



**Charles Heaven & Co.**  
Certified Public Accountants

**TOWN OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2023**

**Town of Washington**  
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Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Washington, Connecticut

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Connecticut, as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred 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, 2023, 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.

### ***Basis for Opinions***

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

### ***Responsibilities of Management of the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 44 through 47, and supplementary pension information on pages 50 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Washington, Connecticut's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, supplemental schedules, schedule of expenditures, of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, uniform administrative requirements, cost principles, and audit requirements for Federal Awards, and the schedule of expenditure of state financial assistance as required by the State Single Audit Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, supplemental schedules, and the schedule of expenditure federal awards, and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, on our consideration of the Town of Washington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Washington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Washington, Connecticut's internal control over financial reporting and compliance.



Charles Heaven & Co. CPAs  
Waterbury, CT

January 26, 2024

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2023**

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, 2023. The information presented here should be considered in conjunction with the Town's basic financial statements that follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

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

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

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

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

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

**FUND FINANCIAL STATEMENTS:**

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

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

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

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

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

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

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

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



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

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

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

## **FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's assets, and deferred outflows of resources of \$48,898,458 exceeded the sum of its liabilities and deferred inflows of resources of \$1,986,467 resulting in net position of \$46,911,991. Of this amount, \$30,571,320 was invested in capital assets, while \$606,606 was restricted for road improvements, \$330,187 for the ambulance building, \$66,526 for perpetual care Town cemetery, \$33,648 was restricted for purposes of various nonmajor Town funds and \$87,838 for ARPA projects. The remaining net position of \$15,215,866 was available to meet the Town's ongoing obligations to its citizens and creditors.
- At the close of the fiscal year, the Town's governmental funds reported, on a current financial resource's basis, combined ending fund balances of \$17,011,371 an increase of \$489,097 from last fiscal year. The total fund balance of the General Fund of \$9,876,953 represented 47.16% of fiscal year 2023-2024 budgeted appropriations of \$20,941,554 while its unassigned fund balance of \$7,267,722 available for spending at the Town's discretion, represented 34.70% of that same amount.
- The Town's long-term debt at June 30, 2023 consisted of its obligation of \$172,059 for earned but unused employee compensated absences, landfill – transfer station closure and post-closure care costs of \$3,000, and LOSAP program benefits of \$684,159. The Town's net pension is a net pension asset of \$161,444 for the year ending June 30, 2023.

## **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 \$46,911,991 at the close of the fiscal year.

The largest portion of the Town's net position \$30,571,320 (65.16%) 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, \$15,215,866 (32.43%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's net position increased \$4,119,556 during the fiscal year.

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2023**

**Town of Washington - Net Position**

	2023	2022
<b><u>Assets</u></b>		
Current assets	\$ 14,963,145	\$ 14,696,815
Investments	3,005,668	3,488,128
Capital assets, net	30,571,320	26,956,739
Lease receivable	196,881	206,653
Net pension asset	161,444	46,523
Total assets	48,898,458	45,394,858
<b><u>Deferred Outflows of Resources</u></b>	-	59,747
<b><u>Liabilities</u></b>		
Current liabilities	879,101	1,556,518
Long-term liabilities	856,209	864,039
Total liabilities	1,735,310	2,420,557
<b><u>Deferred Inflows of Resources</u></b>	251,157	241,613
<b><u>Net Position</u></b>		
Net investment in capital assets	30,571,320	26,956,739
Restricted	1,124,805	1,086,048
Unrestricted	15,215,866	14,749,648
Total Net Position	\$ 46,911,991	\$ 42,792,435

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

- The decrease in charges for services is mainly due to decreases in building permits, conveyance taxes, and various other fees.
- The increase in operating grants and contributions is mainly due to ARPA and ECS grant increases.
- The increase in unrestricted investment earnings is due to higher interest rates on invested cash and cash equivalents.
- The decrease in Capital grants and contributions are due to donations received to purchase the new ambulance building received prior year.
- The increase in tax revenue is due to our growing grand list.
- The increase in General government expense is mainly due to changes in personnel, compensated absences and increase in depreciation expense.
- The increase in public safety is mainly due to budgeted expenditures increases of the Public Safety Department.

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2023**

- The increase in education expense is attributable to an increase in pupil ratio of education cost as assessed by Regional School District # 12 (determined by a separate approved taxpayer budget).
- The increase in the Public Works Department consist of increases in road maintenance and depreciation expense.
- The increase in Social Services expenses is comprised of the allocation of ARPA funding to nonprofit organizations to help our community recover from the impact of COVID pandemic.

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

	<b>2023</b>		<b>2022</b>	
	<b>\$</b>	<b>% to Total</b>	<b>\$</b>	<b>% to Total</b>
<b>Revenues:</b>				
Program:				
Charges for services	\$ 978,563	4.25%	\$ 1,093,721 #	5.00%
Operating grants and contributions	879,256	3.81%	253,407 #	1.16%
Capital grants and contributions	2,415,535	10.48%	2,699,348 #	12.35%
General:				
Property taxes	18,089,849	78.48%	17,571,274 #	80.38%
Grants and contributions, not restricted to specific programs	136,431	0.59%	89,308 #	0.41%
Unrestricted investment earnings	509,863	2.21%	115,429 #	0.53%
Lease income and other miscellaneous	40,149	0.17%	38,856 #	0.18%
Total Revenues	<u>23,049,646</u>	<u>100.00%</u>	<u>21,861,343 #</u>	<u>100.00%</u>
<b>Expenses:</b>				
General government	2,640,468	13.96%	2,587,384 #	15.15%
Public safety	947,822	5.01%	856,745 #	5.01%
Highways (public works)	2,921,675	15.43%	2,377,935 #	13.92%
Sanitation	303,950	1.61%	267,755 #	1.57%
Social services	604,549	3.19%	20,720 #	0.12%
Health	141,726	0.75%	117,056 #	0.69%
Parks and recreation	372,235	1.97%	352,721 #	2.06%
Education	10,556,763	55.77%	10,108,663 #	59.17%
Other	440,902	2.33%	394,776 #	2.31%
Total Expenses	<u>18,930,090</u>	<u>100.00%</u>	<u>17,083,755 #</u>	<u>100.00%</u>
Change in Net Position	4,119,556		4,777,588	
Net Position, Beginning of Year	42,792,435		38,014,847	
Net Position, End of Year	<u>\$ 46,911,991</u>		<u>\$ 42,792,435</u>	

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

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

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

At the close of the fiscal year, the Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$17,011,371. This fund balance is classified as follows for the major funds: \$684,159 restricted for the LOSAP program, \$684,159 restricted for road improvements, \$5,092,411 committed for capital non-recurring expenditures, \$360,664 committed to land acquisition for open space, \$64,574 committed for revaluation, \$11,569 committed for conservation and development, \$140,813 committed for legal litigation, \$79,588 committed for health reimbursement benefits, and \$1,628,528 assigned for the subsequent year's budgeted deficit. The \$7,267,722 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, \$363,835 restricted, \$462,345 committed, and \$94,193 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, \$9,876,953 represented 47.16% of fiscal year 2023-2024 budgeted appropriations of \$20,941,554 while its unassigned fund balance represented of \$7,267,722 or 34.70% of that same amount.

The fund balance of Town Aid Road Fund increased by \$21,531, by expending less than the fiscal year's grant allocation and investment earnings. The Capital Non-Recurring Fund decreased by \$385,713 during the fiscal year, as expenditures exceeded revenue and appropriated transfers mainly due to bridge construction in progress. The Land Acquisition Open Space Fund increased by \$8,866 represented by the investment income. The combined fund balances of all nonmajor funds increased by \$15,145 mainly due to favorable investment income.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended General Fund budget provided for \$1,579,452 use of fund balance to finance approved appropriations. However, actual revenues and transfer in were \$1,723,062 greater than budgetary projections, while expenditures and operating transfers out were \$625,498 less than approved appropriations, resulting in an actual addition of fund balance of \$769,108 and a positive budgetary variance of \$2,225,730.

Additional appropriations to the original budget totaled \$261,321. Additional appropriations were comprised of continuing appropriations of \$236,048 and an additional approved appropriations of \$25,273.

**Town of Washington**  
**Management's Discussion and Analysis**  
**June 30, 2023**  
**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

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

	2023	2022
Land	\$ 1,141,215	\$ 1,144,215
Construction in Progress		
Road Reconstruction	91,486	302,576
Transfer Station	-	164,222
Bridge Reconstruction	1,335,711	2,206,470
Bryan Memorial Plaza	-	12,900
Senior Center	30,700	30,700
Fuel Tank & Meter Project	-	84,390
Pickle Ball Court	1,620	-
Shelter generator	-	10,000
Land Improvements	115,216	101,066
Building & Improvements	4,804,152	4,908,528
Machinery & Equipment	1,862,964	1,512,231
Infrastructure	21,188,256	16,479,441
	<u>\$ 30,571,320</u>	<u>\$ 26,956,739</u>

During the fiscal year, the Town's net investment in capital assets increased by \$3,614,581. This increase results from current year additions over current year depreciation and disposals, as follows:

**Additions:**

Work in Progress	\$ 93,106
Buildings, improvements and land improvements	159,455
Machinery, equipment, and vehicles	655,021
Infrastructure: paving and other road improvements	4,330,060
Current Year Depreciation	(1,623,061)
<b>Net Increase</b>	<u><u>\$ 3,614,581</u></u>

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

**Debt**

The Town's long-term debt at June 30, 2023 consisted of its obligation of \$172,059 for earned but unused employee compensated absences, \$684,159 owed to LOSAP participants, and \$3,000 for landfill – transfer station closure and post closure care costs.

At the beginning of the year, the net pension asset was \$46,523 and at the end of the year, the net pension asset increased to \$161,444.

The Town is also contingently liable for its pro rata share of the Regional School District No. 12 debt. At June 30, 2023, the Town's pro rata share (48.32%) was \$6,413,949.

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

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

Economic factors affecting the Town, including those that were considered in preparing the Town's General Fund budget for the 2023-2024 fiscal year, and those that will affect future budgets are as follows:

The Town's Mill rate for the 2023-2024 fiscal year has remained the same as the prior year, at 14.25 mills.

The 2023-2024 General Fund expenditure budget is \$20,941,554 which is approximately \$1,080,000 increase from the current fiscal year's original budget. This increase is represented by approximately \$550,000 and \$450,000 increase in municipal and education appropriations respectively.

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

At the end of the FY 2022-2023 fiscal year, the General Fund balance was at \$9,876,953. Of the General Fund balance, \$1,628,528 was assigned for the FY 2023-2024 operations, to cover the expected budget deficit.

Subsequently on October 17, 2023 The Town Meeting authorized us to pursue funding, not to exceed \$4,740,000, for renovations to the Washington Emergency Medical Services Station located at 92 Bee Brook Road. It authorized the First selectman and Treasurer to determine the terms, conditions, and other details of the bonds, notes, or temporary notes. As of the date of the audit report no funding was finalized.

**REQUESTS FOR INFORMATION**

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

**Town of Washington**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 12,645,169
Property taxes receivable - net	127,267
Accounts Receivable	41,333
Mortgage receivable	55,000
Grant receivable	2,094,376
<b>Total current assets</b>	<u>14,963,145</u>
<b>Noncurrent Assets</b>	
Investments	3,005,668
Capital assets:	
Assets not being depreciated	2,600,732
Assets, net of depreciation of \$29,355,446	27,970,588
Lease Receivable	196,881
Net pension asset	161,444
<b>Total noncurrent assets</b>	<u>33,935,313</u>
<b>Total Assets</b>	<u><b>48,898,458</b></u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	735,791
Performance bonds held & security deposits	94,289
Overpaid property taxes	839
Unearned revenue	45,182
Long-term liabilities due within one year	3,000
<b>Total current liabilities</b>	<u>879,101</u>
<b>Noncurrent Liabilities</b>	
Due in more than one year	856,209
<b>Total Liabilities</b>	<u><b>1,735,310</b></u>
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	45,213
Differences between expected and actual experience	9,203
Lease - cell tower land	196,741
<b>Total Deferred Inflows of Resources</b>	<u><b>251,157</b></u>
<b>Net Position</b>	
Net investment in capital assets	30,571,320
Restricted for:	
Cemetery perpetual care principal - nonexpendable	66,526
Road improvements	606,606
Senior Center	4,849
Community beautification	778
Document preservation	17,100
After school programs	10,921
ARPA projects	87,838
Ambulance building	330,187
Unrestricted	15,215,866
<b>Total Net Position</b>	<u><u><b>\$ 46,911,991</b></u></u>

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

**Town of Washington**  
**Statement of Activities**  
**Year Ended June 30, 2023**

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	\$ 2,640,468	\$ 846,257	\$ 741,866	\$ ---	\$ (1,052,345)
Public safety	947,822	20,593	---	---	(927,229)
Highways (public works)	2,921,675	---	---	2,415,535	(506,140)
Sanitation	303,950	24,936	---	---	(279,014)
Social services	604,549	---	---	---	(604,549)
Health	141,726	---	---	---	(141,726)
Recreation	372,235	48,541	---	---	(323,694)
Education	10,556,763	---	137,390	---	(10,419,373)
Other	440,902	38,236	---	---	(402,666)
<b>Total governmental activities</b>	<b>\$ 18,930,090</b>	<b>\$ 978,563</b>	<b>\$ 879,256</b>	<b>\$ 2,415,535</b>	<b>(14,656,736)</b>
General revenues:					
Property taxes, interest and lien fees					18,089,849
Grants and contributions not restricted to specific programs					136,431
Investment earnings					509,863
Lease income and other miscellaneous					40,149
<b>Total general revenues</b>					<b>18,776,292</b>
<b>Change in net position</b>					<b>4,119,556</b>
Net position - July 1, 2022					42,792,435
Net position - June 30, 2023					\$ 46,911,991

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



Town of Washington  
Balance Sheet  
Governmental Funds  
June 30, 2023

	Major Funds						
	Special Revenue Funds			Capital Project Funds			
		American			Land	Other	Total
	General Fund	Town Aid	Rescue Plan	Capital	Acquisition	Governmental	Governmental
		Road Fund	Act Fund	Non-Recurring	Open Space	Funds	Funds
Assets:							
Cash and cash equivalents	\$ 7,281,000	\$ 606,606	\$ 90,165	\$ 3,575,114	\$ 360,664	\$ 731,620	\$ 12,645,169
Investments - at fair value	2,822,255	-	-	-	-	183,413	3,005,668
Due from other funds	1,329	-	-	-	-	18,195	19,524
Property tax receivable, net	127,267	-	-	-	-	-	127,267
Lease and accounts receivable	238,214	-	-	-	-	55,000	293,214
Grant receivable	-	-	-	2,094,376	-	-	2,094,376
Total Assets	\$ 10,470,065	\$ 606,606	\$ 90,165	\$ 5,669,490	\$ 360,664	\$ 988,228	\$ 18,185,218
Liabilities:							
Accounts payable	\$ 201,567	\$ -	\$ -	\$ 534,224	\$ -	\$ -	\$ 735,791
Due to other funds	18,195	-	-	-	-	1,329	19,524
Performance bonds payable & security deposits	94,289	-	-	-	-	-	94,289
Overpaid property taxes	839	-	-	-	-	-	839
Unearned revenue	-	-	2,327	42,855	-	-	45,182
Total Liabilities	314,890	-	2,327	577,079	-	1,329	895,625
Deferred Inflows of Resources:							
Unavailable revenue - property tax	81,481	-	-	-	-	-	81,481
Leases - cell tower land	196,741	-	-	-	-	-	196,741
Total Derferred Inflows of Resources	278,222	-	-	-	-	-	278,222
Fund Balances:							
Nonspendable:							
Perpetual Care Principal	-	-	-	-	-	66,526	66,526
Restricted for:							
Volunteer Firefighter & EMT Service Program	684,159	-	-	-	-	-	684,159
Road improvements	-	606,606	-	-	-	-	606,606
Senior Center	-	-	-	-	-	4,749	4,749
Community beautification	-	-	-	-	-	778	778
Document preservation	-	-	-	-	-	17,100	17,100
After school programs	-	-	-	-	-	10,921	10,921
Senior/Community center	-	-	-	-	-	100	100
COVID related expenditures	-	-	87,838	-	-	-	87,838
Ambulance Building	-	-	-	-	-	330,187	330,187
Committed to:							
Parks and recreation	-	-	-	-	-	101,217	101,217
Cemetery operation	-	-	-	-	-	37,398	37,398
Capital non-recurring expenditures	-	-	-	5,092,411	-	-	5,092,411
Land acquisition for open space	-	-	-	-	360,664	-	360,664
Affordable housing	-	-	-	-	-	273,730	273,730
Down payment assistance program	-	-	-	-	-	50,000	50,000
Revaluation	64,574	-	-	-	-	-	64,574
Conservation and Development Plan	11,569	-	-	-	-	-	11,569
Legal litigation	140,813	-	-	-	-	-	140,813
Health reimbursement benefits	79,588	-	-	-	-	-	79,588
Assigned for:							
Recycling	-	-	-	-	-	94,193	94,193
Subsequent year budgeted deficit	1,628,528	-	-	-	-	-	1,628,528
Unassigned	7,267,722	-	-	-	-	-	7,267,722
Total Fund Balances	9,876,953	606,606	87,838	5,092,411	360,664	986,899	17,011,371
Total Liabilities, Deferred Inflows of Resources and Fund Balances							
	\$ 10,470,065	\$ 606,606	\$ 90,165	\$ 5,669,490	\$ 360,664	\$ 988,228	\$ 18,185,218

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, 2023**

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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** **\$ 17,011,371**

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

Governmental capital assets	\$ 59,926,766	
Less accumulated depreciation	<u>(29,355,446)</u>	30,571,320

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	81,481	
Net pension asset	<u>161,444</u>	242,925

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	\$ (172,050)	
Postclosure landfill costs	(3,000)	
Length of Service Award Plans liability	(684,159)	
Deferred inflows related to the net difference between projected and actual earnings on pension plan investments	(9,203)	
Deferred inflows related to the difference between pension expected and actual experiences	<u>(45,213)</u>	<u>(913,625)</u>

**Total Net Position of Governmental Activities** **\$ 46,911,991**

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

Town of Washington  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2023

	Major Funds						Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Project Funds		Other Governmental Funds	
		Town Aid Road Fund	American Rescue Plan Act Fund	Capital Non-Recurring	Land Acquisition Open Space		
<b>Revenues:</b>							
Property taxes	\$ 18,050,984	\$ -	\$ -	\$ -	\$ -	\$ -	18,050,984
Interest & lien fees on property taxes	66,609	-	-	-	-	-	66,609
Intergovernmental	211,934	333,535	741,866	2,053,631	-	-	3,340,966
Contribution in lieu of taxes	90,256	-	-	-	-	-	90,256
Investment income	362,239	17,996	16,086	111,670	7,116	17,325	532,432
Lease income	40,149	-	-	-	-	-	40,149
Licenses and permits	885,222	-	-	-	-	-	885,222
Program fees and other receipts	-	-	-	-	3,750	89,591	93,341
<b>Total Revenues</b>	<b>19,707,393</b>	<b>351,531</b>	<b>757,952</b>	<b>2,165,301</b>	<b>10,866</b>	<b>106,916</b>	<b>23,099,959</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,503,244	-	-	-	-	5,647	2,508,891
Public safety	725,396	-	-	-	2,000	-	727,396
Highways	1,292,082	-	-	-	-	-	1,292,082
Sanitation	304,093	-	-	-	-	2,952	307,045
Health	138,931	-	-	-	-	-	138,931
Recreation	254,289	-	-	-	-	59,765	314,054
Social services	27,403	-	562,212	-	-	14,901	604,516
Education	10,556,763	-	-	-	-	-	10,556,763
Other	508,621	-	-	-	-	17,914	526,535
Capital outlay	-	330,000	108,373	5,132,684	-	63,592	5,634,649
<b>Total Expenditures</b>	<b>16,310,822</b>	<b>330,000</b>	<b>670,585</b>	<b>5,132,684</b>	<b>2,000</b>	<b>164,771</b>	<b>22,610,862</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>							
	3,396,571	21,531	87,367	(2,967,383)	8,866	(57,855)	489,097
<b>Other Financing Sources (Uses):</b>							
Operating transfers in (out)	(2,654,670)	-	-	2,581,670	-	73,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,654,670)</b>	<b>-</b>	<b>-</b>	<b>2,581,670</b>	<b>-</b>	<b>73,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>741,901</b>	<b>21,531</b>	<b>87,367</b>	<b>(385,713)</b>	<b>8,866</b>	<b>15,145</b>	<b>489,097</b>
<b>Fund Balances:</b>							
<b>Beginning of Year</b>	<b>9,135,052</b>	<b>585,075</b>	<b>471</b>	<b>5,478,124</b>	<b>351,798</b>	<b>971,754</b>	<b>16,522,274</b>
<b>End of Year</b>	<b>\$ 9,876,953</b>	<b>\$ 606,606</b>	<b>\$ 87,838</b>	<b>\$ 5,092,411</b>	<b>\$ 360,664</b>	<b>\$ 986,899</b>	<b>\$ 17,011,371</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, 2023**

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

**Net Change in Fund Balances-Total Governmental Funds** **\$ 489,097**

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	\$	5,237,642		
Less current year depreciation		<u>(1,623,061)</u>		3,614,581

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	\$	(27,744)		
Change in deferred inflows related the net difference between projected and actual earnings on pension plan investments		(68,950)		
Change in deferred outflows related to the differences between pension expected and actual experiences		<u>(10,179)</u>		(106,873)

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	\$	(22,442)		
Change in postclosure landfill costs		3,000		
Change in Length of Service Award Plan liability		27,272		
Change net pension asset		<u>114,921</u>		122,751

**Change in Net Position of Governmental Activities** **\$ 4,119,556**

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

**Town of Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

	<b>Pension Trust Funds</b>	<b>Prevention of Alcohol and Drug Abuse Agency Fund</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 329,673	\$ 5,054
Employer contribution receivable	80,987	-
Accrued interest	7,857	-
Investments - at fair value	4,059,582	-
<b>Total Assets</b>	<b>4,478,099</b>	<b>5,054</b>
<b>Liabilities:</b>		
Due to beneficiaries	-	5,054
<b>Net Position</b>		
Held in trust for pension benefits	4,478,099	-
<b>Total Net Position</b>	<b>\$ 4,478,099</b>	<b>\$ -</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, 2023**

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Town contributions	\$ 120,988
Investment income:	
Net appreciation (depreciation) in fair values of investments	242,895
Interest and dividends	116,898
Gross investment income	<u>359,793</u>
Less: investment expense	<u>22,403</u>
Net investment income	<u>337,390</u>
<b>Total additions</b>	458,378
<b>Deductions:</b>	
Pension benefits	<u>276,926</u>
 <b>Net Increase - Change in Net Position</b>	 181,452
 Net Position - Beginning of year	 <u>4,296,647</u>
Net Position - End of year	\$ <u><u>4,478,099</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 \$13,184 and expended \$5,247 for the operation of the Lake Authority for the year ended June 30, 2023.

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

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

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

Lake Waramaug Interlocal Commission

The Lake Waramaug Interlocal Commission (the “Commission”) was created by the Town of Washington, Warren and Kent to improve the lake water quality and control water pollution. The Town appropriated and expended \$15,066 for the operation of the Commission for the year ended June 30, 2022.

Northwest Hills Council of Governments

The Town and twenty other local municipalities each appoint the governing board of the Northwest Hills Council of Governments (the “NHCOG”) to provide a regional forum for information exchange and regional planning. The NHCOG is supported by assessments to the twenty-one member Towns based upon population census. The Town of Washington appropriated and expended \$2,916 for the operation of the NHCOG for the year ended June 30, 2023.

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

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

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

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materially.

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



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

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

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

*Government-Wide Statements*

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

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

*Fund Financial Statements*

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

**General Fund:**

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

**Special Revenue Fund:**

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

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

**Capital Projects Funds:**

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

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

The Town also reports the following ten Nonmajor Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ambulance Building Fund- accounts for the purchase and related cost used to provide housing for ambulance and crew.

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, 2023, all taxes are deemed collectible, and therefore, the allowance was zero.

In the fund financial statements, all property taxes receivable at June 30, 2023, 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.

**Leases Receivable**

The Town leases the cell tower ground and therefore records a lease receivable. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the town receives fixed monthly payments and 20% revenue sharing. The 20% revenue sharing is recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**Grant Receivable**

Grant receivable is comprised of \$2,094,376 grant expenditures incurred for bridge work not yet reimbursed by the Federal and State government.

**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.

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

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

**Capital Assets (continued)**

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

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

**Deferred Outflows and Deferred Inflows of Resources**

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

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

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

**Interfund Activity**

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

**Compensated Absences**

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

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

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

**Unearned Revenue**

Unearned revenue consists of: (1) grant payable for an unused State of Connecticut, Small Town Economic Assistance Program (STEAP) grant of \$42,855 and (2) grant payable for unused American Rescue Plan Act Funds. 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.

**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).

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

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

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.

**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 expenditure budget increased by \$261,321, as a result of continuing appropriations of \$236,048 and additional appropriations of \$25,273 to the General Government department.

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

**Note "2" – Stewardship, Compliance, and Accountability (continued)**

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.

**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, 2023:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Deposits:		
Demand Accounts	\$ 1,592,765	\$ 24,938
Certificates of Deposit	<u>2,389,895</u>	<u>---</u>
Total Deposits	3,982,660	24,938
 Petty Cash and Cash on Hand	 22,364	 ---
 Cash Equivalents:		
Overnight insured cash sweep (ICS)	10,960,364	---
Wealth Management Money Market Accts	42,386	309,789
State Short-Term Investment Funds (STIF)	<u>1,290</u>	<u>---</u>
Total Cash Equivalents	11,004,040	309,789
 Less: Certificates of Deposits classified as investments	 ( 2,363,895)	 <u>---</u>
 Total Cash and Cash Equivalents	 \$ <u>12,645,169</u>	 \$ <u>334,727</u>



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

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

**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, 2023, the carrying amount of the Town's deposits, including certificates of deposits of \$2,389,895 classified as investments, was \$4,007,598 and the bank balance was \$4,379,269. Of the Town's bank balance \$2,953,927 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,694,240
Uninsured and collateralized held by pledging	
Bank's trust department not in the town's name	<u>259,687</u>
Total amount subject to custodial credit risk	<u>\$ 2,953,927</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, 2023, the Town's cash equivalents amounted to \$11,004,040.

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
--	------------------------------------

**C. Cash Equivalents (continued)**

Amounts held in overnight insured cash sweep were fully insured by the Federal Deposit Insurance Corporation per an ICS deposit placement agreement with a local bank.

Wealth management money market accounts are uninsured and uncollateralized.

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

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

**D. Investments**

<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	\$ 1,076,573	*	4/15/2024
Certificate of Deposit	1,103,909	*	5/23/2024
Mutual Funds	641,773	N/A	N/A
Certificate of Deposit	77,184	*	4/28/2024
Certificate of Deposit	64,621	*	1/13/2024
Certificate of Deposit	39,000	*	4/01/2024
Certificate of Deposit	2,608	*	1/10/2024
<b>Total Primary Government</b>	<b>\$ 3,005,668</b>		

At June 30, 2023, the Town's investments consisted of the following:

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

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

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Fiduciary Funds</b>			
Corporate Bonds	\$ 266,606	See below	See below
Common Stock	53,442	N/A	N/A
Exchange Traded & Closed End Fds	133,674	N/A	N/A
U.S. Treasury Bills and Notes	539,530	N/A	N/A
Mutual Funds	3,066,330	N/A	N/A
<b>Total Fiduciary Funds</b>	<b>\$ 4,059,582</b>		

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

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

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

**D. Investments (continued)**

- Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The average credit rating of the corporate bonds was not available as of June 30, 2023.

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, 2023 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, 2023.

Investments by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices in	Significant Other	Total
	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	
Certificate of Deposit	\$ ---	\$ 2,363,895	\$ 2,363,895
Corporate Bonds	---	266,606	266,606
Common Stock	53,442	---	53,442
Exchange Traded & Closed End Funds	---	133,674	133,674
U.S. Treasury Bill and Note	539,530	---	539,530
Mutual Funds	3,708,103	---	3,708,103
<b>Total Investments by Fair Value Level</b>	<b>\$ 4,301,075</b>	<b>\$ 2,764,175</b>	<b>\$ 7,065,250</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" – Receivables:**

**A. Property Taxes Receivable**

Property taxes receivables at June 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	
Property taxes	\$ 114,849
Accrued interest and lien fees on taxes	<u>12,418</u>
Gross receivables	127,267
Less: Allowance for uncollectibles	<u>---</u>
<u>Net Receivables</u>	<u>\$ 127,267</u>

**B. Lease and Accounts Receivable**

Lease and accounts receivable is comprised of Police private duty of \$41,333 and the lease receivable of \$196,881.

The Town ("Lessor") entered in a lease agreement with Insite Towers Development, LLC for the right to use the land on which a cell tower is placed. The lease was signed March 27, 2013 and subsequently amended to expire March 2043. Under the lease terms, the Lessor will receive fixed monthly payments along with 20% revenue sharing. The variable revenue sharing is recorded as an inflow of resources in the period the payment is received. The fixed monthly payments are measured at the present value of the lease payments expected to be received during the lease term. The Lessor recognizes a lease receivable at the net present value of all the lease payments expected to be received. The Lessor also recognizes deferred inflows of resources at the initial value of the lease receivable. This deferred inflow is recognized as lease revenue in a systematic and rational manner over the lease term.

<u>Description</u>	<u>Discount Rate</u>	<u>Lease Receivable at</u>	<u>Deferred Inflows at</u>
		<u>June 30, 2023</u>	<u>June 30, 2023</u>
Cell Tower	4%	\$196,881	196,741

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

**Note "4" – Receivables (continued)**

**B. Lease and Accounts Receivable (continued)**

The future minimum lease payments to be received under the lease agreement follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,778	\$ 13,001	\$ 22,779
2025	9,785	12,553	22,338
2026	9,792	12,087	21,879
2027	9,799	11,602	21,401
2028	9,806	11,097	20,903
2029-2033	49,133	47,156	96,289
2034-2038	49,308	31,057	80,365
2039-2043	49,480	11,401	60,881
Total	<u>\$ 196,881</u>	<u>\$ 149,954</u>	<u>\$ 346,835</u>

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

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

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>	<u>Net Transfers</u>
Major Governmental Funds:			
General Fund	\$ 122,830	\$ 2,777,500	\$ ( 2,654,670)
Capital Non-Recurring	2,704,500	122,830	2,581,670
Nonmajor Governmental Funds:			
Affordable Housing Fund	50,000	---	50,000
Judea Cemetery Fund	23,000	---	23,000
Total	<u>\$ 2,900,330</u>	<u>\$ 2,900,330</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, 2023, the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provisions.

	<u>Operating Deficiency</u>	<u>Fund Deficit</u>
Major Funds		
Capital Non-Recurring	\$ 385,713	\$ ---
Non-Major Funds		
Senior Center Fund	\$ 2,072	\$ ---
Greenway Committee	\$ 23	\$ ---
Document Preservation	\$ 3,838	\$ ---
After School	\$ 6,297	\$ ---
Ambulance Building	\$ 57,645	\$ ---

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

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

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals &amp;</u> <u>Reclasses</u>	<u>Ending</u> <u>Balance</u>
Capital Assets - Not Depreciated:				
Land	\$ 1,144,215	\$ ---	\$ (3,000)	\$ 1,141,215
Construction in Progress				
Mygatt Road - Reconstruction - WIP	302,576	---	(302,576)	---
Transfer Station - WIP	164,222	---	(164,222)	---
Bridge Reconstruction - WIP	2,206,470	---	(870,759)	1,335,711
Bryan Memorial Plaza	12,900	---	(12,900)	---
Senior Center - WIP	30,700	---	---	30,700
Fuel Tank & Meter - WIP	84,390	---	(84,390)	---
Shelter Generator	10,000	---	(10,000)	---
Infrastructure - Roads	---	91,486	---	91,486
Pickle Ball Court	---	1,620	---	1,620
Total Construction in Progress	<u>2,811,258</u>	<u>93,106</u>	<u>(1,444,847)</u>	<u>1,459,517</u>
Total Capital Assets Not Depreciated	<u>3,955,473</u>	<u>93,106</u>	<u>(1,447,847)</u>	<u>2,600,732</u>
Capital Assets - Depreciated:				
Land Improvements	631,672	28,285	---	659,957
Building & Improvements	8,221,899	131,170	22,900	8,375,969
Machinery & Equipment	6,449,903	655,021	(242,216)	6,862,708
Infrastructure	<u>35,756,783</u>	<u>4,330,060</u>	<u>1,340,557</u>	<u>41,427,400</u>
Total Capital Assets Depreciated	<u>51,060,257</u>	<u>5,144,536</u>	<u>1,121,241</u>	<u>57,326,034</u>
Less: Accumulated Depreciation				
Land Improvements	530,606	14,135	---	544,741
Building & Improvements	3,313,371	258,446	---	3,571,817
Machinery & Equipment	4,937,672	388,678	(326,606)	4,999,744
Infrastructure	<u>19,277,342</u>	<u>961,802</u>	<u>---</u>	<u>20,239,144</u>
Total Accumulated Depreciation	<u>28,058,991</u>	<u>1,623,061</u>	<u>(326,606)</u>	<u>29,355,446</u>
Capital Assets Being Depreciated - Net	<u>23,001,266</u>	<u>3,521,475</u>	<u>1,447,847</u>	<u>27,970,588</u>
Capital Assets - Net	<u>\$ 26,956,739</u>	<u>\$ 3,614,581</u>	<u>\$ -</u>	<u>\$ 30,571,320</u>

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

General government services	\$ 118,912
Public safety	221,915
Public works	1,209,990
Health & Welfare	2,917
Parks and recreation	69,327
<u>Total depreciation expense</u>	<u>\$ 1,623,061</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, 2023. The General Fund has historically been used to liquidate the following Long-Term Debt:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<u>Compensated Absences</u>					
Various vested employee benefits as explained in Note "1"	\$ 149,608	\$ 41,827	\$ 19,385	\$ 172,050	\$ ---
<u>Total Pension Liability (Asset)</u>	(46,523)	262,078	376,999	(161,444)	---
<u>Length of Service Award Plan</u>	711,431	42,069	69,341	684,159	---
<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"	6,000	---	3,000	3,000	3,000
Total	<u>\$ 820,516</u>	<u>\$ 345,974</u>	<u>\$ 468,725</u>	<u>\$ 697,765</u>	<u>\$ 3,000</u>

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

The Town is contingently liable on Regional School District No. 12 general obligation bond issue of 2019, \$3,775,000 due FYE 2040, bond anticipation notes of \$4,000,000 due FYE 2023, and a term loan of \$2,500,000 due FYE 2023. The amount (48.32%) attributable to the Town is \$6,413,949. 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 (continued)**

**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 \$80,987. As of June 30, 2023, the plan had eighteen 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, 2022, the latest actuarial valuation date, PERS membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>11</u>
Total	<u>45</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, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities	62%
Fixed Income	30%
Cash	<u>8%</u>
Total	<u>100%</u>

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

Vanguard 500 Index Fund	\$ 1,223,769	29.12%
Vanguard High Dividend Yield ETF	\$ 1,018,590	24.24%
Vanguard Bond Index Fund	\$ 288,764	6.87%
Federated Instit’l Prime Val Obligation Fund	\$ 249,790	5.94%
US Treasury Notes 4.25% D – 09/30/24	\$ 246,660	5.87%

*Rate of Return:* The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.01%. 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, 2023 were as follows:

Total pension liability	\$ 4,041,224
Plan fiduciary net position	<u>4,202,668</u>
Net pension liability (asset)	<u>\$(_161,444)</u>

Plan fiduciary net position as percentage of the total pension liability is 103.99%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the June 30, 2023 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, 2023 are summarized below.

<u>Assets Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	6.80%
Fixed Income	4.00%
Cash	1.00%

**Discount Rate**

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

**Net Pension Liability of the Town**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Position Liability (Asset) (a) - (b)</b>
Balances as of June 30, 2022	\$ 4,072,408	\$ 4,118,931	\$ (46,523)
Changes for the Year:			
Service cost	44,781	-	44,781
Interest on total pension liability	217,297	-	217,297
Differences between expected and actual experience	(16,336)	-	(16,336)
Employer contributions	-	40,000	(40,000)
Net investment income	-	320,663	(320,663)
Benefit payments	(276,926)	(276,926)	-
Net changes	(31,184)	83,737	(114,921)
Balances as of June 30, 2023	<u>\$ 4,041,224</u>	<u>\$ 4,202,668</u>	<u>\$ (161,444)</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	\$ 229,388	\$( 161,444)	\$( 499,546)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$4,208. At June 30, 2023, the Town reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 45,213	\$ ---
Net difference between projected and actual earnings on plan investments	9,203	---
Total	<u>\$ 54,416</u>	<u>\$ ---</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>	
2024	\$ (36,359)
2025	(53,954)
2026	85,039
2027	(26,024)
2028	(20,785)
Thereafter	(2,333)
<u>Total</u>	<u>\$ (54,416)</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 2022-2023 for the Firefighters and EMT were \$12,000 and \$7,500, 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 \$3,000 reported as landfill closure and postclosure care liability, represents the cumulative amount of postclosure care cost as of June 30, 2023. 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 Estimates	Claims Paid <u>June 30</u>	Claims Payable <u>June 30</u>
2022-2023	\$ <u>19,339</u>	\$ <u>114,696</u>	\$ <u>106,340</u>	\$ <u>27,695</u>

**Note "14" – Risk Management**

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

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

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

**Note "14" – Subsequent Events:**

A Special Town Meeting held October 17, 2023 authorized Town Officials to pursue funding not to exceed \$4,740,000 for renovations to the Washington Emergency Medical Services Station located at 92 Bee Brook Road. It authorized the First Selectman and Treasurer to determine the terms, conditions, and other details of the bonds, notes, or temporary notes.

**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, 2023**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Revenue</b>			
Property taxes	\$ 17,558,451	\$ 18,031,771	\$ 473,320
Interest and lien fees on property taxes	55,000	66,609	11,609
State of Connecticut - Grants:			
Judicial fines	1,000	1,295	295
State - real property tax	13,927	13,690	(237)
Veterans exemption	900	1,069	169
Educational cost sharing grant	120,326	137,390	17,064
Elderly disabled tax relief	-	64	64
Municipal revenue sharing	-	30,057	30,057
Other state and federal grants	-	28,369	28,369
Contributions in lieu of taxes	86,456	90,256	3,800
Telephone access tax	-	19,213	19,213
Refund from Regional School District 12	-	543,053	543,053
Investment income	50,000	326,173	276,173
Lease income	52,920	53,581	661
Other fees and receipts:			
Building inspection	245,000	532,787	287,787
Building inspection - independent contractor fees	-	(85,100)	(85,100)
Land use fees/permits	30,000	31,905	1,905
Private duty police	22,500	18,788	(3,712)
Town Clerk's fees, including conveyance taxes	255,000	243,830	(11,170)
Other income - miscellaneous	3,000	5,090	2,090
Transfer station fees	30,000	20,177	(9,823)
Miscellaneous fees/permits	18,000	32,645	14,645
<b>Total Revenues</b>	<u>18,542,480</u>	<u>20,142,712</u>	<u>1,600,232</u>
Transfer from Capital Non-Recurring Fund	-	122,830	122,830
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 18,542,480</u>	<u>\$ 20,265,542</u>	<u>\$ 1,723,062</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, 2023**

	<b>Original Budget</b>	<b>Continuing and Additional Appropriations</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>Expenditures:</b>					
General Government					
Selectmen	\$ 163,486	\$ -	\$ 163,486	\$ 158,550	\$ (4,936)
Assessor	118,003	13,273	131,276	123,716	(7,560)
Tax Collector	93,001	-	93,001	80,332	(12,669)
Town Clerk	90,710	-	90,710	87,160	(3,550)
Town Treasurer	18,428	-	18,428	18,380	(48)
Building Department	94,104	-	94,104	284,092	189,988
Building Department - independent					
contractor fees	-	-	-	(85,100)	(85,100)
Probate Court	5,050	-	5,050	5,086	36
Elections	47,786	-	47,786	40,860	(6,926)
Professional fees-Audit & legal	29,500	-	29,500	28,500	(1,000)
Board of Assessment Appeals	2,850	-	2,850	545	(2,305)
Planning Commision	36,168	-	36,168	29,960	(6,208)
Zoning Commission	72,862	12,000	84,862	80,091	(4,771)
Zoning Board of Appeals	13,240	-	13,240	8,497	(4,743)
Inland Wetlands	89,453	-	89,453	80,122	(9,331)
Historic District Commission	5,615	-	5,615	4,669	(946)
Conservation Commission	8,526	-	8,526	7,038	(1,488)
Housing Commission	5,210	-	5,210	1,276	(3,934)
Operation of Town Hall	183,555	-	183,555	179,553	(4,002)
Town Garage / Salt Building	38,400	-	38,400	35,359	(3,041)
Surety Bonds and Insurance	220,492	-	220,492	197,287	(23,205)
Accident & Health Insurance and					
committed reimbursable costs	606,483	-	606,483	582,981	(23,502)
Office Expense	44,050	-	44,050	40,766	(3,284)
Payroll Taxes	176,052	-	176,052	157,158	(18,894)
Board of Finance	138,072	-	138,072	133,300	(4,772)
Economic Development	114,452	-	114,452	113,462	(990)
Total General Government	2,415,548	25,273	2,440,821	2,393,640	(47,181)
Public Safety					
Fire Marshal	76,555	-	76,555	76,829	274
Fire Department	204,650	-	204,650	208,609	3,959
Police	381,488	-	381,488	300,613	(80,875)
Emergency Management	95,456	-	95,456	90,390	(5,066)
Open Burning Official	599	-	599	599	-
Lake Waramaug Authority	13,184	-	13,184	5,247	(7,937)
Washington Ambulance	34,990	-	34,990	23,609	(11,381)
Total Public Safety	806,922	-	806,922	705,896	(101,026)

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, 2023**

<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	799,007	-	799,007	757,383	(41,624)
Winter Maintenance	558,796	-	558,796	500,482	(58,314)
Street Lighting	32,000	-	32,000	34,217	2,217
Total Highways	1,389,803	-	1,389,803	1,292,082	(97,721)
Sanitation					
Transfer Station	168,388	-	168,388	168,621	233
Recycling	164,558	-	164,558	135,472	(29,086)
Total Sanitation	332,946	-	332,946	304,093	(28,853)
Conservation of Health					
Paramedic Service	78,061	-	78,061	78,060	(1)
Health Department	53,849	-	53,849	53,871	22
Visiting Nurses Associations	8,000	-	8,000	7,000	(1,000)
Hepatitis B Vaccinations	100	-	100	-	(100)
Total Conservation of Health	140,010	-	140,010	138,931	(1,079)
Recreation					
Parks and Recreation	223,216	-	223,216	190,392	(32,824)
Senior Center / Veterans Hall	66,503	-	66,503	58,897	(7,606)
After School Arts Program	5,000	-	5,000	5,000	-
Total Recreation	294,719	-	294,719	254,289	(40,430)
Social Services	38,404	-	38,404	27,403	(11,001)
Other Expenditures					
Gunn Memorial Library	185,500	-	185,500	185,500	-
Pension Expense	151,029	-	151,029	155,193	4,164
Council on Governments	2,916	-	2,916	2,915	(1)
Interlocal Advisory Board	15,066	-	15,066	15,066	-
Annual Repairs	50,000	-	50,000	48,153	(1,847)
New Preston Cemetery	26,800	-	26,800	26,800	-
Animal Control	42,532	-	42,532	38,791	(3,741)
Newsletter and Website	6,100	-	6,100	5,862	(238)
Total Other Expenditures	479,943	-	479,943	478,280	(1,663)
Education	11,099,816	-	11,099,816	11,099,816	-

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, 2023**

<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	30,000	49,694	79,694	15,120	(64,574)
Conservation and Development	5,000	6,569	11,569	-	(11,569)
Legal Litigation	50,000	100,197	150,197	9,384	(140,813)
Health Reimbursement Benefit	-	79,588	79,588	-	(79,588)
Total Continuing appropriations	85,000	236,048	321,048	24,504	(296,544)
<b>Total Expenditures</b>	<u>17,083,111</u>	<u>261,321</u>	<u>17,344,432</u>	<u>16,718,934</u>	<u>(625,498)</u>
<b>Other Financing Uses - Operating Transfers Out</b>					
Judea Cemetery	23,000	-	23,000	23,000	-
Affordable Housing Fund	50,000	-	50,000	50,000	-
Non-recurring Capital Exp. Fund	2,704,500	-	2,704,500	2,704,500	-
Total transfers out	<u>2,777,500</u>	<u>-</u>	<u>2,777,500</u>	<u>2,777,500</u>	<u>-</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>19,860,611</u>	<u>261,321</u>	<u>20,121,932</u>	<u>19,496,434</u>	<u>(625,498)</u>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,318,131)	(261,321)	(1,579,452)	769,108	2,225,730
Fund Balance at beginning of year	<u>1,318,131</u>	<u>261,321</u>	<u>1,579,452</u>	<u>8,423,547</u>	<u>6,844,095</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,192,655</u>	<u>\$ 9,069,825</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, 2023**

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 expenditures net of payment to the independent contractor, since expenditures are based on a percentage of revenue collected. 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.

For budget purposes, the Town accounts for long term lease receivable on a cash basis while for GAAP purposes it flows GASB #87.

**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, 2023**

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

	<u>Total Revenues and Other Financing Sources</u>	<u>and Transfers/ Other Financing Uses</u>	<u>Fund Balance</u>
Actual - Non-GAAP Budgetary Basis June 30, 2023	\$ 20,265,542	\$ 19,496,434	\$ 9,192,655
Prior Year Refund from RSD #12 Offsets Expenditures	(543,053)	(543,053)	-
To Gross up Revenue and Expenditures:			
Building Department	85,100	85,100	-
LOSAP activity:			
Accumulated LOSAP activity prior to 6/30/2022	-	-	711,432
LOSAP contributions	-	(19,500)	19,500
LOSAP pension benefits	-	69,341	(69,341)
LOSAP net investment income	22,568	-	22,568
Long term lease adjustment	66	-	139
Actual GAAP - June 30, 2023	\$ <u>19,830,223</u>	\$ <u>19,088,322</u>	\$ <u>9,876,953</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability:</b>										
Service cost	\$ 44,781	\$ 46,133	\$ 62,198	\$ 68,532	\$ 72,851	\$ 82,602	\$ 91,439	\$ 94,845	\$ 102,325	\$ 98,203
Interest	217,297	218,499	222,411	221,760	211,024	205,734	201,809	190,974	184,048	176,212
Difference between expected and actual experience	(16,336)	(88,789)	(46,145)	118,752	3,107	(49,976)	66,239	(8,445)	(7,780)	-
Benefit payments, including refunds of member contributions	(276,926)	(259,180)	(241,109)	(208,099)	(197,151)	(171,812)	(152,722)	(150,434)	(137,463)	(117,455)
Net change in total pension liability	(31,184)	(83,337)	(2,645)	200,945	89,831	66,548	206,765	126,940	141,130	156,960
Total pension liability - beginning	4,072,408	4,155,745	4,158,390	3,957,445	3,867,614	3,801,066	3,594,301	3,467,361	3,326,231	3,169,271
Total pension liability - ending	4,041,224	4,072,408	4,155,745	4,158,390	3,957,445	3,867,614	3,801,066	3,594,301	3,467,361	3,326,231
<b>Plan fiduciary net position</b>										
Contributions - employer	40,000	70,000	125,000	130,000	100,000	140,000	140,000	140,000	159,275	172,775
Net investment income	320,663	(303,727)	909,658	112,231	207,079	271,199	362,535	59,616	60,532	336,327
Benefit payments, including refunds of member contributions	(276,926)	(259,180)	(241,109)	(208,099)	(197,151)	(171,812)	(152,722)	(150,434)	(137,463)	(117,455)
Net change in plan fiduciary net position	83,737	(492,907)	793,549	34,132	109,928	239,387	349,813	49,182	82,344	391,647
Plan fiduciary net position - beginning	4,118,931	4,611,838	3,818,289	3,784,157	3,674,229	3,434,842	3,085,029	3,035,847	2,953,503	2,561,856
Plan fiduciary net position - ending	4,202,668	4,118,931	4,611,838	3,818,289	3,784,157	3,674,229	3,434,842	3,085,029	3,035,847	2,953,503
<b>Net Pension Liability (Asset) - Ending</b>	<b>\$ (161,444)</b>	<b>\$ (46,523)</b>	<b>\$ (456,093)</b>	<b>\$ 340,101</b>	<b>\$ 173,288</b>	<b>\$ 193,385</b>	<b>\$ 366,224</b>	<b>\$ 509,272</b>	<b>\$ 431,514</b>	<b>\$ 372,728</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>103.99%</b>	<b>101.14%</b>	<b>110.97%</b>	<b>91.82%</b>	<b>95.62%</b>	<b>95.00%</b>	<b>90.37%</b>	<b>85.83%</b>	<b>87.55%</b>	<b>88.79%</b>
<b>Covered Employee Payroll</b>	<b>\$ 423,603</b>	<b>\$ 434,950</b>	<b>\$ 582,604</b>	<b>\$ 641,623</b>	<b>\$ 760,466</b>	<b>\$ 803,376</b>	<b>\$ 880,632</b>	<b>\$ 915,138</b>	<b>\$ 965,273</b>	<b>\$ 924,764</b>
<b>Net Pension Liability as a percentage of covered employee payroll</b>	<b>-38.11%</b>	<b>-10.70%</b>	<b>-78.29%</b>	<b>53.01%</b>	<b>22.79%</b>	<b>24.07%</b>	<b>41.59%</b>	<b>55.65%</b>	<b>44.70%</b>	<b>40.31%</b>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ ---	\$ 13,629	\$ 63,302	\$ 124,721	\$ 85,748	\$ 124,764	\$ 149,687	\$ 128,579	\$ 135,255	\$ 151,353
Contributions in relation to the actuarially determined contribution	40,000	70,000	125,000	130,000	100,000	140,000	140,000	140,000	159,275	172,775
Contribution Deficiency (Excess)	<u>\$ (40,000)</u>	<u>\$ (56,371)</u>	<u>\$ (61,698)</u>	<u>\$ (5,279)</u>	<u>\$ (14,252)</u>	<u>\$ (15,236)</u>	<u>\$ 9,687</u>	<u>\$ (11,421)</u>	<u>\$ (24,020)</u>	<u>\$ (21,422)</u>
Covered employee payroll	\$ 423,603	\$ 434,950	\$ 582,604	\$ 641,623	\$ 760,466	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273	\$ 924,764
Contributions as a percentage of covered employee payroll	9.44%	16.09%	21.46%	20.26%	13.15%	17.43%	15.90%	15.30%	16.50%	18.68%

**Notes to Schedule**

Valuation date: January 1, 2022  
Measurement date: June 30, 2023  
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 Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	8.01%	-6.69%	23.92%	2.96%	5.67%	7.82%	11.61%	1.97%	2.00%	12.64%

Town of Washington  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2023

	Special Revenue Funds										Capital Project Funds			
	Judea Cemetery	Park and Recreation Fund	Senior Center Fund	Greenway Committee Fund	Document Preservation Fund	Recycling Fund	After School Fund	Community Center Fund	Affordable Housing Fund	Ambulance Building Fund	Total			
<b>Assets:</b>														
Cash and cash equivalents	\$ 64,924	\$ 78,022	\$ 2,141	\$ 778	\$ 17,100	\$ 29,572	\$ 12,250	\$ 100	\$ 196,546	\$ 330,187	\$ 731,620			
Investments - at fair value	39,000	-	2,608	-	-	64,621	-	-	77,184	-	183,413			
Due from other funds	-	18,195	-	-	-	-	-	-	-	-	18,195			
Account receivable	-	5,000	-	-	-	-	-	-	-	-	5,000			
Mortgage receivable	-	-	-	-	-	-	-	-	50,000	-	50,000			
<b>Total Assets</b>	<b>\$ 103,924</b>	<b>\$ 101,217</b>	<b>\$ 4,749</b>	<b>\$ 778</b>	<b>\$ 17,100</b>	<b>\$ 94,193</b>	<b>\$ 12,250</b>	<b>\$ 100</b>	<b>\$ 323,730</b>	<b>\$ 330,187</b>	<b>\$ 988,228</b>			
<b>Liabilities:</b>														
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,329	\$ -	\$ -	\$ -	\$ 1,329			
<b>Fund balances:</b>														
<b>Nonspendable:</b>														
Perpetual Care Principal	66,526	-	-	-	-	-	-	-	-	-	66,526			
<b>Restricted for:</b>														
Social services	-	-	4,749	-	-	-	-	-	-	-	4,749			
Community beautification	-	-	-	778	-	-	-	-	-	-	778			
Document preservation	-	-	-	-	17,100	-	-	-	-	-	17,100			
After school programs	-	-	-	-	-	-	10,921	-	-	-	10,921			
Senior/Community center	-	-	-	-	-	-	-	100	-	-	100			
Ambulance building	-	-	-	-	-	-	-	-	-	330,187	330,187			
<b>Committed to:</b>														
Parks and recreation	-	101,217	-	-	-	-	-	-	-	-	101,217			
Cemetery operation	37,398	-	-	-	-	-	-	-	-	-	37,398			
Affordable housing	-	-	-	-	-	-	-	-	273,730	-	273,730			
Down payment assistance	-	-	-	-	-	-	-	-	50,000	-	50,000			
<b>Assigned for:</b>														
Recycling	-	-	-	-	-	94,193	-	-	-	-	94,193			
<b>Total Fund Balances</b>	<b>103,924</b>	<b>101,217</b>	<b>4,749</b>	<b>778</b>	<b>17,100</b>	<b>94,193</b>	<b>10,921</b>	<b>100</b>	<b>323,730</b>	<b>330,187</b>	<b>986,899</b>			
<b>Total Liabilities and Fund Balances</b>	<b>\$ 103,924</b>	<b>\$ 101,217</b>	<b>\$ 4,749</b>	<b>\$ 778</b>	<b>\$ 17,100</b>	<b>\$ 94,193</b>	<b>\$ 12,250</b>	<b>\$ 100</b>	<b>\$ 323,730</b>	<b>\$ 330,187</b>	<b>\$ 988,228</b>			



**Town of Washington**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2023**

	Special Revenue Funds								Capital Project Funds		
	Judea Cemetery Fund	Park and Recreation Fund	Senior Center Fund	Greenway Committee Fund	Document Preservation Fund	Recycling Fund	After School Fund	Community Center Fund	Affordable Housing Fund	Ambulance Building Fund	Total
<b>Revenues:</b>											
Investment income	\$ 226	\$ -	\$ 30	\$ 1	\$ 4	\$ 1,854	\$ -	\$ -	\$ 9,263	\$ 5,947	\$ 17,325
Program fees and other receipts	8,700	42,641	5,900	-	1,805	4,759	25,786	-	-	-	89,591
<b>Total Revenues</b>	<u>8,926</u>	<u>42,641</u>	<u>5,930</u>	<u>1</u>	<u>1,809</u>	<u>6,613</u>	<u>25,786</u>	<u>-</u>	<u>9,263</u>	<u>5,947</u>	<u>106,916</u>
<b>Expenditures:</b>											
Cemetery expenditures	17,890	-	-	-	-	-	-	-	-	-	17,890
Programs and activities	-	27,682	8,002	24	5,647	2,952	32,083	-	6,899	-	83,289
Capital outlay	-	-	-	-	-	-	-	-	-	63,592	63,592
<b>Total Expenditures</b>	<u>17,890</u>	<u>27,682</u>	<u>8,002</u>	<u>24</u>	<u>5,647</u>	<u>2,952</u>	<u>32,083</u>	<u>-</u>	<u>6,899</u>	<u>63,592</u>	<u>164,771</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	(8,964)	14,959	(2,072)	(23)	(3,838)	3,661	(6,297)	-	2,364	(57,645)	(57,855)
<b>Other Financing Sources:</b>											
Operating transfers in	23,000	-	-	-	-	-	-	-	50,000	-	73,000
<b>Net Change in Fund Balances</b>	14,036	14,959	(2,072)	(23)	(3,838)	3,661	(6,297)	-	52,364	(57,645)	15,145
<b>Fund Balances:</b>											
Beginning of Year	89,888	86,258	6,821	801	20,938	90,532	17,218	100	271,366	387,832	971,754
<b>End of Year</b>	<u>\$ 103,924</u>	<u>\$ 101,217</u>	<u>\$ 4,749</u>	<u>\$ 778</u>	<u>\$ 17,100</u>	<u>\$ 94,193</u>	<u>\$ 10,921</u>	<u>\$ 100</u>	<u>\$ 323,730</u>	<u>\$ 330,187</u>	<u>\$ 986,899</u>

**Town of Washington**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2023**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 329,673	\$ -	\$ 329,673
Employer contribution receivable	-	80,987	80,987
Accrued interest	7,857	-	7,857
Investments - at fair value	<u>3,865,138</u>	<u>194,444</u>	<u>4,059,582</u>
<b>Total Assets</b>	<b>\$ 4,202,668</b>	<b>\$ 275,431</b>	<b>\$ 4,478,099</b>
<b>Net Position:</b>			
Held in trust for pension benefits	<u>\$ 4,202,668</u>	<u>\$ 275,431</u>	<u>\$ 4,478,099</u>
<b>Total Net Position</b>	<b><u>\$ 4,202,668</u></b>	<b><u>\$ 275,431</u></b>	<b><u>\$ 4,478,099</u></b>

**Town of Washington**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended June 30, 2023**

	<b>Defined Benefit Plan</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>
<b>Additions:</b>			
Town contributions	\$ 40,000	\$ 80,988	\$ 120,988
Investment income:			
Change in fair values of investments	255,440	9,447	264,887
Interest and dividends	108,313	8,585	116,898
Realized loss on the sale of investments	(21,992)	-	(21,992)
Gross investment income	341,761	18,032	359,793
Less: investment expense	21,098	1,305	22,403
Net investment income	320,663	16,727	337,390
<b>Total additions</b>	360,663	97,715	458,378
<b>Deductions:</b>			
Pension benefits	276,926	-	276,926
<b>Change in Net Position</b>	83,737	97,715	181,452
Net Position - Beginning of year	4,118,931	177,716	4,296,647
Net Position - End of year	\$ 4,202,668	\$ 275,431	\$ 4,478,099

**Town of Washington**  
**Fiduciary Fund Type - Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2023**

	ALCOHOL AND DRUG ABUSE PREVENTION FUND			
	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
<b>Assets:</b>				
Cash	\$ <u>4,062</u>	\$ <u>6,799</u>	\$ <u>5,807</u>	\$ <u>5,054</u>
<b>Liabilities:</b>				
Due to Participants	\$ <u>4,062</u>	\$ <u>6,799</u>	\$ <u>5,807</u>	\$ <u>5,054</u>

Town of Washington  
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)  
Year Ended June 30, 2023

	Taxes Receivable July 1, 2022	LAWFUL CORRECTIONS		Net Transfers (To) From Suspense	Adjusted Taxes Receivable	COLLECTIONS			Taxes Receivable June 30, 2023
		Lawful Additions	Corrections Reductions			Taxes	Interest, liens and other costs	Refunds and Adjustments	Total Net Collections
<b>Grand List: October 1,</b>									
2021 \$	17,991,282 \$	28,455 \$	(35,114) \$	- \$	17,984,623 \$	17,883,198 \$	42,054 \$	(402) \$	17,924,850 \$
2020	93,786	12,297	(1,998)	-	104,085	90,904	18,978	268	110,150
2019	13,832	7,497	(2)	(4,094)	17,233	17,175	3,676	\$	20,856
2018	-	452	-	-	452	397	341	-	738
Suspense book collections	-	-	-	538	538	538	331	-	869
<b>Totals</b>	<b>\$ 18,098,900 \$</b>	<b>48,701 \$</b>	<b>(37,114) \$</b>	<b>(3,556) \$</b>	<b>18,106,931 \$</b>	<b>17,992,212 \$</b>	<b>65,380 \$</b>	<b>(129) \$</b>	<b>18,057,463 \$</b>
									<b>114,848</b>

Town of Washington  
Statement of Debt Limitation  
Connecticut General Statutes, Section 7-374 (b)  
Year Ended June 30, 2023

Total tax collections (including interest and lien fees) for the year ended June 30, 2023 \$ 18,057,463

Reimbursement for revenue loss on :

Tax relief for elderly - (CGS 12-129d) 64

Total Receipts From Taxation For The Year Ended June 30, 2023 (Base) \$ 18,057,527

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<b>Debt Limitation:</b>					
2 1/4 times Base	\$ 40,629,436	\$ -	\$ -	\$ -	-
4 1/2 times Base	-	81,258,872	-	-	-
3 3/4 times Base	-	-	67,715,726	-	-
3 1/4 times Base	-	-	-	58,686,963	-
3 times Base	-	-	-	-	54,172,581
<b>Total Debt Limitation</b>	<b>40,629,436</b>	<b>81,258,872</b>	<b>67,715,726</b>	<b>58,686,963</b>	<b>54,172,581</b>

**Indebtedness:**

Town's share of Shepaug Regional School District #12 debt, at 48.316%

General Obligation Bonds issued 4/10/19 - \$6,775,000 - 3,273,409 - -

General Obligation Term Loan issued 8/16/22 - \$2,500,000 - 1,207,900 -

General Obligation Bond Anticipation Note issued 8/19/22 - \$4,000,000 - 1,932,640 - -

**Total Indebtedness** - 6,413,949 - - -

**Debt Limitation In Excess Of**

**Outstanding And Authorized Debt** \$ 40,629,436 \$ 74,844,923 \$ 67,715,726 \$ 58,686,963 \$ 54,172,581

**NOTE:** In no case shall total indebtedness exceed seven times annual receipts from taxation.



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Washington, Connecticut's basic financial statements, and have issued our report thereon dated January 26, 2024.

**Report on Internal Control over Financial Reporting**

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

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

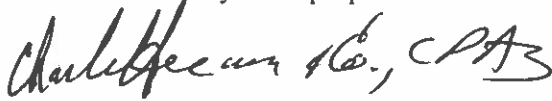
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

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

## Purpose of This Report

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

A handwritten signature in black ink, appearing to read "Charles Heaven & Co., CPA". The signature is stylized and includes a large, looped flourish at the end.

Charles Heaven & Co.

January 26, 2024



## STATE SINGLE AUDIT REPORT



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

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

Board of Finance  
Town of Washington  
Washington, Connecticut

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

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

We have audited the Town of Washington, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Washington, Connecticut's major state programs for the year ended June 30, 2023. The Town of Washington, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Washington, Connecticut, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Washington, Connecticut's basic financial statements. We have issued our report thereon dated January 26, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Charles Heaven", followed by the text "C.P.A." in a similar script.

CHARLES HEAVEN & CO.  
Waterbury, Connecticut

January 26, 2024

**Town of Washington**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

<b>State Grantor / Pass-Through Grantor / Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Connecticut State Library</b>		
Historic Document Preservation Grant	12060-CSL66094-35150	\$ 5,500
<b>Office of Policy and Management</b>		
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	64
Property Tax Relief For Veterans	11000-OPM20600-17024	1,069
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	13,690
Municipal Grants-In-Aid	12052-OPM20600-43587	158
Municipal Revenue Sharing	12060-OPM20600-35458	26,358
MRSA - Tiered PILOT	12060-OPM20600-35691	3,699
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	165,000
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	165,000
Small Town Economic Assistance Program (STEAP)	12052-DOT57131-40532	54,671
Local Bridge Program Transportation Fund	13033-DOT57000-43456	129,009
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program (STEAP)	12052-ECD46000-42411-149	47,196
<b>Department of Emergency Services &amp; Public Protection</b>		
Emergency Management Performance Grant	12060-DPS32160-21881	5,000
<b>Department of Revenue Services</b>		
Other Expenses	11000-DRS16410-10020	10
<b>Judicial Branch</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,295
<b>Total State Financial Assistance before Exempt Programs</b>		<b>617,719</b>
<b>Exempt Programs</b>		
<b>State Department of Education</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	137,390
<b>Total Exempt programs</b>		<b>137,390</b>
<b>Total State Financial Assistance</b>		<b>\$ 755,109</b>

The accompanying notes are an integral part of this schedule

**Town of Washington**  
**Notes to Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Washington, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2023. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Washington, Connecticut, it is not intended and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the Town of Washington, Connecticut.

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

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

***Basis of Accounting***

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

**Town of Washington**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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

*Financial Statements*

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

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

*State Financial Assistance*

Internal control over major programs:

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

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

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

       yes   X   no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	\$ <u>165,000</u>
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	\$ <u>165,000</u>

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

**Town of Washington  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**II. FINANCIAL STATEMENT FINDINGS**

We issued our report, dated January 26, 2024, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

Our report on compliance indicated no reportable instances of noncompliance.

Our report on internal control over financial reporting indicated no findings or questioned costs.

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

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



## FEDERAL SINGLE AUDIT REPORT



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Finance  
Town of Washington  
Washington, Connecticut

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

***Opinion on Each Major Federal Program***

We have audited the Town of Washington, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each major of the Town of Washington, Connecticut's major federal programs for the year ended June 30, 2023. The Town of Washington, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Washington, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis of Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Washington, Connecticut's basic financial statements. We issued our report thereon dated January 26, 2024 which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CHARLES HEAVEN & CO.

January 26, 2024

**Town of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>United States Department of Transportation</b>			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57171-22108	\$ 836,717
Highway Planning and Construction	20.205	12062-DOT57191-22108	771,427
Total U.S. Department of Transportation			<u>1,608,144</u>
<b>United States Department of the Treasury</b>			
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
COVID-19 ARPA Local Fiscal Recovery Exp	21.027	12060-OPM20600-29669	673,585
<b>United States Department of Homeland Security</b>			
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Disaster Grant - Public Assistance	97.036	12060-DPS32990-21891	23,211
<b>United States Election Assistance Commission</b>			
<i>Passed Through the State of Connecticut Office of Secretary of State:</i>			
Help America Vote Act Requirements Payments	90.401	12060-SOS12500-21465	1,367
<b>Total Federal Awards</b>			<u><u>\$ 2,306,307</u></u>

The accompanying notes are an integral part of this schedule.

**Town of Washington**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Washington, Connecticut under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Town of Washington, Connecticut, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the Town of Washington, Connecticut.

***Basis of Accounting***

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

**II. INDIRECT COST RECOVERY**

The Town of Washington, Connecticut, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance. The Town does not have any grants which would require the application of the overhead rate.

**Town of Washington  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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

*Financial Statements*

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

*Identification of Major Federal Programs:*

**Assistance Listing Number**

**Name of Federal Program or Cluster**

20.205

Highway Planning & Construction

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.