

**TOWN OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2021**

**Town of Washington**  
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**June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Washington, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Washington, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Connecticut, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on Pages 4 through 11, budgetary comparison information on Pages 42 through 47, the schedule of changes in net pension liability and related ratios on Page 48, the schedule of employer contributions on Page 49 and schedule of investment returns on Page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of the Town of Washington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Washington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Washington, Connecticut's internal control over financial reporting and compliance.

January 24, 2022

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2021**

This discussion is intended to provide readers a narrative overview and analysis of the financial activities of the Town of Washington, Connecticut (the "Town") for the fiscal year ended June 30, 2021. The information presented here should be considered in conjunction with the Town's basic financial statements that follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position and the statement of activities, which are the government-wide statements, report information about the Town finances as a whole and about its activities in a way that helps the reader determine whether the Town is better or worse off as a result of the year's activities.

The statement of net position reflects all of the Town's assets and deferred outflows of resources, and all of its liabilities and deferred inflows of resources, the net result of which is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the Town's financial position is improving or deteriorating. However, significant changes in net position can also occur from year to year due to changes in accounting standards issued by the Governmental Accounting Standards Board (GASB). To assess the overall financial condition of the Town other nonfinancial factors such as the property tax base and the condition of the Town's infrastructure also need to be considered.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses, such as uncollected property taxes and earned but unused vacation leave that will result in cash flows in future fiscal periods are reported in this statement.

The government-wide financial statements distinguish functions of the Town that are principally supported by tax revenues, grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, education, and other activities. The Town does not report any funds that carry on business-type activities.

The basic government-wide financial statements can be found on pages 12 and 13 of this report.

**FUND FINANCIAL STATEMENTS:**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Town report governmental funds and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is to say the Town's most basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on cash and other financial resources that can be readily converted to cash flow in and out, and balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a near or short-term view of the Town's finances that may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Town Aid Road Fund, American Rescue Plan Act Fund, Capital Non-Recurring, Land Acquisition Open Space, each of which is considered to be a major fund. The remaining nine funds are combined into a single aggregated presentation in the financial statements. Individual fund data for each of these nonmajor funds is reported as supplementary information to the financial statements.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been included as required supplementary information for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. This includes pension trust funds, and the Town's Alcohol and Drug Abuse Prevention Fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Washington's own programs.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.



## **NOTES TO THE FINANCIAL STATEMENTS AND OTHER INFORMATION**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They also provide required supplementary information regarding the Town's progress in funding its liability to provide pension benefits to its employees. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's pension liability and General Fund budget information.

The notes to the basic financial statements can be found on pages 20 to 41 of this report. Required supplementary information and supplemental schedules can be found on pages 42 to 57 of this report.

## **FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's assets and deferred outflows of resources of \$40,797,819 exceeded the sum of its liabilities and deferred inflows of resources of \$2,782,972 resulting in net position of \$38,014,847. Of this amount, \$23,766,194 was invested in capital assets, while \$696,630 was restricted for road improvements and \$106,780 was restricted for purposes of various nonmajor Town funds. The remaining net position of \$13,445,243 was available to meet the Town's ongoing obligations to its citizens and creditors.
- At the close of the fiscal year, the Town's governmental funds reported, on a current financial resource's basis, combined ending fund balances of \$15,081,553 an increase of \$1,639,160 from last fiscal year. The total fund balance of the General Fund of \$8,625,724 represented 45.78% of fiscal year 2021-2022 budgeted appropriations of \$18,841,379, while its unassigned fund balance of \$6,688,675 available for spending at the Town's discretion, represented 35.50% of that same amount.
- The Town's long-term debt at June 30, 2021 consisted of its obligation of \$142,758 for earned but unused employee compensated absences, landfill – transfer station closure and post-closure care costs of \$9,000, and LOSAP program benefits of \$758,608. The Town's net pension was previously a liability but changed to a net pension asset of \$456,093 for the year ending June 30, 2021.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,014,847 at the close of the fiscal year.

The largest portion of the Town's net position \$23,766,194 (62.52%) reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges). The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Of the Town's remaining net position, \$13,445,243 (35.37%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's net position increased \$3,111,614 during the fiscal year.

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2021**

**Town of Washington - Net Position**

	2020	2021
<b><u>Assets</u></b>		
Current assets	\$ 14,503,574	\$ 16,525,601
Capital assets, net	22,367,556	23,766,194
Net pension asset	-	456,093
Total assets	36,871,130	40,747,888
<b><u>Deferred Outflows of Resources</u></b>	108,122	49,931
<b><u>Liabilities</u></b>		
Current liabilities	908,333	1,354,528
Long-term liabilities	1,167,686	907,366
Total liabilities	2,076,019	2,261,894
<b><u>Deferred Inflows of Resources</u></b>	-	521,078
<b><u>Net Position</u></b>		
Net investment in capital assets	22,367,556	23,766,194
Restricted	799,760	803,410
Unrestricted	11,735,917	13,445,243
Total Net Position	\$ 34,903,233	\$ 38,014,847

The following is an analysis of significant changes in activity from the prior year:

- The increase in charges for services is mainly due to an increase in building permits, conveyance taxes, and conveyance tax penalties related to the increase in the housing market.
- The increase in operating grants and contributions is mainly due to COVID-19 grant monies received.
- The decrease in unrestricted investment earnings is primarily due to lower interest rates on invested cash and cash equivalents.
- The increase in property taxes is mainly due to changes in assessment values of the properties.
- The increase in General government is mainly due to increased activity in the building department.
- The increase in highways (public works) is mainly due to capitalizing costs vs. maintenance expenditures as compared to the prior year.
- The decrease in education expense is attributable to a decrease in pupil ratio of education cost as assessed by Regional School District # 12 (determined by a separate approved taxpayer budget).

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2021**

- The decrease in other expenses is mainly due to a change in pension expense related to the net pension asset and change in deferral of resources.
- The increase in social services expenses is due to donations issued for affordable housing.
- Increase in Accident & Health Insurance is due to the increase of employees being eligible for insurance

**Town of Washington Governmental Activities - Changes in Net Position**

	<b>2020</b>		<b>2021</b>	
	<b>\$</b>	<b>% to Total</b>	<b>\$</b>	<b>% to Total</b>
<b>Revenues:</b>				
Program:				
Charges for services	\$ 844,935	4.37%	\$ 1,321,341	6.65%
Operating grants and contributions	51,992	0.27%	126,910	0.64%
Capital grants and contributions	668,234	3.45%	610,180	3.07%
General:				
Property taxes	17,296,355	89.41%	17,520,658	88.12%
Grants and contributions, not restricted to specific programs	106,304	0.55%	99,009	0.50%
Unrestricted investment earnings	327,409	1.69%	153,003	0.77%
Lease income and other miscellaneous	49,169	0.25%	51,849	0.26%
<b>Total Revenues</b>	<b>19,344,398</b>	<b>100.00%</b>	<b>19,882,950</b>	<b>100.00%</b>
<b>Expenses:</b>				
General government	2,164,180	13.03%	2,411,928	14.38%
Public safety	798,727	4.81%	735,428	4.39%
Highways (public works)	2,124,555	12.78%	2,333,078	13.91%
Sanitation	485,385	2.92%	494,852	2.95%
Social services	15,211	0.09%	33,261	0.20%
Health	89,676	0.54%	90,452	0.54%
Parks and recreation	331,482	1.99%	296,645	1.77%
Education	10,140,173	61.01%	10,073,161	60.06%
Other	471,125	2.83%	302,531	1.80%
<b>Total Expenses</b>	<b>16,620,514</b>	<b>100.00%</b>	<b>16,771,336</b>	<b>100.00%</b>
Change in Net Position	2,723,884		3,111,614	
Net Position, Beginning of Year	32,179,349		34,903,233	
Net Position, End of Year	<u>\$ 34,903,233</u>		<u>\$ 38,014,847</u>	

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

At the close of the fiscal year, the Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$15,081,553. This fund balance is classified as follows for the major funds: \$758,608 restricted for the LOSAP program, \$696,630 restricted for road improvements, \$4,878,056 committed for capital non-recurring expenditures, \$351,107 committed to land acquisition for open space, \$50,289 committed for revaluation, \$6,569 committed for conservation and development, \$75,060 committed for legal litigation, \$79,588 committed for health reimbursement benefits, and \$966,935 assigned for the subsequent year's budgeted deficit. The \$6,688,675 unassigned fund balance of the General Fund was available for spending at the Town's discretion. The nonmajor fund balances are classified as follows: \$66,485 nonspendable, \$40,295 restricted, \$336,386 committed, and \$86,870 assigned for recycling purposes. Information detailing the allocation of fund balance for nonmajor fund purposes is on pages 50 and 51.

The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, it may be useful to compare its fund balance to the ensuing year's budgeted appropriations. Total fund balance of the General Fund at fiscal year-end represented 45.78% of fiscal year 2021-2022 budgeted appropriations of \$18,841,379, while its unassigned fund balance represented 35.50% of that same amount.

The fund balance of Town Aid Road Fund increased by \$1,865, by expending less than the fiscal year's grant allocation. The Capital Non-Recurring Fund increased by \$640,025 during the fiscal year, as revenue and appropriated transfers exceeded expenditures mainly due to construction in progress. The Land Acquisition Open Space Fund increased by \$3,675 represented by the investment income. The combined fund balances of all nonmajor funds increased by \$5,270 during the fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended General Fund budget provided for \$1,132,457 use of fund balance to finance approved appropriations. However, actual revenues and transfer in were \$1,306,292 greater than budgetary projections, while expenditures and operating transfers out were \$748,973 less than approved appropriations, resulting in an actual addition of fund balance of \$922,808 and a positive budgetary variance of \$2,055,265.

Additional appropriations to the original budget totaled \$269,523. Additional appropriations were comprised of continuing appropriations of \$267,643 and an additional appropriated transfer to the Nonrecurring Capital Expenditure Fund of \$1,880.

**Town of Washington**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The breakdown of capital assets, net of accumulated depreciation is as follows:

	2020	2021
Land	\$ 1,144,215	\$ 1,144,215
Construction in Progress		
Mygatt Road Reconstruction	30,275	49,318
Transfer Station	1,400	23,900
Bridge Reconstruction	257,311	606,016
Bryan Memorial Plaza	45,000	99,284
Senior Center	5,580	30,700
Fuel Tank & Meter Project	-	84,390
Police Boat - Deposit	-	4,000
Land Improvements	112,364	99,965
Building & Improvements	4,268,843	4,098,129
Machinery & Equipment	1,117,366	1,133,302
Infrastructure	15,385,202	16,392,975
	<u>\$ 22,367,556</u>	<u>\$ 23,766,194</u>

During the fiscal year, the Town's net investment in capital assets increased by \$1,398,638. This increase results from current year additions over current year depreciation and disposals, as follows:

**Additions:**

Work in Progress	\$ 558,042
Building and improvements	49,175
Machinery, equipment, and vehicles	328,628
Infrastructure: paving and other road improvements	1,798,310
Current Year Depreciation	(1,335,517)
<b>Net Increase</b>	<u><u>\$ 1,398,638</u></u>

Additional information on the Town's capital assets can be found in Note 7 on page 32 of this report.

**Debt**

The Town's long-term debt at June 30, 2021 consisted of its obligation of \$142,758 for earned but unused employee compensated absences, \$758,608 owed to LOSAP participants, and \$9,000 for landfill – transfer station closure and post closure care costs.

At the beginning of the year, the net pension liability was \$340,101 and at the end of the year, the net pension asset was \$456,093

The Town is also contingently liable for its pro rata share of the Regional School District No. 12 debt. At June 30, 2021, the Town's pro rata share (47.82%) was \$6,969,765.

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2021**

Additional information on the Town's debt can be found in Note 8 on page 34 of this report and the Statement of Debt Limitation on page 56.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Economic factors affecting the Town, including those that were considered in preparing the Town's General Fund budget for the 2021-2022 fiscal year, and those that will affect future budgets are as follows:

The Town's Mill rate for the 2021-2022 fiscal year has remained the same as the prior year, at 14.25 mills.

The 2021-2022 General Fund expenditure budget is \$18,841,379, which is a \$1,000 increase from the current fiscal year's original budget.

It is expected that general State financial aid will remain level at best.

At the end of the FY 2020-2021 fiscal year, the General Fund balance was at \$8,625,724. Of the General Fund balance, \$966,935 was assigned for the FY 2021-2022 operations, to help moderate any tax impact from the higher expenditures.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Washington's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the First Selectman, Bryan Memorial Town Hall, PO Box 383, Washington Depot, CT 06794.

**Town of Washington**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 13,598,986
Investments	2,394,993
Property taxes receivable - net	144,279
Contribution in Lieu- Recievable	23,705
Mortgage receivable	60,000
Grant receivable	303,638
<b>Total current assets</b>	<u>16,525,601</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Assets not being depreciated	2,041,823
Assets, net of depreciation of \$26,722,065	21,724,371
Net pension asset	456,093
<b>Total noncurrent assets</b>	<u>24,222,287</u>
<b>Total Assets</b>	<u><b>40,747,888</b></u>
<b>Deferred Outflows of Resources</b>	
Difference between expected and actual experience on pension plan investments	<b>49,931</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	412,822
Performance bonds held	86,184
Overpaid property taxes	381
Unearned revenue	852,141
Long-term liabilities due within one year	3,000
<b>Total current liabilities</b>	<u>1,354,528</u>
<b>Noncurrent Liabilities</b>	
Due in more than one year	907,366
<b>Total Liabilities</b>	<u><b>2,261,894</b></u>
<b>Deferred Inflows of Resources</b>	
Difference between projected and actual earnings on pension plan investments	<b>521,078</b>
<b>Net Position</b>	
Net investment in capital assets	23,766,194
Restricted for:	
Cemetery perpetual care principal - nonexpendable	66,485
Road improvements	696,630
Senior Center	7,236
Community beautification	800
Document preservation	17,969
After school programs	14,190
Senior/Community center	100
Unrestricted	13,445,243
<b>Total Net Position</b>	<u><u><b>\$ 38,014,847</b></u></u>

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

**Town of Washington**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 2,411,928	\$ 1,238,909	\$ 58,623	\$ ---	\$ (1,114,396)
Public safety	735,428	42,746	1,430	---	(691,252)
Highways (public works)	2,333,078	---	---	610,180	(1,722,898)
Sanitation	494,852	4,579	---	---	(490,273)
Social services	33,261	---	13,850	---	(19,411)
Health	90,452	---	---	---	(90,452)
Parks and recreation	296,645	13,339	---	---	(283,306)
Education	10,073,161	---	53,007	---	(10,020,154)
Other	302,531	21,768	---	---	(280,763)
<b>Total governmental activities</b>	<b>\$ 16,771,336</b>	<b>\$ 1,321,341</b>	<b>\$ 126,910</b>	<b>\$ 610,180</b>	<b>(14,712,905)</b>
General revenues:					
Property taxes, interest and lien fees					17,520,658
Grants and contributions not restricted to specific programs					99,009
Investment earnings					153,003
Lease income and other miscellaneous					51,849
<b>Total general revenues</b>					<b>17,824,519</b>
<b>Change in net position</b>					<b>3,111,614</b>
Net position - July 1, 2020					34,903,233
Net position - June 30, 2021				\$	<b>38,014,847</b>

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



**Town of Washington**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	Major Funds						
	Special Revenue Funds			Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Town Aid Road Fund	American Rescue Plan Act Fund	Capital Non-Recurring	Land Acquisition Open Space		
<b>Assets:</b>							
Cash and cash equivalents	\$ 7,032,965	\$ 696,630	\$ 507,259	\$ 5,053,672	\$ 24,769	\$ 283,691	\$ 13,598,986
Investments - at fair value	1,868,158	-	-	-	326,338	200,497	2,394,993
Due from other funds	-	-	-	1,210	-	-	1,210
Property tax receivable, net	144,279	-	-	-	-	-	144,279
Contribution in lieu receivable	23,705	-	-	-	-	-	23,705
Mortgage receivable	-	-	-	-	-	60,000	60,000
Grant receivable	-	-	-	303,638	-	-	303,638
<b>Total Assets</b>	<b>\$ 9,069,107</b>	<b>\$ 696,630</b>	<b>\$ 507,259</b>	<b>\$ 5,358,520</b>	<b>\$ 351,107</b>	<b>\$ 544,188</b>	<b>\$ 16,526,811</b>
<b>Liabilities:</b>							
Accounts payable	\$ 263,088	\$ -	\$ -	\$ 135,582	\$ -	\$ 14,152	\$ 412,822
Due to other funds	1,210	-	-	-	-	-	1,210
Performance bonds payable & security deposits	86,184	-	-	-	-	-	86,184
Overpaid property taxes	381	-	-	-	-	-	381
Unearned revenue	-	-	507,259	344,882	-	-	852,141
<b>Total Liabilities</b>	<b>350,863</b>	<b>-</b>	<b>507,259</b>	<b>480,464</b>	<b>-</b>	<b>14,152</b>	<b>1,352,738</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - property tax	92,520	-	-	-	-	-	92,520
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Perpetual Care Principal	-	-	-	-	-	66,485	66,485
<b>Restricted for:</b>							
Volunteer Firefighter & EMT Service Program	758,608	-	-	-	-	-	758,608
Road improvements	-	696,630	-	-	-	-	696,630
Senior Center	-	-	-	-	-	7,236	7,236
Community beautification	-	-	-	-	-	800	800
Document preservation	-	-	-	-	-	17,969	17,969
After school programs	-	-	-	-	-	14,190	14,190
Senior/Community center	-	-	-	-	-	100	100
<b>Committed to:</b>							
Parks and recreation	-	-	-	-	-	74,985	74,985
Cemetery operation	-	-	-	-	-	11,710	11,710
Capital non-recurring expenditures	-	-	-	4,878,056	-	-	4,878,056
Land acquisition for open space	-	-	-	-	351,107	-	351,107
Affordable housing	-	-	-	-	-	149,691	149,691
Down payment assistance program	-	-	-	-	-	100,000	100,000
Revaluation	50,289	-	-	-	-	-	50,289
Conservation and Development Plan	6,569	-	-	-	-	-	6,569
Legal litigation	75,060	-	-	-	-	-	75,060
Health reimbursement benefits	79,588	-	-	-	-	-	79,588
<b>Assigned for:</b>							
Recycling	-	-	-	-	-	86,870	86,870
Subsequent year budgeted deficit	966,935	-	-	-	-	-	966,935
Unassigned	6,688,675	-	-	-	-	-	6,688,675
<b>Total Fund Balances</b>	<b>8,625,724</b>	<b>696,630</b>	<b>-</b>	<b>4,878,056</b>	<b>351,107</b>	<b>530,036</b>	<b>15,081,553</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,069,107</b>	<b>\$ 696,630</b>	<b>\$ 507,259</b>	<b>\$ 5,358,520</b>	<b>\$ 351,107</b>	<b>\$ 544,188</b>	<b>\$ 16,526,811</b>

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

**Town of Washington**  
**Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds**  
**June 30, 2021**

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Total net position reported for governmental activities in the Statement of Net Position is different from the governmental fund Balance Sheet due to the following:

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>15,081,553</b>
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Governmental capital assets	<b>\$</b>	50,488,259	
Less accumulated depreciation		<u>(26,722,065)</u>	23,766,194

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property taxes, interest, and liens receivable		92,520
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Long-term liabilities, including bonds payable are not due and payable in the current period, and therefore, are not reported in the governmental funds.

Compensated absences	<b>\$</b>	(142,758)	
Postclosure landfill costs		(9,000)	
Net pension asset		456,093	
Length of Service Award Plans liability		(758,608)	
Deferred inflows related to the net difference between projected and actual earnings on pension plan investments		(521,078)	
Deferred outflows related to the difference between pension expected and actual experiences		<u>49,931</u>	<u>(925,420)</u>

<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>38,014,847</u></b>
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The accompanying notes are an integral part of these financial statement.

Town of Washington  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2021

	Major Funds						
	Special Revenue Funds			Capital Project Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Town Aid Road Fund	American Rescue Plan Act Fund	Capital Non-Recurring	Land Acquisition Open Space		
<b>Revenues:</b>							
Property taxes	\$ 17,498,024	\$ -	\$ -	\$ -	\$ -	\$ -	17,498,024
Interest & lien fees on property taxes	85,962	-	-	-	-	-	85,962
Intergovernmental	129,237	331,389	-	256,291	-	13,850	730,767
Contribution in lieu of taxes	82,832	-	-	-	-	-	82,832
Investment income	156,478	476	-	44,092	3,675	3,068	207,789
Lease income	51,849	-	-	-	-	-	51,849
Licenses and permits	1,277,752	-	-	-	-	-	1,277,752
Program fees and other receipts	-	-	-	22,500	-	43,589	66,089
<b>Total Revenues</b>	<b>19,282,134</b>	<b>331,865</b>	<b>-</b>	<b>322,883</b>	<b>3,675</b>	<b>60,507</b>	<b>20,001,064</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,315,176	-	-	-	-	-	2,315,176
Public safety	567,936	-	-	-	-	-	567,936
Highways	1,222,605	-	-	-	-	-	1,222,605
Sanitation	485,132	-	-	-	-	12,245	497,377
Health	87,223	-	-	-	-	-	87,223
Recreation	204,561	-	-	-	-	25,458	230,019
Social services	11,077	-	-	-	-	22,184	33,261
Education	10,073,161	-	-	-	-	-	10,073,161
Other	502,106	-	-	-	-	17,350	519,456
Capital outlay	-	330,000	-	2,485,690	-	-	2,815,690
<b>Total Expenditures</b>	<b>15,468,977</b>	<b>330,000</b>	<b>-</b>	<b>2,485,690</b>	<b>-</b>	<b>77,237</b>	<b>18,361,904</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,813,157</b>	<b>1,865</b>	<b>-</b>	<b>(2,162,807)</b>	<b>3,675</b>	<b>(16,730)</b>	<b>1,639,160</b>
<b>Other Financing Sources (Uses):</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Operating transfers in (out)	(2,824,832)	-	-	2,802,832	-	22,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,824,832)</b>	<b>-</b>	<b>-</b>	<b>2,802,832</b>	<b>-</b>	<b>22,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>988,325</b>	<b>1,865</b>	<b>-</b>	<b>640,025</b>	<b>3,675</b>	<b>5,270</b>	<b>1,639,160</b>
<b>Fund Balances:</b>							
<b>Beginning of Year</b>	<b>7,637,399</b>	<b>694,765</b>	<b>-</b>	<b>4,238,031</b>	<b>347,432</b>	<b>524,766</b>	<b>13,442,393</b>
<b>End of Year</b>	<b>\$ 8,625,724</b>	<b>\$ 696,630</b>	<b>\$ -</b>	<b>\$ 4,878,056</b>	<b>\$ 351,107</b>	<b>\$ 530,036</b>	<b>\$ 15,081,553</b>

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

**Town of Washington**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2021**

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Amounts reported for governmental activities in the statement of activities are different due to the following:

**Net Change in Fund Balances-Total Governmental Funds** **\$ 1,639,160**

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

Total capital outlay	\$ 2,734,155	
Less current year depreciation	<u>(1,335,517)</u>	1,398,638

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

Property taxes receivable - net	\$ (63,328)	
Change in deferred inflows related the net difference between projected and actual earnings on pension plan investments	(521,078)	
Change in deferred outflows related to the differences between pension expected and actual experiences	<u>(58,191)</u>	(642,597)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences liability	\$ (17,265)	
Change in postclosure landfill costs	3,000	
Change in Length of Service Award Plan liability	(65,516)	
Change net pension liability/asset	<u>796,194</u>	716,413

**Change in Net Position of Governmental Activities** **\$ 3,111,614**

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

**Town of Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	<b>Pension Trust Funds</b>	<b>Prevention of Alcohol and Drug Abuse Agency Fund</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 173,337	\$ 10,064
Accrued interest	1,168	-
Investments - at fair value	<u>4,628,472</u>	<u>-</u>
<b>Total Assets</b>	4,802,977	10,064
<b>Liabilities:</b>		
Due to beneficiaries	<u>-</u>	<u>10,064</u>
<b>Net Position</b>		
Held in trust for pension benefits	<u>4,802,977</u>	<u>-</u>
<b>Total Net Position</b>	<u>\$ 4,802,977</u>	<u>\$ -</u>

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

**Town of Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2021**

	<b>Pension Trust Funds</b>
<hr/>	
<b>Additions:</b>	
Town contributions	\$ 176,967
Investment income:	
Net appreciation (depreciation) in fair values of investments	874,368
Interest and dividends	84,265
Gross investment income	<u>958,633</u>
Less: investment expense	21,571
Net investment income	<u>937,062</u>
<b>Total additions</b>	1,114,029
<b>Deductions:</b>	
Pension benefits	<u>241,109</u>
<b>Net Increase - Change in Net Position</b>	872,920
Net Position - Beginning of year	<u>3,930,057</u>
Net Position - End of year	<u><u>\$ 4,802,977</u></u>

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

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

The Town of Washington, Connecticut was incorporated in 1779 under the provisions of the Connecticut General Statutes, and has a population of approximately 3,500 living within an area of 38.07 square miles. The Town is located in Litchfield County. The Town operates under a Town Meeting, Board of Selectmen and Board of Finance form of government. The Town provides the following services: public safety, public works, parks and recreation, health and social services, planning and zoning and education by being part of Shepaug Regional School District #12, of which the Towns of Washington, Roxbury and Bridgewater are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Washington residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for reviewing/revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

Accounting principles generally accepted in the United State of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financial accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in the Government Accounting Standards Board Codification have been considered, and as a result, the potential component units discussed below are not included in the Town’s reporting entities because of their operational significance and financial relationship with the Town.

- Regional School District No. 12 – The School District provides educational services and facilities for the Towns of Washington, Roxbury and Bridgewater, Connecticut. The Town pays a proportional share of the expenses of the district.
- Washington Volunteer Fire Department, Inc. and Washington Ambulance Association, Inc. – These potential component units have separate elected boards and provide services to residents, generally within the geographic boundary of the Town. They are excluded from the reporting entity because the Town does not have the ability to exercise, influence or control over the daily operations.

**B. Jointly Governed Organizations:**

**Lake Waramaug Authority**

The Lake Waramaug Authority (the “Lake Authority”) was created by the Towns of Washington, Warren and Kent by local ordinance. The Lake Authority enforces all regulations related to water activities. The Town appropriated \$12,613 and expended \$9,131 for the operation of the Lake Authority for the year ended June 30, 2021.

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**B. Jointly Governed Organizations (continued)**

Lake Waramaug Interlocal Commission

The Lake Waramaug Interlocal Commission (the “Commission”) was created by the Town of Washington, Warren and Kent to improve the lake water quality and control water pollution. The Town appropriated and expended \$15,066 for the operation of the Commission for the year ended June 30, 2021.

Northwest Hills Council of Governments

The Town and twenty other local municipalities each appoint the governing board of the Northwest Hills Council of Governments (the “NHCOG”) to provide a regional forum for information exchange and regional planning. The NHCOG is supported by assessments to the twenty-one member Towns based upon population census. The Town of Washington appropriated and expended \$2,748 for the operation of the NHCOG for the year ended June 30, 2021.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* included 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. 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 minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materially.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns, in the fund financial statements. The other ten nonmajor funds are aggregated into one column in the financial statements under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.



**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting:**

*Government-Wide Statements*

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting (continued)**

The Town reports the following major governmental funds:

General Fund:

The General fund is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Special Revenue Fund:

The Town Aid Road Fund accounts for Connecticut Department of Transportation grants to be used for construction, reconstruction, improvement, or maintenance or improved and unimproved road and other transportation related services as set forth in the General Statutes of Connecticut.

The American Rescue Plan Act Fund accounts for Federal Government grants restricted by the Federal Government for COVID related expenses.

Capital Projects Funds:

The Capital Non-Recurring Expenditure Fund, as authorized by General Statutes of Connecticut, accounts for financing all or part of the planning, construction, reconstruction or acquisition of capital facilities, improvements or equipment.

The Land Acquisition Open Space Fund accounts for the purchase of land for open space.

The Town also reports the following nine Nonmajor Governmental Funds:

Special Revenue Funds, account for specific revenues that are legally restricted to expenditures for particular purpose:

Judea Cemetery Fund – accounts for the sale of plots, along with the related expenditures for maintaining and improving the cemetery.

Park and Recreation Fund – accounts for fees from recreational leisure programs and its related expenditures.

Senior Center Fund – accounts for charges for services and contributions restricted for senior citizens functions and activities.

Greenway Community Fund – accounts for contributions restricted for ground maintenance and improvements.

Document Preservation Fund – accounts for recording fees and state grants restricted for document preservation and its related expenditures.

Recycling Fund – accounts for recycling rebates and monies received from the dissolution of the Bristol Resource Recycling, restricted for the purposes of recycling bins and the updating of the Transfer Station.

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting (continued)**

After School Fund - accounts for tuition restricted for after school activity expenditures.

Community Center Fund – accounts for donations restricted for the new community center.

Capital Project Funds, account for major capital facilities and the acquisition of equipment:

Affordable Housing Fund – accounts for the purchase of land and related cost used to provide affordable housing.

Additionally, the Town reports the following fund types:

Fiduciary Fund Types

Pension Trust Funds - The pension funds account for the accumulation of resources to be used for retirement benefits.

Agency Funds - The agency funds account for financial resources held as a custodian for outside groups and agencies. The Town’s Alcohol and Drug Abuse Prevention Fund accounts for resources used for the prevention of alcohol and drug abuse, on behalf of outside groups and agencies.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualified public depository” as defined by statute, which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds do not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

Town investments are reported at fair value. Volunteer Firefighter and EMT Service Program investments, held in a grantor/rabbi trust account, are restricted for the Length of Service Award Plan, and as such, are reported as restricted fund balance in the General Fund.

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (continued)**

**Receivables**

In the government-wide financial statements, property taxes are shown net of an allowance for uncollectibles. For the year ended June 30, 2021, all taxes are deemed collectible, and therefore, the allowance was zero.

In the fund financial statements, all property taxes receivable at June 30, 2021, which have not been collected within 60 days of June 30, have been recorded as deferred inflow of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 days period have been recorded as revenue.

Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installment, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Contribution in lieu receivable is comprised of \$23,705 that a tax-exempt entity donates, to the Town, in lieu of paying property taxes.

**Grant Receivable**

Grant receivable is comprised of \$303,638 grant expenditures incurred for bridge work not yet reimbursed by the Federal government, as passed through the State of Connecticut.

**Capital Assets**

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the government-wide financial statements. Capital assets are defined by the town as assets with an initial, individual cost of more than \$5,000 and with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings	40
Building improvements	6-20
Infrastructure	30
Machinery, Equipment and Vehicles	5-15

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (continued)**

**Deferred Outflows and Deferred Inflows of Resources**

The statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. The Town reports deferred outflows of resources related to pension for the difference between expected and actual experience on plan investments.

The statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. The Town reports deferred inflows of resources related to pension for the difference between projected and actual earnings. These amounts are deferred and included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan.

For governmental funds' balance sheet, the Town reports an additional deferred inflow of resources for unavailable revenue from property taxes. Property tax income is recognized as revenue in the period that the amounts become available.

**Interfund Activity**

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. On the fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds”. These amounts are eliminated in the statement of net position.

**Compensated Absences**

Eligible employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Under various agreements employees may accumulate unused sick leave to be paid upon retirement. Sick leave and vacation leave expenditures are recognized in the fund financial statements in the current year to the extent they are paid during the year or expected to be paid with available resources. The liability for accrued vacation and sick leave earning is reported in the government-wide statements.

**Unearned Revenue**

Unearned revenue consists of: (1) grant payable for an unused State of Connecticut, Small Town Economic Assistance Program (STEAP) grant of \$344,882 and (2) grant payable for unused American Rescue Plan Act Funds. It will be recognized as expenditures as incurred.

**Accrued Liabilities and Long-term Debt**

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**Town of Washington**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (continued)**

**Fund Equity and Net Position – Governmental Funds**

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Town Meeting.
- Assigned fund balance – amounts the government intends to use for a specific purpose as authorized by the Town’s Board of Selectmen and Board of Finance.
- Unassigned fund balance – amounts that are available for any purpose. This category is only reported in the General Fund for positive amounts and in any other fund that have a fund balance deficit.

The Town does not have a minimum fund balance policy.

In the government-wide financial statements, net position is classified into the following categories:

**Net Investment in Capital Assets**

This category presents all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category. Debt issued for non-capital purpose is excluded.

**Restricted Net Position**

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

**Unrestricted Net Position**

This category represents the net position of the Town, which are not restricted. A deficit will require future funding.

**F. Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned balances.

**Town of Washington**  
**Notes to Financial Statements**

**Note "1" - Summary of Significant Accounting Policies (continued)**

**G. Estimates:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note "2" – Stewardship, Compliance, and Accountability**

**Budgetary Compliance – The General Fund**

The Town's General Fund budgetary procedures are as follows:

In January each department head, officer, head of office, board and/or commission submits detailed estimates of expenditures for the ensuing fiscal year to the Board of Selectmen and Board of Finance.

The Board of Selectmen reviews all proposed estimates of expenditures as well as estimated revenues to be collected.

After discussing and reaching agreement, the Board of Selectmen forwards the proposed budget to the Board of Finance for review. The Board of Finance then prepares a proposed General Town Budget.

The Board of Finance holds a public hearing on the proposed budget prior to presenting it to the Annual Town Meeting in May. Following approval of the proposed budget at the Town meeting, the Board of Finance establishes the tax rate.

The Town Meeting legally appropriates this budget as one balance for revenue and on department basis for expenditures and transfers. The Board of Finance is authorized to approve additional appropriations up to and including \$20,000 per department per year, however no more than one additional appropriation per department can be made without town meeting approval.

The original General Fund budget increased by \$269,523, as a result of continuing appropriations of \$267,643 and an additional transfer to the Non-recurring Capital Expenditures Fund of \$1,880. Additional changes include reclassifying \$3,000 from the general government economic development line item to the general government planning commission line item.

**Budgetary Compliance - Other Governmental Funds:**

The Town does not budget for its other Governmental Funds. Considering a cost-benefit analysis, it is not practical for the town to report budgetary information for the other governmental funds on a combined basis. Budgets for the various special revenue funds and capital project funds that are utilized to account for specific grant programs are established in accordance with requirements for the grantor agencies. Such budgets do not lapse and may comprise more than one fiscal year.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the town.

**Town of Washington**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments**

**A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2021:

	<u>Governmental</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>
Deposits:		
Demand Accounts	\$ 937,169	\$ 26,706
Certificates of Deposit	<u>3,882,675</u>	<u>---</u>
Total Deposits	4,819,844	26,706
 Petty Cash and Cash on Hand	 606,538	 ---
Cash Equivalents:		
Repurchase Agreements	9,807,753	---
Wealth Management Money Market Accts	6,278	156,695
State Short-Term Investment Funds (STIF)	<u>1,237</u>	<u>---</u>
Total Cash Equivalents	9,815,268	156,695
 Less: Certificates of Deposits classified as investments	 ( 1,642,664)	 ---
 Total Cash and Cash Equivalents	 <u>\$ 13,598,986</u>	 <u>\$ 183,401</u>

**B. Deposits – 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 does not have a deposit policy for custodial credit risk. As of June 30, 2021, the carrying amount of the Town's deposits, including certificates of deposits of \$1,642,664 classified as investments, was \$4,846,550 and the bank balance was \$5,645,061. Of the Town's bank balance \$1,823,261 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,615,935
Uninsured and collateralized held by pledging	
Bank's trust department not in the town's name	<u>207,326</u>
Total amount subject to custodial credit risk	<u>\$ 1,823,261</u>

**C. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2021, the Town's cash equivalents amounted to \$9,815,268.

The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The State of Connecticut Short-Term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

State of Connecticut Short-Term Investment Fund (STIF)	<u>Standard and Poor's</u> AAAm
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**Town of Washington**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued)**

**C. Cash Equivalents (continued)**

Amounts held in the repurchase agreement accounts of \$2,318,986 were collateralized with collateral held by the banks' trust departments or agents, but not in the Town's name. The remainder of \$7,488,767 were fully insured by the Federal Deposit Insurance Corporation per an ICS deposit placement agreement with a local bank.

Wealth management money market accounts are uninsured and uncollateralized.

**D. Investments**

Types of Investments	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Primary Government</b>			
Certificate of Deposit	\$ 1,050,561	*	2/22/2022
Mutual Funds	752,329	N/A	N/A
Certificate of Deposit	326,338	*	2/5/2022
Certificate of Deposit	82,127	*	2/5/2022
Certificate of Deposit	76,801	*	4/29/2022
Certificate of Deposit	65,267	*	2/5/2022
Certificate of Deposit	39,000	*	4/14/2023
Certificate of Deposit	2,570	*	1/10/2023
<b>Total Primary Government</b>	<u>\$ 2,394,993</u>		

At June 30, 2021, the Town's investments consisted of the following:

\* Included in deposits above, therefore, insured and collateralized to the extent described above.

The common stock and mutual fund investments included in the General Fund are restricted for the Volunteer Firefighter and EMT Service Incentive Program Plan held in a grantor/rabbi trust.

Types of Investments	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Fiduciary Funds</b>			
Corporate Bonds	\$ 178,238	See below	See below
Common Stock	87,586	N/A	N/A
Exchange Traded & Closed End Fds	1,193,959	N/A	N/A
Real Estate Investment Trust	29,580	N/A	N/A
Mutual Funds	3,139,109	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>\$ 4,628,472</u>		

Ratings are by a nationally recognized rating organization are provided where applicable to indicate the associated credit risk. N/A indicates rating is not applicable.

**Town of Washington**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued)**

**D. Investments (continued)**

- Interest rate risk - 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 increasing interest rates.
- Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The average credit rating of the corporate bonds are as follows:

A1	<u>\$ 25,421</u>	A2	<u>\$ 51,245</u>	A3	<u>\$ 25,532</u>
Aa1	<u>\$ 25,299</u>	Aa2	<u>\$ 25,286</u>	BBB	<u>\$ 25,455</u>

The bonds have a maturity date of less than 5 years.

**E. Fair Value Measurements**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair values of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town did not hold any investments on June 30, 2021 whose fair value was determined using Level 3 inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the Town as of June 30, 2021.

Investments by Fair Value Level	Fair Value Measurements Using		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificate of Deposit	\$ ---	\$ 1,642,664	\$ 1,642,664
Corporate Bonds	---	178,238	178,238
Common Stock	87,586	---	87,586
Exchange Traded & Closed End Funds	---	1,193,959	1,193,959
Real Estate Investment Trust	---	29,580	29,580
Mutual Funds	3,891,438	---	3,891,438
<b>Total Investments by Fair Value Level</b>	<b>\$ <u>3,979,024</u></b>	<b>\$ <u>3,044,441</u></b>	<b>\$ <u>7,023,465</u></b>

**Town of Washington**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued)**

The Town's investments that are classified in Level 1 are measured on a recurring basis, using market quotations for investments that have quoted prices in active markets. The Town's investments that are classified in Level 2 are measured using matrix pricing techniques using various pricing vendors. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodial bank.

**Note "4" – Property Taxes Receivable:**

Property taxes receivables at June 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	
Property taxes	\$ 124,331
Accrued interest and lien fees on taxes	<u>19,948</u>
Gross receivables	144,279
Less: Allowance for uncollectibles	<u>---</u>
<u>Net Receivables</u>	<u>\$ 144,279</u>

**Note "5" - Interfund Transfers:**

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

	<u>Transfers From</u> <u>Other Funds</u>	<u>Transfers To</u> <u>Other Funds</u>	<u>Net</u> <u>Transfers</u>
Major Governmental Funds:			
General Fund	\$ ---	\$ 2,824,832	\$ ( 2,824,832)
Capital Non-Recurring	2,802,832	---	2,802,832
Nonmajor Governmental Funds:			
Judea Cemetery Fund	<u>22,000</u>	<u>---</u>	<u>22,000</u>
Total	<u>\$ 2,824,832</u>	<u>\$ 2,824,832</u>	<u>\$ ---</u>

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

**Note "6" - Operating Deficiencies and/or Fund Deficits:**

At June 30, 2021, the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provisions.

	<u>Operating</u> <u>Deficiency</u>	<u>Fund</u> <u>Deficit</u>
Non-major Funds		
Senior Center Fund	\$ 64	\$ ---
Recycling Fund	\$ 6,756	\$ ---
After School Fund	\$ 2,110	\$ ---
Affordable Housing Fund	\$ 6,872	\$ ---

**Town of Washington**  
**Notes to Financial Statements**

**Note "7" - Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

<u>Governmental Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals &amp;</u> <u>Reclasses</u>	<u>Ending</u> <u>Balance</u>
Capital Assets - Not Depreciated:				
Land	\$ 1,144,215	\$ ---	\$ ---	\$ 1,144,215
Mygatt Road - Reconstruction - WIP	30,275	19,043	---	49,318
Transfer Station - WIP	1,400	22,500	---	23,900
Bridge Reconstruction - WIP	257,311	348,705	---	606,016
Bryan Memorial Plaza	45,000	54,284	---	99,284
Senior Center - WIP	5,580	25,120	---	30,700
Fuel Tank & Meter - WIP	---	84,390	---	84,390
Police Boat - Deposit	---	4,000	---	4,000
Total Capital Assets Not Depreciated	1,483,781	558,042	---	2,041,823
Capital Assets - Depreciated:				
Land Improvements	616,672	---	---	616,672
Building & Improvements	7,133,499	49,175	---	7,182,674
Machinery & Equipment	5,476,334	328,628	---	5,804,962
Infrastructure	33,043,818	1,798,310	---	34,842,128
Total Capital Assets Depreciated	46,270,323	2,176,113	---	48,446,436
Less: Accumulated Depreciation				
Land Improvements	504,308	12,399	---	516,707
Building & Improvements	2,864,656	219,889	---	3,084,545
Machinery & Equipment	4,358,968	312,692	---	4,671,660
Infrastructure	17,658,616	790,537	---	18,449,153
Total Accumulated Depreciation	25,386,548	1,335,517	---	26,722,065
Capital Assets Being Depreciated - Net	20,883,775	840,596	---	21,724,371
Capital Assets - Net	<u>\$ 22,367,556</u>	<u>\$ 1,398,638</u>	<u>\$ ---</u>	<u>\$ 23,766,194</u>

**Depreciation is charged to the following Governmental Activities:**

General government services	\$ 90,717
Public safety	154,982
Public works	1,021,382
Health & Welfare	2,917
Parks and recreation	65,519
<u>Total depreciation expense</u>	<u>\$ 1,335,517</u>

**Town of Washington**  
**Notes to Financial Statements**

**Note "8" - Long-Term Debt:**

The following is a summary of activity for the year ended June 30, 2021. The General Fund has historically been used to liquidate the following Long-Term Debt:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<u>Compensated Absences</u>					
Various vested employee benefits as explained in Note "1"	\$ 125,494	\$ 29,340	\$ 12,076	\$ 142,758	\$ ---
<u>Total Pension Liability (Asset)</u>	340,101	284,609	1,080,803	(456,093)	---
<u>Length of Service Award Plan</u>	693,091	75,286	9,769	758,608	---
<u>Landfill - Transfer Station Closure and Post-Closure Care Costs</u>					
Liability for closure and post-closure care costs of the Town of Washington's Landfill, as explained in Note "12"	12,000	---	3,000	9,000	3,000
Total	<u>\$ 1,170,686</u>	<u>\$ 389,235</u>	<u>\$ 1,105,648</u>	<u>\$ 454,273</u>	<u>\$ 3,000</u>

**Note "9" - Contingent Liabilities:**

The Town is contingently liable on Regional School District No. 12 general obligation bond issue of 2019, \$7,575,000 due FYE 2040 and bond anticipation notes of \$7,000,000 due FYE 2022. The amount (47.82%) attributable to the Town is \$6,969,765. Additionally, The Town is continuing working with the State Department of Environmental Protection and Legal Counsel to resolve a water compliance order resulting from road salt storage.

**Note "10" - Pension Plans:**

**A. Defined Contribution Plan**

The Town provides retirement benefits through a single-employer defined contribution pension plan for all eligible employees not participating in the defined benefit pension plan. The Board of Selectmen has oversight and fiduciary responsibility for the plan.

All eligible employees working a minimum of 1,500 hours during the year are eligible for inclusion in the plan. The plan provides that benefits are vested in accordance with the following vesting schedule.

<u>Years of Continuous Service:</u>	<u>Percentage Vested:</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

**Town of Washington**  
**Notes to Financial Statements**

**Note “10” - Pension Plans:**

**A. Defined Contribution Plan (continued):**

The participants become 100% vested after six years of service. Normal retirement age is at 65. The Town contributes an amount equal to 7% of each eligible employee’s base compensation. During the year, the Town’s contributions totaled \$51,967. As of June 30, 2021, the plan had fourteen active participants.

Financial statements are prepared using the accrual basis of accounting. The employer contributions are recognized in the period that the contributions are due.

Plan investments are reported at fair value and reported in accordance with GASB fair value measurements.

**B. Defined Benefit Pension Plan:**

**General Information about the Pension Plan**

The Town of Washington is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The plan does not issue stand-alone financial statements. At January 1, 2020, the latest actuarial valuation date, PERS membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>13</u>
Total	<u>47</u>

The plan is a non-contributory defined benefit pension plan and covers substantially all regular full-time employees and elected officials through contribution to the Pension Trust Fund. In order to be eligible for the plan, the employee must work at least 1,000 hours per year, complete one full year of continuous service and attain a minimum age of twenty-five.

Normal retirement date is the first of the month coincident with or next following the participants 65th birthday. A participant must work for a minimum of five years in order to qualify for normal retirement. The annual benefit is 1.25% of Average Monthly Compensation multiplied by years of Credited Service to June 30, 1993 and 1.5% of the average monthly compensation multiplied by years of credited service beginning July 1, 1993. The maximum years of credited service is 40 years. Final average earnings are the highest average years of compensation over the highest five consecutive calendar years within the last ten years of employment. The plan contains a provision for early retirement at age fifty-five and after fifteen years of credited service at a reduced benefit.

**Town of Washington**  
**Notes to Financial Statements**

**Note “10” - Pension Plans (continued)**

**B. Defined Benefit Pension Plan (continued)**

Participants separation from service prior to early or normal retirement date, are entitled to a percentage of accrued pension payable at their normal retirement date based upon the following schedule:

<u>Full Years of Credited Service</u>	<u>Vested Percentage of Accrued Benefit</u>
less than 3	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

**Plan Amendments:**

On September 16, 2013 the Town executed an amendment that froze participation in the plan, to new employees, as of July 1, 2013. Employees who have not met the eligibility requirements by July 1, 2013 are not eligible to participate in the plan.

**Authority:**

The Board of Selectmen has established the benefit provisions and contribution to the plan. The Board is also authorized to make changes to the plan provisions.

**Funding Policy:**

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that, when expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. There are no legal or contractual limitations on the maximum amount of the Town's contribution.

**Summary of Significant Accounting Policies and Plan Asset Matters**

*Basis of Accounting:* PERS financial statements are prepared using the accrual basis of accounting. Employer's contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments:* All funds are invested in fixed income and equity securities through trust agreement with Union Savings Bank and are reported at fair values as discussed in the notes.

**Investments:**

*Investment Policy:* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee of the Board of Finance by a majority vote of its members. It is the policy of the Board of Finance to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across the broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**Town of Washington**  
**Notes to Financial Statements**

**Note “10” - Pension Plans (continued)**

**B. Defined Benefit Pension Plan (continued)**

**Investments (continued)**

The following was the Board’s adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities	60%
Fixed Income	36%
Cash	<u>4%</u>
Total	<u>100%</u>

The following investments represent 5 percent or more of plan net assets:

Vanguard 500 Index Fund	\$ 1,288,755	27.94%
Vanguard High Dividend Yield ETF	\$ 1,056,501	22.91%
Ultra Short-Term Bond Fund 1 Class	\$ 584,637	12.68%
Vanguard Short Term CP Admiral Shares	\$ 414,117	8.98%
Vanguard Bond Index Fund	\$ 403,619	8.75%

*Rate of Return:* The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability at June 30, 2021 were as follows:

Total pension liability	\$ 4,155,745
Plan fiduciary net position	<u>4,611,838</u>
Net pension liability (asset)	<u>\$ (456,093)</u>

Plan fiduciary net position as percentage of the total pension liability is 110.97%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the June 30, 2021 measurement:

Inflation	Not separately stated
Salary Increases	3.5%, average, including inflation
Investment Rate of Return	5.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the 1983 Group Annuity Male Mortality Table for males and the same table set back six years for females.



**Town of Washington**  
**Notes to Financial Statements**

**Note “10” - Pension Plans (continued)**

**B. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (continued)**

The long-term expected rate of return on pension plan investments was determined using a blended rate, an average of past performance. The rate best estimates expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and 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 total weighted average expected rate of return is 5.50%.

Best estimates of the arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 are summarized below.

<u>Assets Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	6.70%
Fixed Income	4.00%
Cash	1.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at actuarially determined contribution rates. Therefore, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Based on the aforementioned assumptions, 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.

**Net Pension Liability of the Town**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Position Liability (Asset) (a) - (b)</b>
Balances as of June 30, 2020	\$ 4,158,390	\$ 3,818,289	\$ 340,101
Changes for the Year:			
Service cost	62,198	-	62,198
Interest on total pension liability	222,411	-	222,411
Differences between expected and actual experience	(46,145)	-	(46,145)
Employer contributions	-	125,000	(125,000)
Net investment income	-	909,658	(909,658)
Benefit payments	(241,109)	(241,109)	-
Net changes	(2,645)	793,549	(796,194)
Balances as of June 30, 2021	<u>\$ 4,155,745</u>	<u>\$ 4,611,838</u>	<u>\$ (456,093)</u>

**Town of Washington**  
**Notes to Financial Statements**

**Note “10” - Pension Plans (continued)**

**B. Defined Benefit Pension Plan (continued)**

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

The following presents the net pension liability of the Town, calculated using the discount rate of 5.50%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current rate.

	<u>1% Decrease</u> <u>to 4.50%</u>	<u>Current Discount Rate</u> <u>of 5.50%</u>	<u>1% Increase</u> <u>To 6.50%</u>
Net Pension Liability	\$( 51,048)	\$( 456,093)	\$( 805,868)

Pension Expense: Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Town recognized pension expense of \$91,925. At June 30, 2021, the Town reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ ---	\$ 49,931
Net difference between projected and actual earnings on plan investments	521,078	---
Total	<u>\$ 521,078</u>	<u>\$ 49,931</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2022	\$ (129,261)
2023	(113,193)
2024	(111,935)
2025	(129,530)
2026	9,464
Thereafter	3,308
<u>Total</u>	<u>\$ (471,147)</u>

**Town of Washington**  
**Notes to Financial Statements**

**Note "11" - Volunteer Firefighter and EMT Service Incentive Program:**

The Town of Washington is the Plan Administrator, of an Incentive Program for the benefit of its Volunteer Firefighters and its Volunteer Emergency Medical Technicians (EMT). The Town, at its discretion, provides an annual contribution to the program. The Town's volunteer contribution is \$500 per eligible volunteer for the volunteer firefighters and a fixed lump sum for the EMT Incentive Program. The total contributions for the year 2021-2022 for the Firefighters and EMT were \$14,500 and \$6,000, respectively. The volunteers become fully vested after ten years of service. The normal retirement age for receiving benefits is age 65, although participants may apply for hardship distributions under certain circumstances as prescribed by the United States Department of Labor. The plan also has provisions for participant withdrawal prior to normal retirement age once vested at 100%.

The fund financial statements recognize benefit payments as expenditures within the General Fund at the time they are due and payable. Volunteer Firefighter and EMT contributions represent the reclassification of unrestricted General Fund assets to the programs' grantor/rabbi trust restricted investments.

The plan holds the Incentive Program's assets in a grantor/rabbi trust, which are not legally protected from the Town's creditors. GASB 73 requires assets held in such trust arrangements to be reported as assets of the sponsoring municipality. As such, Town accounts for Incentive Programs assets as restricted investments in the General Fund. Authority to invest the Plan's assets is vested in the Town in accordance with a statutory prudent person rule. See the fair value measurement disclosure note.

**Note "12" - Landfill closure and postclosure care liability**

In accordance with State and Federal laws and regulations, the Town has placed a final cover on its Washington Landfill and has stopped accepting demolition waste for burial. (The Town of Washington stopped accepting municipal solid waste, household garbage, in March of 1987.) The Town will perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$9,000 reported as landfill closure and postclosure care liability, represents the cumulative amount of postclosure care cost as of June 30, 2021. Actual cost may be higher due to inflation, changes in technology or changes in regulations. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by future tax revenue. The Town has not set up a trust for this liability and is not aware of any legal requirement to do so.

**Note "13" - Commitments and Litigation**

It is the opinion of Town officials that there are no material or substantial claims against the Town, which will be finally determined so as to result in a judgment or judgments against the Town, which would materially affect its financial position.

The Town has received financial assistance from numerous Federal and State agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the Town's financial statements.

**Town of Washington**  
**Notes to Financial Statements**

**Note "13" - Commitments and Litigation** (continued)

The Town is self-insured for employees' health insurance co-pays and/or deductibles according to benefit policies established by the Board of Selectmen and Board of Finance. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

The Town currently accounts for the funding of the employee health insurance co-pays in the General Fund. The Town has committed \$79,588 of fund balance to cover the amount over and above the approved budgeted amounts.

The Town establishes deductible claims liabilities based on estimates of claims that have been incurred but not reported at the balance sheet date. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and incremental claim adjustment expenses. The claims accrual does not include other allocated or unallocated claims adjustment expenses. The Town purchases commercial health insurance coverage over and above the employees' deductible.

	Claims Payable <u>July 1</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Paid</u>	Claims Payable <u>June 30</u>
2020-2021	\$ <u>10,369</u>	\$ <u>101,727</u>	\$ <u>99,263</u>	\$ <u>12,833</u>

**Note "14" – Risk Management**

The Town is exposed to various risks of loss related to public official liability, police liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters for which the Town carries insurance.

The Town of Washington is a member of the Connecticut Interlock Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, formed by the Connecticut Conference of Municipalities (CCM) for the purpose of establishing and administering an interlock risk management program pursuant to the provisions of Section 7-479a et. Seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. Premiums are subject to adjustment from retrospective rating, and are recorded as expenditures in the year paid. The Town reports all of its risk management activities in the General Fund.

**Note "14" – Subsequent Events:**

On March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread in the United States. As of the date the financial statements were available to be issued, there was considerable uncertainty around the expected duration of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. At this point, the extent to which COVID-19 may impact the Town's financial condition, and changes in the fair values of its investments or results of operations cannot be reasonably estimated at this time.

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Revenue</b>			
Property taxes	\$ 17,077,866	\$ 17,478,745	\$ 400,879
Interest and lien fees on property taxes	60,000	85,962	25,962
State of Connecticut - Grants:			
Judicial fines	1,000	770	(230)
State - real property tax	13,085	13,927	842
Totally disabled	-	88	88
Educational cost sharing grant	53,007	53,007	-
Veterans exemption	-	1,157	1,157
COVID-19 grant monies	-	53,670	53,670
Help America Vote grant	-	4,953	4,953
Other state and federal grants	-	1,665	1,665
Telephone access tax	18,000	19,279	1,279
Refund from Regional School District 12	202,487	483,496	281,009
Contributions in lieu of taxes	71,425	82,832	11,407
Investment income	100,000	101,692	1,692
Lease income	51,400	51,849	449
Other fees and receipts:			
Building inspection - net of expenditures	65,000	471,861	406,861
Building inspection - Excess revenue over budget offsets expenditures	-	(406,861)	(406,861)
Selectman licenses, fees and permits	71,675	144,000	72,325
Private duty police	22,500	42,746	20,246
Private duty police - Excess revenue over budget offsets expenditures	-	(20,246)	(20,246)
Town Clerk's fees, including conveyance taxes	170,000	486,961	316,961
Other income - conveyance tax penalties	-	132,184	132,184
<b>Total Revenues</b>	<u>\$ 17,977,445</u>	<u>\$ 19,283,737</u>	<u>\$ 1,306,292</u>

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

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Continuing and Additional Appropriations</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Expenditures:</b>					
General Government					
Selectmen	\$ 152,485	\$ -	\$ 152,485	\$ 149,949	\$ (2,536)
Assessor	112,473	-	112,473	105,876	(6,597)
Tax Collector	87,910	-	87,910	80,958	(6,952)
Town Clerk	84,923	-	84,923	76,517	(8,406)
Town Treasurer	17,218	-	17,218	17,168	(50)
Building Department	9,135	-	9,135	362,576	353,441
Building Department - Excess revenue over budget	-	-	-	(406,861)	(406,861)
Probate Court	4,713	-	4,713	4,713	-
Elections	38,262	-	38,262	34,615	(3,647)
Professional fees-Audit & legal	27,100	-	27,100	25,600	(1,500)
Board of Assessment Appeals	2,850	-	2,850	2,041	(809)
Planning Commission	36,870	3,000	39,870	24,976	(14,894)
Zoning Commission	63,768	-	63,768	67,163	3,395
Zoning Board of Appeals	10,086	-	10,086	10,396	310
Inland Wetlands	83,897	-	83,897	75,127	(8,770)
Historic District Commission	8,748	-	8,748	8,321	(427)
Conservation Commission	12,278	-	12,278	7,279	(4,999)
Housing Commission	849	-	849	657	(192)
Operation of Town Hall	119,974	-	119,974	110,284	(9,690)
Town Garage / Salt Building	35,850	-	35,850	27,661	(8,189)
Surety Bonds and Insurance	189,640	-	189,640	180,803	(8,837)
Accident & Health Insurance and committed reimbursable costs	517,636	-	517,636	495,242	(22,394)
Office Expense	43,050	-	43,050	38,973	(4,077)
Payroll Taxes	144,881	-	144,881	134,621	(10,260)
Board of Finance	96,555	-	96,555	95,820	(735)
Economic Development	106,960	(3,000)	103,960	96,703	(7,257)
Total General Government	2,008,111	-	2,008,111	1,827,178	(180,933)
Public Safety					
Fire Marshal	74,895	-	74,895	68,750	(6,145)
Fire Department	200,750	-	200,750	151,402	(49,348)
Police	337,292	-	337,292	253,717	(83,575)
Private duty police - Excess revenue over budget	-	-	-	(20,246)	(20,246)
Emergency Management	78,223	-	78,223	75,875	(2,348)
Open Burning Official	599	-	599	599	-
Lake Waramaug Authority	12,613	-	12,613	9,131	(3,482)
COVID-19 Emergency	-	-	-	19,193	19,193
Total Public Safety	704,372	-	704,372	558,421	(145,951)

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

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

<b>Expenditures (continued):</b>	<b>Original Budget</b>	<b>Continuing and Additional Appropriations</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
Highways					
General Maintenance	748,265	-	748,265	<b>707,791</b>	(40,474)
Winter Maintenance	513,173	-	513,173	<b>483,600</b>	(29,573)
Street Lighting	32,000	-	32,000	<b>31,214</b>	(786)
Total Highways	<u>1,293,438</u>	<u>-</u>	<u>1,293,438</u>	<u><b>1,222,605</b></u>	<u>(70,833)</u>
Sanitation					
Transfer Station	310,005	-	310,005	<b>312,851</b>	2,846
Recycling	203,312	-	203,312	<b>172,281</b>	(31,031)
Total Sanitation	<u>513,317</u>	<u>-</u>	<u>513,317</u>	<u><b>485,132</b></u>	<u>(28,185)</u>
Conservation of Health					
Paramedic Service	39,098	-	39,098	<b>38,506</b>	(592)
Health Department	45,191	-	45,191	<b>45,396</b>	205
Visiting Nurses Associations	15,000	-	15,000	<b>3,321</b>	(11,679)
Hepatitis B Vaccinations	100	-	100	-	(100)
Total Conservation of Health	<u>99,389</u>	<u>-</u>	<u>99,389</u>	<u><b>87,223</b></u>	<u>(12,166)</u>
Recreation					
Parks and Recreation	177,541	-	177,541	<b>143,816</b>	(33,725)
Senior Center / Veterans Hall	76,183	-	76,183	<b>55,745</b>	(20,438)
After School Arts Program	5,000	-	5,000	<b>5,000</b>	-
Total Recreation	<u>258,724</u>	<u>-</u>	<u>258,724</u>	<u><b>204,561</b></u>	<u>(54,163)</u>
Social Services	15,350	-	15,350	<b>11,077</b>	(4,273)
Other Expenditures					
Gunn Memorial Library	185,500	-	185,500	<b>185,500</b>	-
Pension Expense	218,434	-	218,434	<b>204,297</b>	(14,137)
Council on Governments	2,748	-	2,748	<b>2,748</b>	-
Interlocal Advisory Board	15,066	-	15,066	<b>15,066</b>	-
Annual Repairs	60,000	-	60,000	<b>43,593</b>	(16,407)
New Preston Cemetery	13,000	-	13,000	<b>13,000</b>	-
Animal Control	39,721	-	39,721	<b>33,101</b>	(6,620)
Newsletter and Website	8,600	-	8,600	<b>4,801</b>	(3,799)
Total Other Expenditures	<u>543,069</u>	<u>-</u>	<u>543,069</u>	<u><b>502,106</b></u>	<u>(40,963)</u>
Education	10,556,657	-	10,556,657	<b>10,556,657</b>	-

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

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

<b>Expenditures (continued):</b>	<b>Original Budget</b>	<b>Continuing and Additional Appropriations</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Continuing Appropriations</b>					
Revaluation	-	50,289	50,289	-	(50,289)
Conservation and Development	-	6,569	6,569	-	(6,569)
Legal litigation	25,000	131,197	156,197	<b>81,137</b>	(75,060)
Health reimbursement benefit	-	79,588	79,588	-	(79,588)
Total Continuing appropriations	<u>25,000</u>	<u>267,643</u>	<u>292,643</u>	<u><b>81,137</b></u>	<u>(211,506)</u>
<b>Total Expenditures</b>	<u>16,017,427</u>	<u>267,643</u>	<u>16,285,070</u>	<u><b>15,536,097</b></u>	<u>(748,973)</u>
<b>Other Financing Uses - Operating Transfers Out</b>					
Judea Cemetery	22,000	-	22,000	<b>22,000</b>	-
Non-recurring Capital Exp. Fund	<u>2,800,952</u>	<u>1,880</u>	<u>2,802,832</u>	<u><b>2,802,832</b></u>	<u>-</u>
Total transfers out	<u>2,822,952</u>	<u>1,880</u>	<u>2,824,832</u>	<u><b>2,824,832</b></u>	<u>-</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>18,840,379</u>	<u>269,523</u>	<u>19,109,902</u>	<u><b>18,360,929</b></u>	<u>(748,973)</u>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(862,934)	(269,523)	(1,132,457)	<b>922,808</b>	2,055,265
Fund Balance at beginning of year	<u>862,934</u>	<u>269,523</u>	<u>1,132,457</u>	<u><b>6,944,307</b></u>	<u>5,811,850</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u><b>7,867,115</b></u>	<u>\$ 7,867,115</u>

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



**Town of Washington**  
**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

**Basis:**

The Schedule of Revenues, Expenditures and Changes in Fund Balance of the General Fund Budget and Actual (Non-GAAP Budgetary Basis) present a comparison of the original and final legally-adopted budget with actual data on a budgetary basis.

Continuing Appropriations - The Town budgets committed fund balance as continuing appropriations. Pursuant to the legislative authority, these continuing appropriations do not lapse at year end, but are carried forward until expended or changed by legislative authority.

**Reconciliation between Budgetary Basis and Generally Accepted Accounting Principles (GAAP) Basis:**

The budget for the General Fund has been prepared substantially on the cash basis, whereas actual revenues and expenditures were determined on the modified accrual basis. The budget comparison was not adjusted to the cash basis because the differences were not significant. Expenditures in excess of appropriations in budget line items are primarily due to the addition of accruals at year end.

For budgeting purposes, the Town recognizes as revenue educational refunds of prior year fund balances and other credits from Regional School District #12. GAAP requires that refunds for prior year and other credits be offset against educational expenditures.

The Town, for budget purposes, recognizes building inspection fees and private duty-police fees up to the budgeted revenue and any excess is offset against the respective expenditure since the expenditure is based on a percentage of revenue. For GAAP purposes, the gross revenue and expenditures are recognized resulting in the adjustment shown below.

GASB requires that the Volunteer Firefighter & EMT Service Program, also known as, Length of Service Award Plan (LOSAP) be accounted for in the General Fund. For budgeting purposes, the Town recognizes LOSAP contributions as expenditures. Under GAAP, LOSAP contributions do not meet the definition of expenditures, but rather restricted funds to the LOSAP participants. Additionally, the Town does not budget for LOSAP investment activity. GAAP requires the investment activity income to be recorded as revenue and benefit payments and investment fees be recorded as expenditures.

**Town of Washington**  
**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

The difference between GAAP and the budgetary basis is as follows:

	<u>General Fund</u>		
	<u>Total</u>	<u>Total</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund</u>
	<u>and Other</u>	<u>and Transfers/</u>	<u>Balance</u>
	<u>Financing Sources</u>	<u>Other Financing</u>	
		<u>Uses</u>	
Actual - Non-GAAP Budgetary Basis June 30, 2021	\$ 19,283,737	\$ 18,360,929	\$ 7,867,115
Prior Year Refund from RSD #12 Offsets Expenditures	(483,496)	(483,496)	-
To Gross up Revenue and Expenditures:			
Building Department	406,861	406,861	-
Private Duty Police	20,246	20,246	-
LOSAP activity:			
Accumulated LOSAP activity prior to 6/30/2020	-	-	693,092
LOSAP contributions	-	(20,500)	20,500
LOSAP pension benefits	-	9,769	(9,769)
LOSAP net investment income	54,786	-	54,786
Actual GAAP - June 30, 2021	<u>\$ 19,282,134</u>	<u>\$ 18,293,809</u>	<u>\$ 8,625,724</u>

**Town of Washington**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Eight Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 62,198	\$ 68,532	72,851	\$ 82,602	\$ 91,439	\$ 94,845	\$ 102,325	\$ 98,203
Interest	222,411	221,760	211,024	205,734	201,809	190,974	184,048	176,212
Difference between expected and actual experience	(46,145)	118,752	3,107	(49,976)	66,239	(8,445)	(7,780)	-
Benefit payments, including refunds of member contributions	(241,109)	(208,099)	(197,151)	(171,812)	(152,722)	(150,434)	(137,463)	(117,455)
Net change in total pension liability	(2,645)	200,945	89,831	66,548	206,765	126,940	141,130	156,960
Total pension liability - beginning	4,158,390	3,957,445	3,867,614	3,801,066	3,594,301	3,467,361	3,326,231	3,169,271
Total pension liability - ending	4,155,745	4,158,390	3,957,445	3,867,614	3,801,066	3,594,301	3,467,361	3,326,231
Plan fiduciary net position								
Contributions - employer	125,000	130,000	100,000	140,000	140,000	140,000	159,275	172,775
Net investment income	909,658	112,231	207,079	271,199	362,535	59,616	60,532	336,327
Benefit payments, including refunds of member contributions	(241,109)	(208,099)	(197,151)	(171,812)	(152,722)	(150,434)	(137,463)	(117,455)
Net change in plan fiduciary net position	793,549	34,132	109,928	239,387	349,813	49,182	82,344	391,647
Plan fiduciary net position - beginning	3,818,289	3,784,157	3,674,229	3,434,842	3,085,029	3,035,847	2,953,503	2,561,856
Plan fiduciary net position - ending	4,611,838	3,818,289	3,784,157	3,674,229	3,434,842	3,085,029	3,035,847	2,953,503
Net Pension Liability (Asset) - Ending	\$ (456,093)	\$ 340,101	173,288	\$ 193,385	\$ 366,224	\$ 509,272	\$ 431,514	\$ 372,728
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	110.97%	91.82%	95.62%	95.00%	90.37%	85.83%	87.55%	88.79%
Covered Employee Payroll	\$ 582,604	\$ 641,623	760,466	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273	\$ 924,764
Net Pension Liability as a percentage of covered employee payroll	-78.29%	53.01%	22.79%	24.07%	41.59%	55.65%	44.70%	40.31%

**Town of Washington**  
**Schedule of Employer Contributions**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 63,302	\$ 124,721	85,748	\$ 124,764	\$ 149,687	\$ 128,579	\$ 135,255	\$ 151,353	\$ 172,775	\$ 155,330	\$ 164,697
Contributions in relation to the actuarially determined contribution	125,000	130,000	100,000	140,000	140,000	140,000	159,275	172,775	172,775	160,179	165,000
Contribution Deficiency (Excess)	\$ (61,698)	\$ (5,279)	(14,252)	\$ (15,236)	\$ 9,687	\$ (11,421)	\$ (24,020)	\$ (21,422)	\$ -	\$ (4,849)	\$ (303)
Covered employee payroll	\$ 582,604	\$ 641,623	760,466	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273	\$ 924,764	\$ 975,124	\$ 959,248	\$ 981,076
Contributions as a percentage of covered employee payroll	21.46%	20.26%	13.15%	17.43%	15.90%	15.30%	16.50%	18.68%	17.72%	16.70%	16.82%

**Notes to Schedule**

Valuation date:

January 1, 2020  
June 30, 2021

Measurement date:  
Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate method with no supplemental liability
Amortization method	Not applicable, cost method does not identify actuarial liabilities separately
Remaining amortization period	Not applicable
Asset valuation method	Fair market value
Inflation	Not separately stated
Salary increases	3.5%
Investment rate of return	5.5%
Retirement age	100% normal retirement age
Mortality	1983 group annuity male mortality table (setback six years for female)

Other items:

Changes in benefit terms  
Changes of assumptions

None  
None

**Town of Washington  
Schedule of Investment Returns  
Last Eight Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	23.92%	2.96%	5.67%	7.82%	11.61%	1.97%	2.00%	12.64%

Town of Washington  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2021

	Special Revenue Funds										Capital	
	Judea Cemetery	Park and Recreation Fund	Senior Center Fund	Greenway Committee Fund	Document Preservation Fund	Recycling Fund	After School Fund	Community Center Fund	Affordable Housing Fund	Total		
<b>Assets:</b>												
Cash and cash equivalents	\$ 39,195	\$ 74,985	\$ 4,666	\$ 800	\$ 17,969	\$ 86,870	\$ 14,190	\$ 100	\$ 44,916	\$ 283,691		
Investment - at market	39,000	-	2,570	-	-	-	-	-	158,927	200,497		
Mortgage receivable	-	-	-	-	-	-	-	-	60,000	60,000		
<b>Total Assets</b>	<b>\$ 78,195</b>	<b>\$ 74,985</b>	<b>\$ 7,236</b>	<b>\$ 800</b>	<b>\$ 17,969</b>	<b>\$ 86,870</b>	<b>\$ 14,190</b>	<b>\$ 100</b>	<b>\$ 263,843</b>	<b>\$ 544,188</b>		
<b>Liabilities:</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,152	\$ 14,152		
<b>Fund balances:</b>												
<b>Nonspendable:</b>												
Perpetual Care Principal	66,485	-	-	-	-	-	-	-	-	66,485		
<b>Restricted for:</b>												
Social services	-	-	7,236	-	-	-	-	-	-	7,236		
Community beautification	-	-	-	800	-	-	-	-	-	800		
Document preservation	-	-	-	-	17,969	-	-	-	-	17,969		
After school programs	-	-	-	-	-	-	14,190	-	-	14,190		
Senior/Community center	-	-	-	-	-	-	-	100	-	100		
<b>Committed to:</b>												
Parks and recreation	-	74,985	-	-	-	-	-	-	-	74,985		
Cemetery operation	11,710	-	-	-	-	-	-	-	-	11,710		
Affordable housing	-	-	-	-	-	-	-	-	149,691	149,691		
Down payment assistance	-	-	-	-	-	-	-	-	100,000	100,000		
<b>Assigned for:</b>												
Recycling	-	-	-	-	-	86,870	-	-	-	86,870		
<b>Total Fund Balances</b>	<b>\$ 78,195</b>	<b>\$ 74,985</b>	<b>\$ 7,236</b>	<b>\$ 800</b>	<b>\$ 17,969</b>	<b>\$ 86,870</b>	<b>\$ 14,190</b>	<b>\$ 100</b>	<b>\$ 249,691</b>	<b>\$ 530,036</b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ 78,195</b>	<b>\$ 74,985</b>	<b>\$ 7,236</b>	<b>\$ 800</b>	<b>\$ 17,969</b>	<b>\$ 86,870</b>	<b>\$ 14,190</b>	<b>\$ 100</b>	<b>\$ 263,843</b>	<b>\$ 544,188</b>		

**Town of Washington**  
**Nonmajor Governmental Funds**

Year Ended June 30, 2021										
	Special Revenue Funds						Capital Project Fund			
	Judea Cemetery Fund	Park and Recreation Fund	Senior Center Fund	Greenway Committee Fund	Document Preservation Fund	Recycling Fund	After School Fund	Community Center Fund	Affordable Housing Fund	Total
Revenues:										
Ingovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	13,850	\$ 13,850
Investment income	752	5	10	-	3	910	-	-	1,388	3,068
Program fees and other receipts	100	13,339	-	-	3,903	4,579	21,568	100	-	43,589
Total Revenues	852	13,344	10	-	3,906	5,489	21,568	100	15,238	60,507
Expenditures:										
Cemetery expenditures	17,350	-	-	-	-	-	-	-	-	17,350
Programs and activities	-	1,780	74	-	-	12,245	23,678	-	22,110	59,887
Total Expenditures	17,350	1,780	74	-	-	12,245	23,678	-	22,110	77,237
Excess (Deficiency) of revenues over expenditures	(16,498)	11,564	(64)	-	3,906	(6,756)	(2,110)	100	(6,872)	(16,730)
Other Financing Sources:										
Operating transfers in	22,000	-	-	-	-	-	-	-	-	22,000
Net Change in Fund Balances	5,502	11,564	(64)	-	3,906	(6,756)	(2,110)	100	(6,872)	5,270
Fund Balances:										
Beginning of Year	72,693	63,421	7,300	800	14,063	93,626	16,300	-	256,563	524,766
End of Year	\$ 78,195	\$ 74,985	\$ 7,236	\$ 800	\$ 17,969	\$ 86,870	\$ 14,190	\$ 100	\$ 249,691	\$ 530,036

**Town of Washington**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2021**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 173,337	\$ -	\$ 173,337
Accrued interest	1,168	-	1,168
Investments - at fair value	<u>4,437,333</u>	<u>191,139</u>	<u>4,628,472</u>
<b>Total Assets</b>	<b>\$ 4,611,838</b>	<b>\$ 191,139</b>	<b>\$ 4,802,977</b>
<b>Net Position:</b>			
Held in trust for pension benefits	<u>\$ 4,611,838</u>	<u>\$ 191,139</u>	<u>\$ 4,802,977</u>
<b>Total Net Position</b>	<b><u>\$ 4,611,838</u></b>	<b><u>\$ 191,139</u></b>	<b><u>\$ 4,802,977</u></b>



**Town of Washington**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2021**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Additions:</b>			
Town contributions	\$ 125,000	\$ 51,967	\$ 176,967
Investment income:			
Change in fair values of investments	846,965	27,403	874,368
Interest and dividends	84,265	-	84,265
Gross investment income	931,230	27,403	958,633
Less: investment expense	21,571	-	21,571
Net investment income	909,659	27,403	937,062
<b>Total additions</b>	1,034,659	79,370	1,114,029
<b>Deductions:</b>			
Pension benefits	241,109	-	241,109
<b>Change in Net Position</b>	793,550	79,370	872,920
Net Position - Beginning of year	3,818,288	111,769	3,930,057
Net Position - End of year	<u>\$ 4,611,838</u>	<u>\$ 191,139</u>	<u>\$ 4,802,977</u>

**Town of Washington**  
**Fiduciary Fund Type - Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2021**

**ALCOHOL AND DRUG ABUSE PREVENTION FUND**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2021</b>
<hr/>				
<b>Assets:</b>				
Cash	\$ <u>15,550</u>	\$ <u>11</u>	\$ <u>5,497</u>	\$ <u>10,064</u>
<b>Liabilities:</b>				
Due to Participants	\$ <u>15,550</u>	\$ <u>11</u>	\$ <u>5,497</u>	\$ <u>10,064</u>

Town of Washington  
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)  
Year Ended June 30, 2021

	Taxes Receivable July 1, 2020	FUL CORRECTIONS		Net Transfers (To) From Suspense	Adjusted Taxes Receivable	COLLECTIONS		Refunds and Adjustments	Total Net Collections	Taxes Receivable June 30, 2021
		Lawful Additions	Corrections Reductions			Taxes	Interest, liens and other costs			
Grand List: October 1,										
2019 \$	17,447,514 \$	17,604 \$	(27,160) \$	- \$	17,437,958 \$	17,356,454 \$	49,879 \$	(126) \$	17,406,207 \$	81,630
2018	104,309	133	(812)	(1,246)	102,384	63,707	16,644	199	80,550	38,478
2017	34,632	-	(261)	(5,673)	28,698	24,405	8,716	70	33,191	4,223
2016	6,155	14	-	(1,357)	4,812	4,798	341	14	5,153	-
2015	1,357	-	-	(1,357)	-	-	-	-	-	-
2014	1,309	-	-	(1,309)	-	-	-	-	-	-
2013	562	-	-	(562)	-	-	-	-	-	-
Suspense book collections	-	-	-	1,593	1,593	1,593	2,687	-	4,280	-
Totals	\$ 17,595,838 \$	17,751 \$	(28,233) \$	(9,911) \$	17,575,445 \$	17,450,957 \$	78,267 \$	157 \$	17,529,381 \$	124,331

Town of Washington  
Statement of Debt Limitation  
Connecticut General Statutes, Section 7-374 (b)  
Year Ended June 30, 2021

Total tax collections (including interest and lien fees) for the year ended June 30, 2021 \$ 17,529,381

Reimbursement for revenue loss on :

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

Total Receipts From Taxation For The Year Ended June 30, 2021 (Base) \$ 17,529,381

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<b>Debt Limitation:</b>					
2 1/4 times Base	\$ 39,441,107	\$ -	\$ -	\$ -	-
4 1/2 times Base	-	78,882,215	-	-	-
3 3/4 times Base	-	-	65,735,179	-	-
3 1/4 times Base	-	-	-	56,970,488	-
3 times Base	-	-	-	-	52,588,143
<b>Total Debt Limitation</b>	<b>39,441,107</b>	<b>78,882,215</b>	<b>65,735,179</b>	<b>56,970,488</b>	<b>52,588,143</b>

Indebtedness:

Town's share of Shepaug Regional School

District #12 debt at 47.82%

General Obligation Bonds issued 4/10/19 -\$7,575,000	-	3,622,365	-	-	-
Bond Anticipation Note issued 4/8/21 -\$7,000,000	-	3,347,400	-	-	-

<b>Total Indebtedness</b>	<b>-</b>	<b>6,969,765</b>	<b>-</b>	<b>-</b>	<b>-</b>
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Debt Limitation In Excess Of

<b>Outstanding And Authorized Debt</b>	<b>\$ 39,441,107</b>	<b>\$ 71,912,450</b>	<b>\$ 65,735,179</b>	<b>\$ 56,970,488</b>	<b>\$ 52,588,143</b>
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NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation.

INDEPENDENT AUDITOR'S 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*

Board of Finance  
Town of Washington  
Washington, Connecticut

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Connecticut as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Washington, Connecticut's basic financial statements, and have issued our report thereon dated January 24, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Washington, Connecticut'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 of Washington, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Washington, Connecticut's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Washington, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Purpose of this Report**

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

Charles Heaven & Co.

January 24, 2022

## STATE SINGLE AUDIT REPORT

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

INDEPENDENT AUDITOR'S REPORT

Board of Finance  
Town of Washington  
Washington, Connecticut

**Report on Compliance for Each Major State Program**

We have audited the Town of Washington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Washington, Connecticut's major state programs for the year ended June 30, 2021. The Town of Washington, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major State Program***

In our opinion, the Town of Washington, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.



## **Report on Internal Control over Compliance**

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

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

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

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

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

We have audited the financial statements of the Town of Washington, Connecticut, as of and for the year ended June 30, 2021 and have issued our report thereon dated January 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

CHARLES HEAVEN & CO.

January 24, 2022

**Town of Washington**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended June 30, 2021**

<b>State Grantor/Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Housing</b>		
Bond Fund Consolidtn Receipts	12039-DOH46920-40233	\$ 13,850
<b>Judicial Branch</b>		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	770
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	13,927
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	88
Property Tax Relief For Veterans	11000-OPM20600-17024	1,157
Municipal Grants-In-Aid	12052-OPM20600-43587	158
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	165,000
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	165,000
FAD - Temporary Holding Account	34003-DOT57331-42350	3,090
Small Town Economic Assistance Program (STEAP)	12052-DOT57131-40532	11,843
<b>Department of Public Safety</b>		
Fire Sch Training & Ed Extension	12060-DPS32251-35180	1,430
<b>Total State Financial Assistance before exempt programs</b>		<b>360,263</b>
<b>Exempt Programs</b>		
<b>State Department of Education</b>		
Education Cost Sharing	11000-SDE64370-17041	53,007
<b>Total Exempt programs</b>		<b>53,007</b>
<b>Total State Financial Assistance</b>		<b>\$ 413,270</b>

The accompanying notes are an integral part of this schedule

**Town of Washington**  
**Notes to Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2021**

**I. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Washington under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including: local capital improvement, road repairs, tax relief, education and other public assistance. Because the Schedule presents only a selected portion of the operations of the Town of Washington, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Washington, Connecticut.

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Washington, Connecticut 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 upon regulations established by the State of Connecticut, Office of Policy and Management.

***Basis of Accounting***

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for capital lease principal and interest which are reported as expenditures in the year due.

The government-wide financial statements are prepared on the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

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

**Town of Washington**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes X no

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

Type of auditor's opinion 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 X no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	\$ <u>165,000</u>
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	\$ <u>165,000</u>

- Dollar threshold used to distinguish between type A and type B Programs \$ 100,000

**Town of Washington**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

**II. FINANCIAL STATEMENT FINDINGS**

We issued our report, dated January 24, 2022, 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 indicated no findings or questioned costs.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs are reported relating to State Financial Assistance Programs.