

**TOWN OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2019**

**Town of Washington**  
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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, 2019, 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, 2019, 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 10, budgetary comparison information on Pages 41 through 46, the schedule of changes in net pension liability and related ratios on Page 47, the schedule of employer contributions on Page 48 and schedule of investment returns on Page 49 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 November 13, 2019, 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 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.

November 13, 2019

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2019**

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, 2019. 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 11 and 12 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.

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**Management's Discussion and Analysis**  
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**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 twelve 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, Capital Non-Recurring, Land Acquisition Open Space, each of which is considered to be a major fund. The remaining eight 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 13 and 15 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 17 and 18 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 19 to 40 of this report. Required supplementary information and supplemental schedules can be found on pages 41 to 56 of this report.



**Town of Washington  
Management's Discussion and Analysis  
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**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's assets and deferred outflows of resources of \$33,943,827 exceeded the sum of its liabilities and deferred inflows of resources of \$1,764,478 resulting in net position of \$32,179,349. Of this amount, \$21,378,958 was invested in capital assets, while \$797,242 was restricted for road improvements and \$100,341 was restricted for purposes of various nonmajor Town funds. The remaining net position of \$9,902,808 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 resources basis, combined ending fund balances of \$11,810,210, an increase of \$2,047,997 from last fiscal year. The total fund balance of the General Fund of \$6,777,347 represented 37.79% of fiscal year 2019-2020 budgeted appropriations of \$17,934,040, while its unassigned fund balance of \$5,408,099 available for spending at the Town's discretion, represented 30.16% of that same amount.
- The Town's long-term debt at June 30, 2019 consisted of its obligation of \$143,424 for earned but unused employee compensated absences, net pension liability of \$173,288, landfill – transfer station closure and post-closure care costs of \$15,000, and LOSAP program benefits of \$692,455.

**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 \$32,179,349 at the close of the fiscal year.

**Town of Washington - Net Position**

	<u>2019</u>	<u>2018</u>
<b><u>Assets</u></b>		
Current assets	\$ 12,564,869	\$ 11,154,724
Capital assets, net	21,378,958	20,609,942
Total assets	<u>33,943,827</u>	<u>31,764,666</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>		
Current liabilities	635,940	1,256,915
Long-term liabilities	1,021,157	1,031,049
Total liabilities	<u>1,657,097</u>	<u>2,287,964</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>107,381</u>	<u>117,337</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	21,378,958	20,609,942
Restricted	897,583	708,418
Unrestricted	9,902,808	8,041,005
Total Net Position	<u>\$ 32,179,349</u>	<u>\$ 29,359,365</u>

The largest portion of the Town's net position \$21,378,958 (66.44%) 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, \$9,902,808 (30.77%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's net position increased \$2,819,984 during the fiscal year.

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

	<u>2019</u>		<u>2018</u>	
	<u>\$</u>	<u>% to Total</u>	<u>\$</u>	<u>% to Total</u>
<b>Revenues:</b>				
Program:				
Charges for services	\$ 879,714	4.74%	\$ 1,066,312	5.07%
Operating grants and contributions	55,052	0.30%	46,392	0.22%
Capital grants and contributions	860,774	4.63%	3,324,808	15.80%
General:				
Property taxes	16,337,344	87.97%	16,157,668	76.78%
Grants and contributions, not restricted to specific programs	91,483	0.49%	110,124	0.52%
Unrestricted investment earnings	297,909	1.60%	158,815	0.75%
Lease income and other miscellaneous	49,615	0.27%	180,190	0.86%
<b>Total Revenues</b>	<b>18,571,891</b>	<b>100.00%</b>	<b>21,044,309</b>	<b>100.00%</b>
<b>Expenses:</b>				
General government	2,100,423	13.34%	2,146,334	13.16%
Public safety	822,959	5.22%	838,163	5.14%
Highways (public works)	1,837,269	11.66%	2,210,436	13.56%
Sanitation	412,308	2.62%	408,091	2.50%
Social services	87,121	0.55%	14,931	0.09%
Health	86,831	0.55%	84,847	0.52%
Parks and recreation	312,216	1.98%	312,576	1.92%
Education	9,677,719	61.44%	9,858,398	60.47%
Other	415,061	2.63%	430,270	2.64%
<b>Total Expenses</b>	<b>15,751,907</b>	<b>100.00%</b>	<b>16,304,046</b>	<b>100.00%</b>
Change in Net Position	2,819,984		4,740,263	
Net Position, Beginning of Year	29,359,365		24,619,102	
Net Position, End of Year	<u>\$ 32,179,349</u>		<u>\$ 29,359,365</u>	

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

- The Decrease in capital grants and contributions is due to the receipt of highway planning and construction grants for bridges for the year ended 6/30/18.
- The increase in unrestricted investment earnings is due to a better economic market.
- The decrease in lease income and other miscellaneous income is due to the net gain of \$130,756 from the sale of the Pavilion for the year ended 6/30/18.
- The decrease in General government is mainly due to decreased activity in the building department which also explains the decrease in charges for service since the expense is a function of the fees collected.
- The decrease in highways (public works) is due to the deferring road\bridge infrastructure maintenance expense to subsequent year.
- The increase in Social Services is due to increased activity in the Affordable Housing Fund, a nonmajor fund.

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- The decrease in education expenditures 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).

**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 \$11,810,219. This fund balance is classified as follows for the major funds: \$692,454 restricted for the LOSAP program, \$797,242 restricted for road improvements, \$3,328,821 committed for capital non-recurring expenditures, \$341,540 committed to land acquisition for open space, \$57,789 committed for revaluation, \$6,569 committed for conservation and development, \$164,388 committed for legal litigation, \$79,588 committed for health reimbursement benefits, and \$361,932 assigned for the subsequent year's budgeted deficit. The \$5,408,099 unassigned fund balance of the General Fund was available for spending at the Town's discretion. The nonmajor fund balances are classified as follows: \$66,526 nonspendable, \$33,815 restricted, \$347,255 committed, and \$117,673 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 37.79% of fiscal year 2019-2020 budgeted appropriations, while its unassigned fund balance represented 30.16% of that same amount.

The fund balance of the Capital Non-Recurring Fund increased by \$1,215,292 during the fiscal year as revenue and appropriated transfers exceeded expenditures mainly due to construction in progress. The Town Aid Road Fund increased by \$175,584 by expending less than the fiscal year's grant allocation. The Land Acquisition Open Space Fund increased by \$644. The combined fund balances of all nonmajor funds decreased by \$55,103 during the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended General Fund budget provided for \$1,139,672 use of fund balance to finance approved appropriations. However, actual revenues and transfer in were \$878,683 greater than budgetary projections, while expenditures and operating transfers were \$948,780 less than approved appropriations, resulting in an actual addition of fund balance of \$687,791 and a positive budgetary variance of \$1,827,463.

Additional appropriations to the original budget totaled \$348,008. Additional appropriations were all comprised of continuing appropriations.

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Management's Discussion and Analysis  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

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

	<u>2019</u>	<u>2018</u>
Land	\$ 1,141,215	\$ 1,141,215
Construction in Progress		
Mygatt Road Reconstruction	30,275	30,275
Transfer station	1,400	-
Tennis courts	16,748	-
Firehouse HVAC	55,375	-
Town Hall drainage	42,270	-
Bridge Reconstruction	-	3,753,532
Bryan Memorial Plaza	-	1,176,840
Storage Building	-	104,100
Land Improvements	62,848	45,526
Building & Improvements	4,360,196	4,451,028
Machinery & Equipment	1,273,123	1,402,347
Infrastructure	14,395,508	8,505,079
	<u>\$ 21,378,958</u>	<u>\$ 20,609,942</u>

During the fiscal year, the Town's net investment in capital assets increased by \$769,016. This increase results from current year additions over current year depreciation and disposals, as follows:

Additions:

Work in Progress	\$ 114,393
Land improvements	23,582
Building and improvements	18,347
Machinery, equipment, and vehicles	139,409
Infrastructure: paving and other road improvements	1,478,795
Current Year Depreciation	<u>(1,005,510)</u>
<b>Net Increase</b>	<u>\$ 769,016</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, 2019 consisted of its obligation of \$143,424 for earned but unused employee compensated absences, \$173,288 net pension liability, \$692,455 owed to LOSAP participants, and \$15,000 for landfill – transfer station closure and post closure care costs.

The Town is also contingently liable for its pro rata share of the Regional School District No. 12 debt. At June 30, 2019, the Town's pro rata share (45.84%) was \$5,615,400.

Additional information on the Town's debt can be found in Note 8 on page 33 of this report and the Statement of Debt Limitation on page 56.

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Management's Discussion and Analysis  
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**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 2019-2020 fiscal year, and those that will affect future budgets are as follows:

The Town's Mill rate for the 2019-2020 fiscal year has remained the same as the prior year, at 14.25 mills.

The \$17,934,040, 2019-2020 General Fund expenditure budget, which increased by \$577,920 from the prior fiscal year original budget, incorporates the following changes:

- A cost of living adjustment of about 2%.
- Expected increase in the Education budget paid to Shepaug RSD#12.

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

At the end of the FY 2018-2019 fiscal year, the General Fund balance was at \$6,777,347. Of the General Fund balance, \$361,932 was assigned for the FY 2019-2020 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 303, Washington Depot, CT 06794.

**Town of Washington**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 5,640,396
Investments	6,577,074
Property taxes receivable - net	134,178
Prepaid expenses	6,528
Mortgage receivable	40,000
Grant receivable	166,693
<b>Total current assets</b>	<u>12,564,869</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Assets not being depreciated	1,287,283
Assets, net of depreciation of \$24,157,560	20,091,675
<b>Total noncurrent assets</b>	<u>21,378,958</u>
<b>Total Assets</b>	<u><b>33,943,827</b></u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	198,650
Performance bonds held	73,856
Overpaid property taxes	709
Grant payable	359,725
Long-term liabilities due within one year	3,000
<b>Total current liabilities</b>	<u>635,940</u>
<b>Noncurrent Liabilities</b>	
Due in more than one year	1,021,157
<b>Total Liabilities</b>	<u><b>1,657,097</b></u>
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earning on pension investments	<u><b>107,381</b></u>
<b>Net Position</b>	
Net investment in capital assets	21,378,958
Restricted for:	
Cemetery perpetual care principal - nonexpendable	66,526
Road improvements	797,242
Senior Center	7,477
Community beautification	1,907
Document preservation	11,358
After school programs	13,073
Unrestricted	9,902,808
<b>Total Net Position</b>	<u><u><b>\$ 32,179,349</b></u></u>

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

Town of Washington  
Statement of Activities  
Year Ended June 30, 2019

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	\$ 2,100,423	\$ 704,057	\$ 4,000	\$ ---	(1,392,366)
Public safety	822,959	88,868	---	---	(734,091)
Highways (public works)	1,837,269	---	---	860,774	(976,495)
Sanitation	412,308	5,958	---	---	(406,350)
Social services	87,121	3,657	---	---	(83,464)
Health	86,831	---	---	---	(86,831)
Parks and recreation	312,216	36,434	---	---	(275,782)
Education	9,677,719	---	51,052	---	(9,626,667)
Other	415,061	40,740	---	---	(374,321)
<b>Total governmental activities</b>	<b>\$ 15,751,907</b>	<b>\$ 879,714</b>	<b>\$ 55,052</b>	<b>\$ 860,774</b>	<b>(13,956,367)</b>

General revenues:

Property taxes, interest and lien fees	16,337,344
Grants and contributions not restricted to specific programs	91,483
Investment earnings	297,909
Lease income and other miscellaneous	49,615
<b>Total general revenues</b>	<b>16,776,351</b>

**Change in net position**

2,819,984

Net position - July 1, 2018

29,359,365

Net position - June 30, 2019

\$ 32,179,349

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

Town of Washington  
Balance Sheet  
Governmental Funds  
June 30, 2019

	Major Funds						Total Governmental Funds
	General Fund	Special	Capital Project Funds		Other Governmental Funds	Total Governmental Funds	
		Revenue Fund	Capital Non-Recurring	Land Acquisition Open Space			
		Town Aid Road Fund					
<b>Assets:</b>							
Cash and cash equivalents	\$ 3,109,171	\$ 797,242	\$ 3,567,088	\$ 25,410	\$ 201,736	\$ 7,700,647	
Investments - at fair value	3,867,751	-	-	316,130	332,942	4,516,823	
Property tax receivable, net	134,178	-	-	-	-	134,178	
Mortgage receivable	-	-	-	-	40,000	40,000	
Grant receivable	-	-	166,693	-	-	166,693	
Due from other funds	6,375	-	-	-	-	6,375	
Prepaid costs	6,528	-	-	-	-	6,528	
<b>Total Assets</b>	<b>\$ 7,124,003</b>	<b>\$ 797,242</b>	<b>\$ 3,733,781</b>	<b>\$ 341,540</b>	<b>\$ 574,678</b>	<b>\$ 12,571,244</b>	
<b>Liabilities:</b>							
Accounts payable	\$ 150,381	\$ -	\$ 38,860	\$ -	\$ 9,409	\$ 198,650	
Performance bonds payable	73,856	-	-	-	-	73,856	
Overpaid property taxes	709	-	-	-	-	709	
Due to other funds	-	-	6,375	-	-	6,375	
Unearned revenue	-	-	359,725	-	-	359,725	
<b>Total Liabilities</b>	<b>224,946</b>	<b>-</b>	<b>404,960</b>	<b>-</b>	<b>9,409</b>	<b>639,315</b>	
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - property tax	121,710	-	-	-	-	121,710	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Perpetual Care Principal	-	-	-	-	66,526	66,526	
Prepayments	6,528	-	-	-	-	6,528	
<b>Restricted for:</b>							
Volunteer Firefighter & EMT Service Program	692,454	-	-	-	-	692,454	
Road improvements	-	797,242	-	-	-	797,242	
Senior Center	-	-	-	-	7,477	7,477	
Community beautification	-	-	-	-	1,907	1,907	
Document preservation	-	-	-	-	11,358	11,358	
After school programs	-	-	-	-	13,073	13,073	
<b>Committed to:</b>							
Parks and recreation	-	-	-	-	86,908	86,908	
Cemetery operation	-	-	-	-	7,361	7,361	
Capital non-recurring expenditures	-	-	3,328,821	-	-	3,328,821	
Land acquisition for open space	-	-	-	341,540	-	341,540	
Affordable housing	-	-	-	-	152,986	152,986	
Down payment assistance program	-	-	-	-	100,000	100,000	
Revaluation	57,789	-	-	-	-	57,789	
Conservation and Development Plan	6,569	-	-	-	-	6,569	
Legal litigation	164,388	-	-	-	-	164,388	
Health reimbursement benefits	79,588	-	-	-	-	79,588	
<b>Assigned for:</b>							
Recycling	-	-	-	-	117,673	117,673	
Subsequent year budgeted deficit	361,932	-	-	-	-	361,932	
<b>Unassigned</b>	<b>5,408,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,408,099</b>	
<b>Total Fund Balances</b>	<b>6,777,347</b>	<b>797,242</b>	<b>3,328,821</b>	<b>341,540</b>	<b>565,269</b>	<b>11,810,219</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,124,003</b>	<b>\$ 797,242</b>	<b>\$ 3,733,781</b>	<b>\$ 341,540</b>	<b>\$ 574,678</b>	<b>\$ 12,571,244</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, 2019**

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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:

**Total Fund Balances for Governmental Funds** **\$ 11,810,219**

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Governmental capital assets	\$ 45,536,518	
Less accumulated depreciation	<u>(24,157,560)</u>	21,378,958

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	121,710
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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	\$ (143,424)	
Postclosure landfill costs	(15,000)	
Net pension liability	(173,288)	
Length of Service Award Plans liability	(692,445)	
Deferred inflows related to the net difference between projected and actual earnings on pension plan investments	(108,196)	
Deferred inflows related to the difference between pension expected and actual experiences	<u>815</u>	(1,131,538)

**Total Net Position of Governmental Activities** **\$ 32,179,349**

Town of Washington  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2019

	Major Funds						Total Governmental Funds
	General Fund	Special	Capital Project Funds		Other Governmental Funds		
		Revenue Fund	Capital Non-Recurring	Land			
		Town Aid Road Fund		Acquisition Open Space			
<b>Revenues:</b>							
Property taxes	\$ 16,267,370	\$ -	\$ -	\$ -	\$ -	16,267,370	
Interest & lien fees on property taxes	86,851	-	-	-	-	86,851	
Intergovernmental	68,420	331,126	533,648	-	-	933,194	
Contribution in lieu of taxes	74,115	-	-	-	-	74,115	
Investment income	199,235	13,940	68,653	5,244	10,837	297,909	
Lease income	49,615	-	-	-	-	49,615	
Licenses and permits	778,899	-	-	-	-	778,899	
Program fees and other receipts	11,646	-	-	-	89,169	100,815	
<b>Total Revenues</b>	<b>17,536,151</b>	<b>345,066</b>	<b>602,301</b>	<b>5,244</b>	<b>100,006</b>	<b>18,588,768</b>	
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,020,373	-	-	-	1,259	2,021,632	
Public safety	639,563	-	-	4,600	-	644,163	
Highways	1,122,766	-	-	-	-	1,122,766	
Sanitation	415,593	-	-	-	-	415,593	
Health	83,914	-	-	-	-	83,914	
Recreation	196,893	-	-	-	64,904	261,797	
Social services	12,868	-	-	-	74,253	87,121	
Education	9,677,719	-	-	-	-	9,677,719	
Other	418,421	-	-	-	26,693	445,114	
Capital outlay	-	169,482	1,611,470	-	-	1,780,952	
<b>Total Expenditures</b>	<b>14,588,110</b>	<b>169,482</b>	<b>1,611,470</b>	<b>4,600</b>	<b>167,109</b>	<b>16,540,771</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,948,041</b>	<b>175,584</b>	<b>(1,009,169)</b>	<b>644</b>	<b>(67,103)</b>	<b>2,047,997</b>	
<b>Other Financing Sources (Uses):</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	
Operating transfers in (out)	(2,236,461)	-	2,224,461	-	12,000	-	
<b>Total Other Financing Sources (Uses)</b>	<b>(2,236,461)</b>	<b>-</b>	<b>2,224,461</b>	<b>-</b>	<b>12,000</b>	<b>-</b>	
<b>Net Change in Fund Balances</b>	<b>711,580</b>	<b>175,584</b>	<b>1,215,292</b>	<b>644</b>	<b>(55,103)</b>	<b>2,047,997</b>	
<b>Fund Balances:</b>							
<b>Beginning of Year</b>	<b>6,065,767</b>	<b>621,658</b>	<b>2,113,529</b>	<b>340,896</b>	<b>620,372</b>	<b>9,762,222</b>	
<b>End of Year</b>	<b>\$ 6,777,347</b>	<b>\$ 797,242</b>	<b>\$ 3,328,821</b>	<b>\$ 341,540</b>	<b>\$ 565,269</b>	<b>\$ 11,810,219</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, 2019**

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

**Net Change in Fund Balances-Total Governmental Funds** **\$ 2,047,997**

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	\$	1,774,526	
Less current year depreciation		<u>(1,005,510)</u>	769,016

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	\$	(16,877)	
Change in deferred inflows related the net difference between projected and actual earnings on pension plan investments		3,321	
Change in deferred inflows related to the differences between pension expected and actual experiences		<u>6,635</u>	(6,921)

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	\$	10,574	
Change in postclosure landfill costs		3,000	
Change in Length of Service Award Plan liability		(23,779)	
Change net pension liability		<u>20,097</u>	9,892

**Change in Net Position of Governmental Activities** **\$ 2,819,984**

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

**Town of Washington  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019**

	<b>Pension Trust Funds</b>	<b>Prevention of Alcohol and Drug Abuse Agency Fund</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 192,928	\$ 7,742
Accrued interest	4,992	-
Investments - at fair value	<u>3,661,005</u>	<u>-</u>
<b>Total Assets</b>	<b>3,858,925</b>	<b>7,742</b>
<b>Liabilities:</b>		
Due to beneficiaries	<u>-</u>	<u>7,742</u>
<b>Net Position</b>		
Held in trust for pension benefits	<u>3,858,925</u>	<u>-</u>
<b>Total Net Position</b>	<b>\$ <u><u>3,858,925</u></u></b>	<b>\$ <u><u>-</u></u></b>

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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, 2019**

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Town contributions	\$ 124,768
Investment income:	
Net appreciation (depreciation) in fair values of investments	136,081
Interest and dividends	92,152
Gross investment income	<u>228,233</u>
Less: investment expense	19,272
Net investment income	<u>208,961</u>
<b>Total additions</b>	333,729
<b>Deductions:</b>	
Pension benefits	<u>197,151</u>
<b>Net Increase - Change in Net Position</b>	136,578
Net Position - Beginning of year	<u>3,722,347</u>
Net Position - End of year	<u><u>\$ 3,858,925</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 \$15,425 and expended \$5,894 for the operation of the Lake Authority for the year ended June 30, 2019.

**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 \$13,188 for the operation of the Commission for the year ended June 30, 2019.

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 \$2,762 and expended \$2,761 for the operation of the NHCOG for the year ended June 30, 2019.

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 eight 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.

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 eight 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.

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

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

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

D. Measurement Focus and Basis of Accounting (continued)

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, 2019, all taxes are deemed collectible, and therefore, the allowance was zero.

In the fund financial statements, all property taxes receivable at June 30, 2019, 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.

Grant Receivable

Grant receivable is comprised of \$166,693 grant expenditures incurred for bridge work and not yet reimbursed by the Federal government, 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 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 expected and actual experience. 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 is a grant payable for an unused State of Connecticut, Small Town Economic Assistance Program (STEAP) grant of \$359,725. It will be recognized as expenditures are 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 continuing appropriations of \$348,008.

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, 2019:

	<u>Governmental</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>
Deposits:		
Demand Accounts	\$ 3,966,509	\$ 7,742
Certificates of Deposit	<u>3,844,987</u>	<u>---</u>
Total Deposits	7,811,496	7,742
 Petty Cash and Cash on Hand	 64,922	 ---
Cash Equivalents:		
Repurchase Agreements	3,647,380	---
Wealth Management money market Accounts	20,618	192,928
State Short-Term Investment Fund (STIF)	<u>1,218</u>	<u>---</u>
Total Cash Equivalents	3,669,216	192,928
 Less: Certificates of Deposits classified as investments	 (3,844,987)	 ---
 Total Cash and Cash Equivalents	 <u>\$ 7,700,647</u>	 <u>\$ 200,670</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, 2019, the carrying amount of the Town’s deposits, including certificates of deposits of \$3,844,987 classified as investments, was \$7,819,238 and the bank balance was \$7,847,580. Of the Town’s bank balance \$7,140,671 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,426,604
Uninsured and collateralized held by pledging Bank's trust department not in the town's name	<u>714,067</u>
Total amount subject to custodial credit risk	<u>\$ 7,140,671</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, 2019, the Town’s cash equivalents amounted to \$3,869,886. 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
--	------------------------------------

**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 were collateralized with collateral held by the banks' trust departments or agents, but not in the Town's name

Wealth management money market accounts are uninsured and uncollateralized.

D. Investments

At June 30, 2019, the Town's investments consisted of the following:

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Primary Government</b>			
Certificate of Deposit	\$ 1,053,767	*	2/5/2020
Certificate of Deposit	1,011,078	*	1/30/2020
Certificate of Deposit	897,389	*	5/5/2020
Certificate of Deposit	316,130	*	2/5/2020
Certificate of Deposit	170,455	*	12/16/2019
Certificate of Deposit	110,988	*	1/14/2021
Certificate of Deposit	79,558	*	2/5/2020
Certificate of Deposit	74,624	*	4/28/2020
Certificate of Deposit	63,226	*	2/5/2020
Certificate of Deposit	39,000	*	4/14/2021
Certificate of Deposit	26,222	*	10/10/2019
Certificate of Deposit	2,550	*	1/10/2021
Common Stock	19,200	N/A	N/A
Mutual Fund	652,637	N/A	N/A
<b>Total Primary Government</b>	<u>\$ 4,516,824</u>		

\*

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.

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Fiduciary Funds</b>			
Corporate Bonds	\$ 594,509	See below	See below
Common Stock	146,593	N/A	N/A
Exchange Traded & Closed End Funds	599,430	N/A	N/A
Real Estate Investment Trust	21,675	N/A	N/A
Mutual Funds	2,298,798	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>\$ 3,661,005</u>		

- Ratings 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>\$ 99,693</u>	A2	<u>\$ 126,823</u>	A3	<u>\$ 140,215</u>		
Aa1	<u>\$ 25,301</u>	Aa2	<u>\$ 76,899</u>	Aa3	<u>\$ 100,608</u>	Aaa	<u>\$ 24,970</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, 2019 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, 2019.

<b>Investments by Fair Value Level</b>	<b>Fair Value Measurements Using</b>		
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total</b>
Certificate of Deposit	\$ ---	\$ 3,844,987	\$ 3,844,987
Corporate Bonds	---	594,509	594,509
Common Stock	165,793	---	165,793
Exchange Traded & Closed End Funds	---	599,430	599,430
Real Estate Investment Trust	---	21,674	21,674
Mutual Funds	2,951,435	---	2,951,435
<b>Total Investments by Fair Value Level</b>	<b>\$ <u>3,117,228</u></b>	<b>\$ <u>5,060,600</u></b>	<b>\$ <u>8,177,828</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, 2019, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>		
Property taxes		\$ 114,979
Accrued interest and lien fees on taxes		<u>19,199</u>
Gross receivables		134,178
Less: Allowance for uncollectibles		<u>---</u>
<u>Net Receivables</u>		<u>\$ 134,178</u>

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

Interfund transfers for the year ended June 30, 2019, 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	\$ ---	\$ 2,236,461	\$ ( 2,236,461)
Capital Non-Recurring	2,224,461	---	2,224,461
Nonmajor Governmental Funds:			
Judea Cemetery Fund	<u>12,000</u>	<u>---</u>	<u>12,000</u>
Total	<u>\$ 2,236,461</u>	<u>\$ 2,236,461</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, 2019, 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		
Judea Cemetery Fund	\$ 5,324	\$ ---
Senior Center Fund	\$ 134	---
Greenway Committee Fund	\$ 541	\$ ---
Affordable Housing Fund	\$ 64,961	\$ ---

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

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

Capital asset activity for the year ended June 30, 2019 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>
<b>Capital Assets - Not Depreciated:</b>				
Land	\$ 1,141,215	\$ ---	\$ ---	\$ 1,141,215
Mygatt Road - Reconstruction - WIP	30,275	---	---	30,275
Bridge Reconstruction - WIP	3,753,532	---	(3,753,532)	---
Bryan Memorial Plaza	1,176,840	---	(1,176,840)	---
Storage Building - WIP	104,100	---	(104,100)	---
Transfer Station - WIP	---	---	1,400	1,400
Tennis Courts - WIP	---	16,748	---	16,748
Firehouse HVAC - WIP	---	55,375	---	55,375
Town Hall Drainage - WIP	---	42,270	---	42,270
Total Capital Assets Not Depreciated	6,205,962	114,393	(5,033,072)	1,287,283
<b>Capital Assets - Depreciated:</b>				
Land Improvements	532,685	23,582	---	556,267
Building & Improvements	6,884,518	18,347	104,100	7,006,965
Machinery & Equipment	5,418,114	139,409	(216,295)	5,341,228
Infrastructure	24,937,008	1,478,795	4,928,972	31,344,775
Total Capital Assets Depreciated	37,772,325	1,660,133	4,816,777	44,249,235
<b>Less: Accumulated Depreciation</b>				
Land Improvements	487,159	6,260	---	493,419
Building & Improvements	2,433,490	213,279	---	2,646,769
Machinery & Equipment	4,015,767	268,633	(216,295)	4,068,105
Infrastructure	16,431,929	517,338	---	16,949,267
Total Accumulated Depreciation	23,368,345	1,005,510	(216,295)	24,157,560
Capital Assets Being Depreciated - Net	14,403,980	654,623	5,033,072	20,091,675
Capital Assets - Net	\$ 20,609,942	\$ 769,016	\$ ---	\$ 21,378,958

Depreciation is charged to the following Governmental Activities:

General government services	\$ 91,814
Public safety	151,183
Public works	709,600
Health & Welfare	2,917
Parks and recreation	49,996
<u>Total depreciation expense</u>	<u>\$ 1,005,510</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, 2019. The General Fund has historically been used to liquidate the following Long-Term Debt:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
<u>Compensated Absences</u>					
Various vested employee benefits as explained in Note "1"	\$ 153,998	\$ 26,868	\$ 37,442	\$ 143,424	\$ ---
<u>Total Pension Liability</u>	193,385	286,982	307,079	173,288	---
<u>Length of Service Award Plan</u>	668,666	61,622	37,833	692,455	---
<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"	18,000	---	3,000	15,000	3,000
Total	<u>\$ 1,034,049</u>	<u>\$ 375,472</u>	<u>\$ 385,354</u>	<u>\$ 1,024,167</u>	<u>\$ 3,000</u>

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

The Town is contingently liable on Regional School District No. 12 general obligation bonds of \$8,250,000 due FYE 2040 and bond anticipation notes of \$4,000,000 due FYE 2040. The amount (45.84%) attributable to the Town is \$5,615,400. 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 \$24,768. As of June 30, 2019, the plan had seven 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, 2018, the latest actuarial valuation date, PERS membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>17</u>
Total	<u>49</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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities	60%
Fixed Income	35%
Cash	<u>5%</u>
Total	<u>100%</u>

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

Vanguard 500 Index Fund	\$ 1,069,528	28.26%
Vanguard High Dividend Yield	\$ 357,646	9.45%
Vanguard Short Term CP Admiral Shares	\$ 335,686	8.87%
Vanguard Bond Index Fund	\$ 231,997	6.13%
Vanguard Developed Mkts	\$ 209,352	5.53%
Vanguard Ftse All World	\$ 204,067	5.39%
Ishares Core S&P Mid-cap EFT	\$ 192,900	5.10%

*Rate of Return:* The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.67%. 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, 2019 were as follows:

Total pension liability	\$ 3,957,445
Plan fiduciary net position	<u>3,784,157</u>
Net pension liability	<u>\$ 173,288</u>

Plan fiduciary net position as percentage of the total pension liability 95.62%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the June 30, 2019 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, 2019 are summarized below.

<u>Assets Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	6.55%
Fixed Income	4.30%
Cash	1.30%

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, 2018	\$ 3,867,614	\$ 3,674,229	\$ 193,385
Changes for the Year:			
Service cost	72,851	-	72,851
Interest on total pension liability	211,024	-	211,024
Differences between expected and actual experience	3,107	-	3,107
Employer contributions	-	100,000	(100,000)
Net investment income	-	207,079	(207,079)
Benefit payments	(197,151)	(197,151)	-
Net changes	<u>89,831</u>	<u>109,928</u>	<u>(20,097)</u>
Balances as of June 30, 2019	<u>\$ 3,957,445</u>	<u>\$ 3,784,157</u>	<u>\$ 173,288</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	\$ 569,000	\$ 173,288	\$ (167,119)

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

For the year ended June 30, 2019, the Town recognized pension expense of \$69,947. At June 30, 2019, the Town reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ ---	\$ 815
Net difference between projected and actual earnings on plan investments	108,196	---
	<u>\$ 108,196</u>	<u>\$ 815</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>	<u>Principal</u>
2020	\$ (34,355)
2021	(55,687)
2022	(17,540)
2023	(1,472)
2024	(215)
Thereafter	1,888
<u>Total</u>	<u>\$ (107,381)</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 2018-2019 for the Firefighters and EMT were \$12,000 and \$8,000, 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 \$15,000 reported as landfill closure and postclosure care liability, represents the cumulative amount of postclosure care cost as of June 30, 2019. 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 Paid <u>June 30</u>	Claims Payable <u>June 30</u>
2018-2019	\$ <u>18,146</u>	\$ <u>58,630</u>	\$ <u>67,096</u>	\$ <u>9,950</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.

**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, 2019**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Revenue</b>			
Property taxes	\$ 15,919,319	\$ 16,248,715	\$ 329,396
Interest and lien fees on property taxes	75,000	86,851	11,851
State of Connecticut - Grants:			
Judicial fines	-	2,030	2,030
Mashantuck Pequot/Mohegan fund	-	-	-
State - real property tax	13,927	13,927	-
Totally disabled	-	92	92
Municipal revenue sharing	-	-	-
Educational cost sharing grant	51,052	51,052	-
Veterans exemption	-	1,161	1,161
Other state and federal grants	158	158	-
Telephone access tax	-	18,655	18,655
Refund from Regional School District 12	-	164,370	164,370
Contributions in lieu of taxes	88,000	74,115	(13,885)
Investment income	60,000	157,613	97,613
Lease income	47,200	49,615	2,415
Other fees and receipts:			
Building inspection - net of expenditures	52,000	328,449	276,449
Building inspection - Excess revenue over budget offsets expenditures	-	(276,449)	(276,449)
Selectman licenses, fees and permits	64,300	102,065	37,765
Private duty police	22,500	88,868	66,368
Private duty police - Excess revenue over budget offsets expenditures	-	(66,368)	(66,368)
Town Clerk's fees including conveyance taxes	170,000	259,517	89,517
Other receipts	1,000	11,646	10,646
<b>Total Revenue</b>	<u>16,564,456</u>	<u>17,316,082</u>	<u>751,626</u>
Transfer from Capital Nonrecurring Fund	-	127,057	127,057
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 16,564,456</u>	<u>\$ 17,443,139</u>	<u>\$ 878,683</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, 2019**

	Original Budget	Continuing and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Expenditures:</b>					
General Government					
Selectmen	\$ 161,735	\$ -	\$ 161,735	\$ 160,379	\$ (1,356)
Assessor	106,377	-	106,377	87,105	(19,272)
Tax Collector	85,091	-	85,091	81,102	(3,989)
Town Clerk	83,907	-	83,907	73,392	(10,515)
Town Treasurer	16,196	-	16,196	15,990	(206)
Building Department	8,635	-	8,635	259,596	250,961
Building Department - Excess revenue over budget	-	-	-	(276,449)	(276,449)
Probate Court	4,459	-	4,459	4,458	(1)
Elections	33,686	-	33,686	32,750	(936)
Professional fees-Audit & legal	28,400	-	28,400	32,646	4,246
Board of Assessment Appeals	2,350	-	2,350	1,463	(887)
Planning Commission	36,251	-	36,251	31,635	(4,616)
Zoning Commission	64,630	-	64,630	71,924	7,294
Zoning Board of Appeals	10,026	-	10,026	11,349	1,323
Inland Wetlands	86,784	-	86,784	82,554	(4,230)
Historic District Commission	9,582	-	9,582	4,466	(5,116)
Conservation Commission	8,579	-	8,579	4,955	(3,624)
Housing Commission	849	-	849	241	(608)
Operation of Town Hall	110,137	-	110,137	105,021	(5,116)
Town Garage / Salt Building	34,470	-	34,470	27,349	(7,121)
Surety Bonds and Insurance	203,402	-	203,402	191,577	(11,825)
Accident & Health Insurance and committed reimbursable costs	460,414	-	460,414	407,688	(52,726)
Office Expense	44,600	-	44,600	39,899	(4,701)
Payroll Taxes	133,427	-	133,427	121,045	(12,382)
Board of Finance	36,433	-	36,433	35,483	(950)
Economic Develop Coordinator	55,000	-	55,000	51,632	(3,368)
Total General Government	1,825,420	-	1,825,420	1,659,250	(166,170)
Public Safety					
Fire Marshal	70,493	-	70,493	68,969	(1,524)
Fire Department	189,000	-	189,000	186,971	(2,029)
Police	330,969	-	330,969	276,721	(54,248)
Private duty police - Excess revenue over budget	-	-	-	(66,368)	(66,368)
Emergency Management	69,065	-	69,065	62,576	(6,489)
Open Burning Official	599	-	599	599	-
Lake Waramaug Authority	15,425	-	15,425	5,894	(9,531)
EMT & Firefighter Awards	20,000	-	20,000	20,000	-
Total Public Safety	695,551	-	695,551	555,362	(140,189)

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, 2019**

<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	733,017	-	733,017	<b>662,517</b>	(70,500)
Winter Maintenance	507,957	-	507,957	<b>432,703</b>	(75,254)
Street Lighting	34,000	-	34,000	<b>27,546</b>	(6,454)
Total Highways	<u>1,274,974</u>	-	<u>1,274,974</u>	<b>1,122,766</b>	(152,208)
Sanitation					
Transfer Station	307,920	-	307,920	<b>274,164</b>	(33,756)
Recycling	144,525	-	144,525	<b>141,429</b>	(3,096)
Total Sanitation	<u>452,445</u>	-	<u>452,445</u>	<b>415,593</b>	(36,852)
Conservation of Health					
Paramedic Service	38,709	-	38,709	<b>38,709</b>	-
Health Department	41,818	-	41,818	<b>40,879</b>	(939)
Visiting Nurses Associations	26,000	-	26,000	<b>4,326</b>	(21,674)
Hepatitis B Vaccinations	100	-	100	-	(100)
Total Conservation of Health	<u>106,627</u>	-	<u>106,627</u>	<b>83,914</b>	(22,713)
Recreation					
Parks and Recreation	150,819	-	150,819	<b>132,372</b>	(18,447)
Senior Center / Veterans Hall	67,596	-	67,596	<b>60,021</b>	(7,575)
After School Arts Program	4,500	-	4,500	<b>4,500</b>	-
Total Recreation	<u>222,915</u>	-	<u>222,915</u>	<b>196,893</b>	(26,022)
Social Services	15,840	-	15,840	<b>12,868</b>	(2,972)
Other Expenditures					
Gunn Memorial Library	174,000	-	174,000	<b>174,000</b>	-
Pension Expense	144,841	-	144,841	<b>134,343</b>	(10,498)
Council on Governments	2,762	-	2,762	<b>2,761</b>	(1)
Interlocal Advisory Board	13,188	-	13,188	<b>13,188</b>	-
Annual Repairs	45,000	-	45,000	<b>43,336</b>	(1,664)
New Preston Cemetery	8,000	-	8,000	<b>8,000</b>	-
Animal Control	39,162	-	39,162	<b>35,811</b>	(3,351)
Newsletter and Website	9,000	-	9,000	<b>6,982</b>	(2,018)
Total Other Expenditures	<u>435,953</u>	-	<u>435,953</u>	<b>418,421</b>	(17,532)
Education	<u>9,917,877</u>	-	<u>9,917,877</u>	<b>9,842,089</b>	(75,788)

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, 2019**

<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	25,000	73,967	98,967	41,178	(57,789)
Conservation and Development	-	6,569	6,569	-	(6,569)
Legal litigation	20,000	187,884	207,884	43,496	(164,388)
Health reimbursement benefit	-	79,588	79,588	-	(79,588)
Total Continuing appropriations	45,000	348,008	393,008	84,674	(308,334)
<b>Total Expenditures</b>	<u>14,992,602</u>	<u>348,008</u>	<u>15,340,610</u>	<u>14,391,830</u>	<u>(948,780)</u>
<b>Other Financing Uses - Operating Transfers Out</b>					
Judea Cemetery	12,000	-	12,000	12,000	-
Non-recurring Capital Exp. Fund	2,351,518	-	2,351,518	2,351,518	-
Total transfers out	2,363,518	-	2,363,518	2,363,518	-
<b>Total Expenditures and Other Financing Uses</b>	<u>17,356,120</u>	<u>348,008</u>	<u>17,704,128</u>	<u>16,755,348</u>	<u>(948,780)</u>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(791,664)	(348,008)	(1,139,672)	687,791	1,827,463
Fund Balance at beginning of year	791,664	348,008	1,139,672	5,397,101	4,257,429
Fund Balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,084,892</u></u>	\$ <u><u>6,084,892</u></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, 2019**

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, 2019**

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>and Other</u>	<u>and Transfers/</u>	<u>Fund</u>
	<u>Financing Sources</u>	<u>Other Financing</u>	<u>Balance</u>
		<u>Uses</u>	
Actual - Non-GAAP Budgetary Basis Statement - June 30, 2019	\$ 17,443,139	\$ 16,755,348	\$ 6,084,892
Prior Year Refund from RSD #12 Offsets Expenditures	(164,370)	(164,370)	-
To Gross up Revenue and Expenditures:			
Building Department	276,449	276,449	-
Private Duty Police	66,368	66,368	-
LOSAP activity:			
Accumulated LOSAP activity prior to 6/30/2018	-	-	668,666
LOSAP contributions	-	(20,000)	20,000
LOSAP pension benefits	-	37,833	(37,833)
LOSAP net investment income	41,622	-	41,622
Actual GAAP - June 30, 2019	<u>\$ 17,663,208</u>	<u>\$ 16,951,628</u>	<u>\$ 6,777,347</u>

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

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 85,748	\$ 124,764	\$ 149,687	\$ 128,579	\$ 135,255	\$ 151,353	\$ 172,775	\$ 155,330	\$ 164,697	\$ 144,849
Contributions in relation to the actuarially determined contribution	100,000	140,000	140,000	140,000	159,275	172,775	172,775	160,179	165,000	140,000
Contribution Deficiency (Excess)	\$ (14,252)	\$ (15,236)	\$ 9,687	\$ (11,421)	\$ (24,020)	\$ (21,422)	\$ -	\$ (4,849)	\$ (303)	\$ 4,849
Covered employee payroll	\$ 760,466	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273	\$ 924,764	\$ 975,124	\$ 959,248	\$ 981,076	\$ 872,321
Contributions as a percentage of covered employee payroll	13.15%	17.43%	15.90%	15.30%	16.50%	18.68%	17.72%	16.70%	16.82%	16.05%

**Notes to Schedule**

Valuation date: January 1, 2018

Measurement date: June 30, 2019

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	None
Changes of assumptions	None

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

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	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual money-weighted rate of return, net of investment expense	5.67%	7.82%	11.61%	1.97%	2.00%

Town of Washington  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2019

	Special Revenue Funds						Capital		
	Judea Cemetery	Park and Recreation Fund	Senior Center Fund	Greenway Committee Fund	Document Preservation Fund	Recycling Fund	After School Fund	Project Fund Affordable Housing Fund	Total
<b>Assets:</b>									
Cash and cash equivalents	\$ 8,665	\$ 95,908	\$ 4,927	\$ 1,907	\$ 11,358	\$ 6,685	\$ 13,482	\$ 58,804	\$ 201,736
Investment - at market	65,222	-	2,550	-	-	110,988	-	154,182	332,942
Mortgage receivable	-	-	-	-	-	-	-	40,000	40,000
<b>Total Assets</b>	<u>\$ 73,887</u>	<u>\$ 95,908</u>	<u>\$ 7,477</u>	<u>\$ 1,907</u>	<u>\$ 11,358</u>	<u>\$ 117,673</u>	<u>\$ 13,482</u>	<u>\$ 252,986</u>	<u>\$ 574,678</u>
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 409	\$ -	\$ 9,409
<b>Fund balances:</b>									
<b>Nonspendable:</b>									
Perpetual Care Principal	66,526	-	-	-	-	-	-	-	66,526
<b>Restricted for:</b>									
Social services	-	-	7,477	-	-	-	-	-	7,477
Community beautification	-	-	-	1,907	-	-	-	-	1,907
Document preservation	-	-	-	-	11,358	-	-	-	11,358
After school programs	-	-	-	-	-	-	13,073	-	13,073
<b>Committed to:</b>									
Parks and recreation	-	86,908	-	-	-	-	-	-	86,908
Cemetery operation	7,361	-	-	-	-	-	-	-	7,361
Affordable housing	-	-	-	-	-	-	-	152,986	152,986
Down payment assistance pro.	-	-	-	-	-	-	-	100,000	100,000
<b>Assigned for:</b>									
Recycling	-	-	-	-	-	117,673	-	-	117,673
<b>Total Fund Balances</b>	<u>73,887</u>	<u>86,908</u>	<u>7,477</u>	<u>1,907</u>	<u>11,358</u>	<u>117,673</u>	<u>13,073</u>	<u>252,986</u>	<u>565,269</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 73,887</u>	<u>\$ 95,908</u>	<u>\$ 7,477</u>	<u>\$ 1,907</u>	<u>\$ 11,358</u>	<u>\$ 117,673</u>	<u>\$ 13,482</u>	<u>\$ 252,986</u>	<u>\$ 574,678</u>

**Town of Washington  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year Ended June 30, 2019**

	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	Affordable Housing Fund	Total
<b>Revenues:</b>									
Investment income	\$ 3,956	\$ 82	\$ 11	\$ 2	\$ 2	\$ 1,294	\$ -	\$ 5,490	\$ 10,837
Program fees and other receipts	4,870	36,434	3,657	-	2,380	5,958	35,870	-	89,169
<b>Total Revenues</b>	<u>8,826</u>	<u>36,516</u>	<u>3,668</u>	<u>2</u>	<u>2,382</u>	<u>7,252</u>	<u>35,870</u>	<u>5,490</u>	<u>100,006</u>
<b>Expenditures:</b>									
Cemetery expenditures	26,150	-	-	-	-	-	-	-	26,150
Programs and Activities	-	35,588	3,802	543	1,259	-	29,316	70,451	140,959
<b>Total Expenditures</b>	<u>26,150</u>	<u>35,588</u>	<u>3,802</u>	<u>543</u>	<u>1,259</u>	<u>-</u>	<u>29,316</u>	<u>70,451</u>	<u>167,109</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	(17,324)	928	(134)	(541)	1,123	7,252	6,554	(64,961)	(67,103)
<b>Other Financing Sources:</b>									
Operating transfers in	12,000	-	-	-	-	-	-	-	12,000
<b>Net Change in Fund Balances</b>	(5,324)	928	(134)	(541)	1,123	7,252	6,554	(64,961)	(55,103)
<b>Fund Balances:</b>									
Beginning of Year	79,211	85,980	7,611	2,448	10,235	110,421	6,519	317,947	620,372
<b>End of Year</b>	<u>\$ 73,887</u>	<u>\$ 86,908</u>	<u>\$ 7,477</u>	<u>\$ 1,907</u>	<u>\$ 11,358</u>	<u>\$ 117,673</u>	<u>\$ 13,073</u>	<u>\$ 252,986</u>	<u>\$ 565,269</u>

**Town of Washington**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2019**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 192,928	\$ -	\$ 192,928
Accrued interest	4,992	-	4,992
Investments - at fair value	<u>3,586,237</u>	<u>74,768</u>	<u>3,661,005</u>
<b>Total Assets</b>	<b>\$ 3,784,157</b>	<b>\$ 74,768</b>	<b>\$ 3,858,925</b>
<b>Net Position:</b>			
Held in trust for pension benefits	<u>\$ 3,784,157</u>	<u>\$ 74,768</u>	<u>\$ 3,858,925</u>
<b>Total Net Position</b>	<b><u>\$ 3,784,157</u></b>	<b><u>\$ 74,768</u></b>	<b><u>\$ 3,858,925</u></b>

**Town of Washington**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2019**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Additions:</b>			
Town contributions	\$ 100,000	\$ 24,768	\$ 124,768
Investment income:			
Change in fair values of investments	134,199	1,882	136,081
Interest and dividends	92,152	-	92,152
Gross investment income	<u>226,351</u>	<u>1,882</u>	<u>228,233</u>
Less: investment expense	<u>19,272</u>	<u>-</u>	<u>19,272</u>
Net investment income	<u>207,079</u>	<u>1,882</u>	<u>208,961</u>
<b>Total additions</b>	307,079	26,650	333,729
<b>Deductions:</b>			
Pension benefits	<u>197,151</u>	<u>-</u>	<u>197,151</u>
<b>Change in Net Position</b>	109,928	26,650	136,578
Net Position - Beginning of year	<u>3,674,229</u>	<u>48,118</u>	<u>3,722,347</u>
Net Position - End of year	<u>\$ 3,784,157</u>	<u>\$ 74,768</u>	<u>\$ 3,858,925</u>



Town of Washington  
 Fiduciary Fund Type - Agency Fund  
 Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2019

ALCOHOL AND DRUG ABUSE PREVENTION FUND

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets:</b>				
Cash	\$ <u>9,088</u>	\$ <u>9,886</u>	\$ <u>11,232</u>	\$ <u>7,742</u>
<b>Liabilities:</b>				
Due to Participants	\$ <u>9,088</u>	\$ <u>9,886</u>	\$ <u>11,232</u>	\$ <u>7,742</u>

Town of Washington  
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)  
Year Ended June 30, 2019

	Taxes Receivable July 1, 2018	FUI. CORRECTIONS		Net Transfers (To) From Suspense	COLLECTIONS			Taxes Receivable June 30, 2019	
		Lawful Additions	Corrections Reductions		Adjusted Taxes Receivable	Taxes	Interest, items and other costs		Refunds and Adjustments
2017 \$	16,250,349 \$	22,513 \$	(21,953) \$	- \$	16,171,736 \$	55,498 \$	- \$	16,227,234 \$	79,173
2016	84,833	327	(2,880)	-	82,280	14,250	253	65,826	30,704
2015	19,800	-	(1,488)	(7,384)	10,928	4,336	209	12,755	2,509
2014	8,893	65	(135)	-	8,823	4,394	65	11,908	1,309
2013	5,446	-	(58)	-	5,388	3,394	-	7,497	1,285
2012	4,599	-	(65)	-	4,534	4,577	-	9,111	-
2011	612	-	-	-	612	92	-	704	-
Suspense book collections	-	-	-	1,143	1,143	1,387	-	2,530	-
<b>Totals</b>	<b>\$ 16,374,532 \$</b>	<b>22,905 \$</b>	<b>(26,579) \$</b>	<b>(6,241) \$</b>	<b>16,364,617 \$</b>	<b>87,928 \$</b>	<b>527 \$</b>	<b>16,337,565 \$</b>	<b>114,980</b>

Town of Washington  
Statement of Debt Limitation  
Connecticut General Statutes, Section 7-374 (b)  
Year Ended June 30, 2019

Total tax collections (including interest and lien fees) for the year ended June 30, 2019	\$ 16,337,565
Reimbursement for revenue loss on :	
Tax relief for elderly - (CGS 12-129d)	<u>                  -</u>
<b>Total Receipts From Taxation For The Year Ended June 30, 2019 (Base)</b>	<b><u>\$ 16,337,565</u></b>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<b>Debt Limitation:</b>					
2 1/4 times Base	\$ 36,759,521	\$ -	\$ -	\$ -	-
4 1/2 times Base	-	73,519,043	-	-	-
3 3/4 times Base	-	-	61,265,869	-	-
3 1/4 times Base	-	-	-	53,097,086	-
3 times Base	-	-	-	-	49,012,695
<b>Total Debt Limitation</b>	<b><u>36,759,521</u></b>	<b><u>73,519,043</u></b>	<b><u>61,265,869</u></b>	<b><u>53,097,086</u></b>	<b><u>49,012,695</u></b>

**Indebtedness:**

Town's share of Shepaug Regional School  
District #12 debt at 45.84%

General Obligation Bonds issued 4/10/19 -\$8,250,000	-	3,781,800	-	-	-
Bond Anticipation Note issued 4/10/19 -\$4,000,000	-	1,833,600	-	-	-
<b>Total Indebtedness</b>	<b><u>                  -</u></b>	<b><u>5,615,400</u></b>	<b><u>                  -</u></b>	<b><u>                  -</u></b>	<b><u>                  -</u></b>

<b>Debt Limitation In Excess Of Outstanding And Authorized Debt</b>	<b><u>\$ 36,759,521</u></b>	<b><u>\$ 67,903,643</u></b>	<b><u>\$ 61,265,869</u></b>	<b><u>\$ 53,097,086</u></b>	<b><u>\$ 49,012,695</u></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, 2019, 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 November 13, 2019

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Charles Heaven & Co.

November 13, 2019