,850	-	(9,250)	-	-	-	-	15,600
Information technology	-	-	-	11,000	-	-	-	11,000
Ppen space conservation	10,625	-	-	-	-	-	-	10,625
N. Bear Hill bridge	64,187	-	-	-	-	-	-	64,187
Museum	35,000	-	-	-	-	-	-	35,000
Playscape	222	-	-	-	-	-	-	222
England Road bridge	400,000	-	-	250,000	554,482	(1,109,882)	-	94,600
Electronic sign	4,569	-	-	-	-	-	-	4,569
Community center/ library/ senior center								
Library/ senior center roof	5,840	-	-	-	-	-	-	5,840
Senior center parking lot	25,000	-	-	-	-	-	-	25,000
Public safety								
Firefighter gear	1,942	-	-	-	-	(2,207)	-	(265)
SCBA bottles	12	-	-	-	-	-	-	12
Fire hose	10,000	8,000	-	-	-	-	-	18,000
Public works/ highway								
Roads	164,772	131,241	-	-	117,178	(177,292)	-	235,899
Drainage infrastructure	18,453	40,000	-	-	-	(38,453)	-	20,000
Nutmeg lane drainage	10,000	-	-	-	-	-	-	10,000
Town hall parking lot	450	-	-	(450)	-	-	-	-
Equipment replacement	30,498	40,000	-	-	-	(32,300)	-	38,198
Vehicle replacement	144,450	65,210	-	54,790	-	(204,740)	-	59,710
Tree removal	2,390	30,000	-	-	-	(30,600)	-	1,790
Bedham Road bridge	421,000	-	-	(250,000)	-	(22,507)	-	148,493
Berkshire bank interest	300	-	-	-	260	-	-	560
Total committed fund balance	<u>1,430,338</u>	<u>344,451</u>	<u>(9,250)</u>	<u>11,000</u>	<u>671,920</u>	<u>(1,618,100)</u>	<u>-</u>	<u>830,359</u>
Assigned fund balance								
General government	<u>50,696</u>	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,696</u>
Total assigned fund balance	<u>50,696</u>	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,696</u>
Total fund balance	<u>\$ 1,481,034</u>	<u>\$ 344,451</u>	<u>\$ (9,250)</u>	<u>\$ -</u>	<u>\$ 671,920</u>	<u>\$ (1,618,100)</u>	<u>\$ -</u>	<u>\$ 870,055</u>

See independent auditors' report

GOVERNMENT AUDITING STANDARDS REPORT

**INDEPENDENT AUDITORS' 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**

To the Board of Finance
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 (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 17, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedules of federal and state findings and questioned costs as MW-2024-001, that we consider to be a material weakness.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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*.

TOWN'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

January 17, 2025

FEDERAL SINGLE AUDIT REPORTS

**FEDERAL INTERNAL CONTROL
AND COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Finance
Town of Chaplin, Connecticut

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the Town of Chaplin, Connecticut's (the "Town's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Town's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, The Town 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 federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

January 17, 2025

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Assistance Listing Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Indirect:				
Passed through the State of Connecticut				
Department of Transportation				
Highway Planning and Construction -Fees and Permits	12062-DOT57124-22108	20.205	\$ -	\$ 1,912
Highway Planning and Construction - England Road Bridge	24DOT0129AA	20.205	-	887,906
Total State of Connecticut Department of Transportation			-	889,818
Total U.S. Department of Transportation			-	889,818
U.S. DEPARTMENT OF EDUCATION				
Direct:				
Rural Education Achievement Program	N/A	84.358	-	\$ 5,129
Indirect:				
Passed through the State of Connecticut				
Department of Education				
Title I, Part A	12060-SDE64370-20679-82070	84.010A	-	24,743
Title I, Part A	12060-SDE64370-20679-82070	84.010A	-	837
Title II, Part A	12060-SDE64370-20858-84131	84.367A	-	2,800
Title IV, Part A	12060-SDE64370-22854-82079	84.424A	-	4,885
IDEA, Part B, Sec 619	12060-SDE64370-20983-82032	84.173A	-	5,655
COVID-19 - ESSER II Funds	12060-SDE64370-29571-82079	84.425D	-	9,826
CN School Food Equipment	12060-SDE64370-22386-82079	10.579	-	22,605
Supply Chain Assistance	12060-SDE64370-23126-82079	10.560	6,608	13,216
ARP ESSER Small Town Right to Read	12060-SDE64370-29636-82078	84.425U	-	19,641
ARP ESSER Funds - Behavioral Health	12060-SDE64370-29636-84113	84.425U	-	69,487
ARP ESSER Funds	12060-SDE64370-29636-82079	84.425U	-	33,850
School Breakfast Program	12060-SDE64370-20508	10.553	23,600	65,117
National School Lunch Program	12060-SDE64370-20560	10.555	53,459	135,139
P-EBT Administrative Costs	12060-SDE64370-29802	10.649	653	1,306
Total State of Connecticut Department of Education			84,320	409,107
Passed through Regional School District 11 dba				
Parish Hill High School				
IDEA, Part B, Sec 611	12060-SDE64370--20977-82032	84.027A	-	41,625
COVID-19-ESSER II Bonus Special Populations	12060-SDE64370-29571-82032	84.425D	-	23,718
COVID-19-ESSER II Special Education Recovery	12060-SDE64370-29571-82032	84.425D	-	27,051
SEDS Implementation Stipend	12060-SDE64370-20977	84.027	-	4,721
Total passed through Regional School District 11			-	97,115
Total U.S. Department of Education			84,320	511,351
U.S. DEPARTMENT OF THE TREASURY				
Indirect:				
Passed through the State of Connecticut Office of				
Early Childhood				
COVID-19-ARPA School Readiness	12060-OEC64845-28227	21.027	-	12,160
Passed through the State of Connecticut Office of				
Policy and Management ("OPM")				
COVID-19 - ARPA Free Meals for Students	12060-SDE64370-28105-82079	21.027	25,498	25,498
COVID-19 - ARPA Local Fiscal Recovery	12060-OPM20600-29669	21.027	-	385,503
Total State of Connecticut OPM			25,498	411,001
Total U.S. Department of the Treasury			25,498	423,161
Total Expenditures of Federal Awards			\$ 109,818	\$ 1,824,330

The accompanying notes are an integral part of this schedule.

TOWN OF CHAPLIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of The Town conform to accounting principles generally accepted in the United States of America as applicable to state and local governments.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period. For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period. The Town of Chaplin, Connecticut has not elected to use the 10% de Minimis indirect cost rate.

NOTE B - SUBRECIPIENTS

The following awards were made to subrecipients for the year ended June 30, 2024:

Subrecipient	Assistance Listing Number	Amount
Regional School District 11 dba Parish Hill High School	10.560	\$ 6,608
Regional School District 11 dba Parish Hill High School	10.553	23,600
Regional School District 11 dba Parish Hill High School	10.555	53,459
Regional School District 11 dba Parish Hill High School	10.649	653
Regional School District 11 dba Parish Hill High School	21.027	25,498
Total Federal Assistance passed through to subrecipients		<u>\$ 109,818</u>

**SCHEDULE OF FEDERAL FINDINGS
AND QUESTIONED COSTS**

**TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

☒ Material weakness(es) identified?

✓ Yes

 No

☐ Significant deficiency(ies) identified?

 Yes

✓ None reported

Noncompliance material to financial statements noted?

 Yes

✓ No

FEDERAL AWARDS

Internal control over major programs:

☐ Material weakness(es) identified?

 Yes

✓ No

☐ Significant deficiency(ies) identified?

 Yes

✓ None reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

 Yes

✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>	<u>Federal Assistance</u>
20.205	Highway Planning and Construction	\$889,818	\$889,818

Auditee qualified as low-risk auditee?

 Yes

✓ No

Dollar threshold used to distinguish between Type A and Type B program:

\$750,000

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED JUNE 30, 2024

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

- We issued a report dated January 17, 2025 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed the following material weakness:

MW-2024-001 - Financial Statement Adjustments

During our audit testing, material adjustments were required to be made to the Town's financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America, including:

- 1) General Fund – receivables, deferred inflows of resources, accruals, transfers, due to/due from.
- 2) Capital Projects Fund – receivables, deferred inflows of resources, accounts payable, grant revenues, expenditures.
- 3) Education Grants Fund – accounts receivable, deferred revenues, expenditures
- 4) ARPA Fund – unearned revenues, grant revenues
- 5) Nonmajor Governmental Funds – receivables, inventory, accounts payable, unearned revenues.
- 6) Custodial Funds –all activity for the year ended June 30, 2024. These funds are not maintained in accounting software by the Town.

Recommendation: Management should ensure that all material general ledger accounts are reviewed and adjusted accordingly and all funds are maintained in accounting software.

Management response: Management agrees with this recommendation and discusses its plan to correct the deficiency in a separate Corrective Action Plan.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

- There were no findings or questioned costs.

**TOWN OF CHAPLIN, CONNECTICUT
SUMMARY SCHEDULE OF THE STATUS OF
PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

PRIOR YEAR AUDIT FINDINGS RESOLVED

No findings reported in prior year.

STATE SINGLE AUDIT REPORTS

**STATE INTERNAL CONTROL AND
COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance
Town of Chaplin, Connecticut

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

Opinion on Each Major State Program

We have audited Town of Chaplin, Connecticut's (the "Town") compliance with the types of compliance requirements identified as a subject to audit in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town 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, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 a 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 a 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.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE *(Continued)*

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

January 17, 2025

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Total Expenditures
NONEXEMPT PROGRAMS			
CONNECTICUT STATE LIBRARY			
Connecticard Payments	11000-CSL66051-17010	\$ -	\$ 82
Historic Documents Preservation Grants	12060-CSL66094-35150	-	6,000
Public Incentive Grant	11000-CSL66051-10020	-	1,442
Connecticut Education Network	12052-CSL66011-43649	-	18,667
Total Connecticut State Library		-	26,191
DEPARTMENT OF TRANSPORTATION			
Town Aid Road Grants Transportation Program	12001-DOT57131-17036	-	186,068
Highway Planning and Construction - England Road Bridge	24DOT0129AA	-	221,976
Total Department of Transportation		-	408,044
DEPARTMENT OF JUSTICE			
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	-	1,545
OFFICE OF EARLY CHILDHOOD			
Child Care Quality Enhancement	11000-OEC64845-16158	-	3,881
Early Care and Education	11000-OEC64845-16274	-	69,450
Total Office of Early Childhood		-	73,331
OFFICE OF POLICY AND MANAGEMENT			
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	-	533
Property Tax Relief for Veterans	11000-OPM20600-17024	-	420
Tiered PILOT	12002-OPM20600-17111	-	38,039
Municipal Purposes and Projects	12052-OPM20600-43587	-	601
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	-	117,178
Neglected Cemetery Account	12060-OPM20600-35570	-	5,000
Total Office of Policy and Management		-	161,771
STATE COMPTROLLER'S OFFICE			
Paraeducator Stipend	11000-OSC15301-10020	-	5,289
SECRETARY OF THE STATE			
Early Voting	11000-SOS12500-12651	-	4,730
DEPARTMENT OF EDUCATION			
Talent Development	11000-SDE64370-12552	-	613
Child Nutrition State Match	11000-SDE64370-16211	1,117	2,055
Health Foods Initiative	11000-SDE64370-16212	2,104	3,870
Adult Education	11000-SDE64370-17030	-	3,081
School Breakfast Program	11000-SDE64370-17046	2,652	5,304
Total Department of Education		5,873	14,923
Total State Financial Assistance before Exempt Programs		5,873	695,824
EXEMPT PROGRAMS			
DEPARTMENT OF EDUCATION			
Education Cost Sharing	11000-SDE64370-17041	-	1,652,143
Total Department of Education		-	1,652,143
OFFICE OF POLICY AND MANAGEMENT			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	73,052
Supplemental Revenue Sharing	12002-OPM20600-17102	-	34,779
Municipal Revenue Sharing	12060-OPM20600-35458	-	57,084
Motor Vehicle Tax Grants	12002-OPM20600-17103	-	51,183
Total Office of Policy and Management		-	216,098
Total Exempt Programs		-	1,868,241
Total State Financial Assistance		\$ 5,873	\$ 2,564,065

The accompanying notes are an integral part of this schedule

**TOWN OF CHAPLIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A - ACCOUNTING BASIS

GENERAL

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Chaplin, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2024. 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.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the schedule of expenditures of state financial assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF ACCOUNTING

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements are prepared on the full 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 for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).
- For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.
- For performance-based awards, revenues are recognized to the extent of performance achieved during the period.

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of 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 expenditures column of the schedule of expenditures of state financial assistance.

**TOWN OF CHAPLIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE B - SUBRECIPIENTS

The following is a schedule of subrecipients of state financial assistance for the year ended June 30, 2024:

Subrecipient	State Grant Program Core-CT Number	Amount
Regional School District 11 dba Parish Hill High School	11000-SDE64370-16211	\$ 1,117
Regional School District 11 dba Parish Hill High School	11000-SDE64370-16212	2,104
Regional School District 11 dba Parish Hill High School	11000-SDE64370-17046	2,652
Total State Financial Assistance passed through to subrecipients		\$ 5,873

**SCHEDULE OF STATE FINDINGS
AND QUESTIONED COSTS**

**TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:	Unmodified			
Internal control over financial reporting:				
○ Material weakness(es) identified?	<u>√</u>	Yes	<u> </u>	No
				None
○ Significant deficiency(ies) identified?		Yes	<u>√</u>	reported
	<u> </u>		<u> </u>	
Noncompliance material to financial statements noted?		Yes	<u>√</u>	No
	<u> </u>		<u> </u>	

STATE FINANCIAL ASSISTANCE

Internal control over major programs:				
○ Material weakness(es) identified?	<u> </u>	Yes	<u>√</u>	No
				None
○ Significant deficiency(ies) identified?		Yes	<u>√</u>	reported
	<u> </u>		<u> </u>	
Type of auditors’ 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	<u>√</u>	No
	<u> </u>		<u> </u>	

The following schedule reflects the major programs included in the audit:

<i>State Grantor/Program</i>	State Grant Program Identification Number	Expenditures
Department of Transportation		
Town Aid Road Grants	12001-DOT57131-17036	\$186,068
Highway Planning and Construction	24DOT0129AA	\$221,976

Dollar threshold used to distinguish between Type A and Type B program:	<u>\$100,000</u>
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TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (*Continued*)
FOR THE YEAR ENDED JUNE 30, 2024

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

- We issued a report dated January 17, 2025 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed the following material weakness:

MW-2024-001 - Financial Statement Adjustments

During our audit testing, material adjustments were required to be made to the Town's financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America, including:

- 1) General Fund – receivables, deferred inflows of resources, accruals, transfers, due to/due from.
- 2) Capital Projects Fund – receivables, deferred inflows of resources, accounts payable, grant revenues, expenditures.
- 3) Education Grants Fund – accounts receivable, deferred revenues, expenditures
- 4) ARPA Fund – unearned revenues, grant revenues
- 5) Nonmajor Governmental Funds – receivables, inventory, accounts payable, unearned revenues.
- 6) Custodial Funds –all activity for the year ended June 30, 2024. These funds are not maintained in accounting software by the Town.

Recommendation: Management should ensure that all material general ledger accounts are reviewed and adjusted accordingly and all funds are maintained in accounting software.

Management response: Management agrees with this recommendation and discusses its plan to correct the deficiency in a separate Corrective Action Plan.

**TOWN OF CHAPLIN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATING TO STATE
FINANCIAL ASSISTANCE**

- There were no findings or questioned costs reported.

**TOWN OF CHAPLIN, CONNECTICUT
SUMMARY SCHEDULE OF THE STATUS OF
PRIOR STATE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

PRIOR YEAR AUDIT FINDINGS RESOLVED

No findings reported in prior year.