

Town of Lebanon, Connecticut

State & Federal Compliance Audit

June 30, 2021

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

Town of Lebanon, Connecticut

June 30, 2021

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Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

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Independent Auditors' Report

Board of Finance
Board of Selectmen
Town of Lebanon, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 21 to the financial statements, the Town adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The beginning net position and fund balance of the governmental activities and the aggregate remaining fund information as of July 1, 2020 have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the pension and OPEB schedules on pages 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lebanon, Connecticut's basic financial statements. The accompanying combining and individual fund financial statements, the schedule of property taxes levied, collections and outstanding balances, the schedule of debt limitation, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures 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. The accompanying combining and individual fund financial statements, the schedule of property taxes levied, collections and outstanding balances, the schedule of debt limitation, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information described above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, on our consideration of the Town of Lebanon, 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 Lebanon, 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 Lebanon, Connecticut's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
February 21, 2022

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

Our discussion and analysis of the Town of Lebanon, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information for the governmental and business-type activities of the Town as found in the government-wide financial statements.

Financial Highlights - Government-wide financial statements - Governmental activities

- The Town's total assets exceeded its total liabilities by \$43,520,136 (net position) for the current fiscal year. This compares to the prior fiscal year balance of \$43,566,853 as restated. This represents a decrease of (\$46,717) or approximately .11%.
- The Town's net investment in capital assets net position balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total net investment in capital assets net position balance of the Town was \$32,374,311 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$31,058,042. This represents an increase of approximately 4.24% which is the result of a decrease in the related long-term debt through payments of \$481,712 and debt forgiveness of \$97,350, a net increase in the short-term bond anticipation note of (\$100,000), current depreciation in the amount of (\$2,034,308) and current capital asset additions in the amount of \$2,871,515. The current fiscal year capital asset additions included school technology purchases in the amount of \$90,593, a fuel tank project at the middle school in the amount of \$174,349, improvements to the school tennis courts, control system upgrades at each school, Aspinall soccer field project costs in the amount of \$182,686, a new senior van in the amount of \$64,759, a used public works grader in the amount of \$84,260, major repairs to a fire tanker truck in the amount of \$69,987, current year paving costs in the amount of \$302,901 and roads and bridges improvement costs in the amount of \$1,122,334 which are classified as infrastructure capital assets and current year library renovation and addition cost in the amount of \$339,809 which are classified as construction in progress capital assets as well as a number of other capital asset items.
- The Town's restricted net position is used to account for funds received with constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net position balance of the Town was \$4,954,124 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$4,300,421. This represents an increase of approximately 15.20%. This increase is due almost entirely to the current fiscal year increase in the fair value of investments amount of \$550,578 which relates to the restricted investment fund balances of the town as well as a number of the restricted donation fund balances of the Town.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$6,191,701 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$8,124,003. This represents a decrease of approximately 23.79%. Unrestricted net position is calculated by subtracting the known net investment in capital assets balance and the restricted net position balance from the known total net position balance. Therefore, the change in this balance is a direct correlation of the changes in the other two components and the current fiscal year change in net position amount.
- The Town's total revenues for its governmental activities were \$34,086,971 for the current fiscal year. This compares to the prior fiscal year balance of \$32,981,772. This represents an increase of \$1,105,199 or approximately 3.35%. This is due to a number of increases and decreases in revenue categories such as property tax revenues which decreased by (\$792,508), the change in the fair value of investments which increased by \$592,771 and operating grants which increased by \$1,524,471. This increase in operating grants was made up of a number of increases and decreases from the previous fiscal year with the largest amount representing an increase in the actuarial determined State on-behalf revenue in the amount of \$1,690,797 which relates to the pension and OPEB benefits of the Teachers Retirement System.
- The cost of the Town's governmental activities was \$34,133,688 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$20,520,969 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$1,289,884 and through operating and capital grants received from the State (state and federal dollars) in the amount of \$12,322,835. This amounts to approximately 60.12% of the cost of these governmental activities actually being financed by the general revenues of the Town. This compares to approximately 62.75% of the cost of the governmental activities of the Town being financed by the general revenues of the town for the prior fiscal year. The individual breakdown of how these charges for services and operating and capital grants were received by department for the current fiscal year is shown on Statement B on page 12 and 13.

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

Financial Highlights - Government-wide financial statements - Business-type activities

- The Town established two internal funds to account for the operations of the Amston Lake Water Pollution Control Authority (the Authority). The benefit assessment proprietary fund which is shown as a business-type activity in both the fund financial statements and the government-wide financial statements is responsible for the related capital assets of the project, debt repayment and benefit assessment collections. The operating proprietary fund which is also shown as a business-type activity in both the fund financial statements and the government-wide financial statements is responsible for the operating costs of the authority and as such the billing and collection of user fees. During the current fiscal year, no new benefit assessments were levied on properties located along the District. Current fiscal year assessment principal collections totaled approximately \$337,398 leaving a current and long-term receivable amount due of \$2,180,053. Current fiscal year borrowed interest collections totaled approximately \$64,915 including currently billed amounts and previously billed amounts leaving a outstanding receivable of \$25,542. Current fiscal year user fee collections totaled approximately \$124,836 including currently billed amounts and previously billed amounts leaving a outstanding receivable of \$18,620.

Using this annual report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of net position and the Statement of activities as shown on pages 11 through 13 which provide information about the governmental and business-type activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance sheet and the Statement of revenues, expenditures, and changes in fund balances as shown on pages 14 and 16 and tell how Town services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. General fund budget to actual information is reported in these fund financial statements as shown on pages 18 and 19. The proprietary fund financial statements consist of a Statement of net position, a Statement of revenues, expenses and changes in net position and a Statement of cash flows as shown on pages 20 through 22. The proprietary activities of the Town are accounted for within two enterprise funds which are used to account for the activities of the Amston Lake Water Pollution Control Authority and an internal service fund which is used to account for the self funding dental plan of the Town. The fiduciary fund financial statements consist of a Statement of fiduciary net position and a Statement of changes in fiduciary net position as shown on page 23. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

Reporting the Town as a whole

Our analysis of the Town as a whole begins on page 11 with the Statement of net position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal years activities?" The statement of net position and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net position includes all of the non-fiduciary assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities. The statement of activities presents the operations of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received.

These two statements report the Town's net position and the changes in this net position. You can think of this net position as one way to measure the financial health and financial position of the Town. The net position balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town, and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type, and component units. The Authority's activities are classified as both governmental activities and business-type activities and are characterized as follows:

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

- **Governmental activities** - All of the Town's basic services are reported here, including general government, public safety, public works, health & social services, community preservation, education, and other unclassified programs and activities. Property taxes, charges for services, state and federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.
- **Business-type activities** - Business-type activities are reported in funds which focus on the determination of operating income, changes in net position, and cash flows. The business-type activities of the Town are accounted for within proprietary funds and more specifically enterprise funds. The Town uses two enterprise funds to account for the activities of the Amston Lake Water Pollution Control Authority which are designed to account for charges for services and other collections to be used to fund the operating activities and the repayment of long-term debt and the capital assets of the Authority.

Reporting the Town's most significant funds

Our analysis of the Town's major funds begins on page 14 with the Balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Finance of the Town has the authority to establish other funds which it uses to help control and manage funds for particular purposes (such as the community center or recreation commission) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the revenue received and expended for educational grants). The Town uses governmental funds which are characterized as follows:

- **Governmental funds** - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs and activities. The relationship between governmental activities and governmental funds is presented in a reconciliation at the bottom of the fund financials.

Reporting the Town's other funds - Proprietary funds

Our analysis of the Town's proprietary funds begin on page 20 with the Statement of net position. The statement of net position presents the financial position of the proprietary funds at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the Town. The assets and liabilities are presented in a classified format to distinguish between current and long-term assets and liabilities. In addition, the assets and liabilities are presented in the order of their relative liquidity. The statement of revenues, expenses and changes in net position is the operating statement of proprietary funds. This statement also segregates revenues and expenses between the category of operating and non-operating. Operating revenues and expenses are subtracted to come up with the operating income or loss from operations. Non-operating revenues and expenses are then shown by line item in a section following the results of the operations. The proprietary funds of the Town will also utilize a statement of cash flows. The purpose of the statement of cash flows is to provide relevant information about the cash receipts and payments made by these funds during each reporting period. The Town's proprietary funds are characterized as follows:

- **Proprietary funds** - Proprietary funds are both governmental and business-type activity funds which focus on the determination of operating income, changes in net position and cash flows. Proprietary funds include both enterprise funds (business-type) and internal service funds (governmental funds).

The Town as a trustee - Fiduciary funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to a portion of the student activity accounts located at the Board of Education. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

The Town as a whole - Assets, liabilities, and net position

The information provided below represents government-wide information for the governmental and business-type activities of the Town for the current fiscal year compared to the prior fiscal year. The current ratio compares the current assets of the Town as a whole to its current liabilities and non-current liabilities due within one year as a whole and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the total current ratio of the Town was 2.95 to 1 compared to the end of the prior fiscal year when the total current ratio was 4.08 to 1. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities and those non-current liabilities due within one year from the current assets of the Town as a whole. As of the end of the current fiscal year the Town's positive total working capital balance was \$9,458,546. This compares to the prior fiscal year positive balance of \$11,490,890.

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 13,582,429	\$ 14,278,036	\$ 729,529	\$ 940,864	\$ 14,311,958	\$ 15,218,900
Other assets	4,916,922	3,279,162	3,589,860	3,463,535	8,506,782	6,742,697
Capital assets	34,954,409	34,117,202	5,809,859	5,896,574	40,764,268	40,013,776
	<u>53,453,760</u>	<u>51,674,400</u>	<u>10,129,248</u>	<u>10,300,973</u>	<u>63,583,008</u>	<u>61,975,373</u>
Deferred outflows of resources	<u>2,119,655</u>	<u>1,379,937</u>	<u>-</u>	<u>-</u>	<u>2,119,655</u>	<u>1,379,937</u>
Current liabilities	4,554,397	3,065,931	87,603	77,435	4,642,000	3,143,366
Non-current liabilities						
Due within one year	103,753	479,610	107,659	105,034	211,412	584,644
Due after one year	6,408,655	5,526,333	3,721,326	3,828,985	10,129,981	9,355,318
	<u>11,066,805</u>	<u>9,071,874</u>	<u>3,916,588</u>	<u>4,011,454</u>	<u>14,983,393</u>	<u>13,083,328</u>
Deferred inflows of resources	<u>986,474</u>	<u>499,997</u>	<u>-</u>	<u>-</u>	<u>986,474</u>	<u>499,997</u>
Net position:						
Net Investment capital assets	32,374,311	31,058,042	1,980,874	1,962,555	34,355,185	33,020,597
Restricted	4,954,124	4,300,421	-	-	4,954,124	4,300,421
Unrestricted	6,191,701	8,124,003	4,231,786	4,326,964	10,423,487	12,450,967
	<u>\$ 43,520,136</u>	<u>\$ 43,482,466</u>	<u>\$ 6,212,660</u>	<u>\$ 6,289,519</u>	<u>\$ 49,732,796</u>	<u>\$ 49,771,985</u>
Restricted net position:						
Expendable:						
Restricted investment funds	\$ 2,879,204	\$ 2,403,485	\$ -	\$ -	\$ 2,879,204	\$ 2,403,485
Restricted donation funds	483,523	347,474	-	-	483,523	347,474
Enabling legislation funds	69,380	60,324	-	-	69,380	60,324
Community projects	1,053,980	1,055,913	-	-	1,053,980	1,055,913
Encumbrances	-	36,583	-	-	-	36,583
Permanent funds residual	120,497	52,982	-	-	120,497	52,982
	<u>4,606,584</u>	<u>3,956,761</u>	<u>-</u>	<u>-</u>	<u>4,606,584</u>	<u>3,956,761</u>
Non-expendable:						
Prepays and inventory	28,268	24,388	-	-	28,268	24,388
Permanent funds principal	319,272	319,272	-	-	319,272	319,272
	<u>347,540</u>	<u>343,660</u>	<u>-</u>	<u>-</u>	<u>347,540</u>	<u>343,660</u>
	<u>\$ 4,954,124</u>	<u>\$ 4,300,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,954,124</u>	<u>\$ 4,300,421</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

The Town as a whole - Revenues, expenses, and changes in net position

The information provided below represents government-wide information for the governmental and business-type activities of the Town for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount of total Town expenditures actually financed by the general revenues of the Town. This amount is shown at the bottom of this schedule and should be used to give the reader an indication of how the Town's activities were financed during the current fiscal year in comparison to the prior fiscal year.

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 1,289,884	\$ 1,259,616	\$ 195,228	\$ 188,424	\$ 1,485,112	\$ 1,448,040
Operating grants	12,271,635	10,747,164	-	-	12,271,635	10,747,164
Capital grants	51,200	-	-	-	51,200	-
General revenues						
Property tax revenues	19,142,914	19,935,422	-	-	19,142,914	19,935,422
State tax relief revenues	17,719	18,740	-	-	17,719	18,740
Other state revenues	206,336	206,614	-	-	206,336	206,614
Investment fair value change	550,578	-42,193	-	-	550,578	-42,193
Interest and dividends	141,975	175,536	3,408	3,419	145,383	178,955
Miscellaneous	317,380	750,802	12,045	14,562	329,425	765,364
Transfers	-	10,000	-	-10,000	-	-
Debt principal forgiveness	97,350	100,922	-	-	97,350	100,922
Loss on disposal-transfer of capital assets	-	-180,851	-	-	-	-180,851
Total revenues	<u>34,086,971</u>	<u>32,981,772</u>	<u>210,681</u>	<u>196,405</u>	<u>34,297,652</u>	<u>33,178,177</u>
Expenses						
General government	1,329,762	1,348,722	-	-	1,329,762	1,348,722
Public safety	996,080	893,609	-	-	996,080	893,609
Public works	1,720,029	1,656,722	-	-	1,720,029	1,656,722
Education	22,211,452	21,581,348	-	-	22,211,452	21,581,348
Education - on behalf	5,487,303	3,796,506	-	-	5,487,303	3,796,506
Health & social	893,849	977,098	-	-	893,849	977,098
Community preservation	214,609	231,469	-	-	214,609	231,469
Unclassified and program	695,050	1,160,974	-	-	695,050	1,160,974
Infrastructure depreciation	573,269	551,036	-	-	573,269	551,036
Debt service Interest	12,285	39,218	96,901	86,557	109,186	125,775
Sewer	-	-	190,639	185,834	190,639	185,834
Total expenses	<u>34,133,688</u>	<u>32,236,702</u>	<u>287,540</u>	<u>272,391</u>	<u>34,421,228</u>	<u>32,509,093</u>
Change in net position	-46,717	745,070	-76,859	-75,986	-123,576	669,084
Net position - July 1, restated	<u>43,566,853</u>	<u>42,737,396</u>	<u>6,289,519</u>	<u>6,365,505</u>	<u>49,856,372</u>	<u>49,102,901</u>
Net position - June 30	<u>\$43,520,136</u>	<u>\$43,482,466</u>	<u>\$ 6,212,660</u>	<u>\$ 6,289,519</u>	<u>\$49,732,796</u>	<u>\$49,771,985</u>
Financed by general revenues:						
Total expenses	\$34,133,688	\$32,236,702	\$ 287,540	\$ 272,391	\$34,421,228	\$32,509,093
Less charges for services	-1,289,884	-1,259,616	-195,228	-188,424	-1,485,112	-1,448,040
Less operating grants	-12,271,635	-10,747,164	-	-	-12,271,635	-10,747,164
Less capital grants	-51,200	-	-	-	-51,200	-
	<u>\$20,520,969</u>	<u>\$20,229,922</u>	<u>\$ 92,312</u>	<u>\$ 83,967</u>	<u>\$20,613,281</u>	<u>\$20,313,889</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis
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Capital assets

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges and the Amston Lake sewage system. The infrastructure assets shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1J on page 30 and note 5 on page 40.

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,228,189	\$ 2,228,189	\$ -	\$ -	\$ 2,228,189	\$ 2,228,189
Construction in progress	752,797	218,394	-	-	752,797	218,394
Buildings and improvements	37,565,210	37,259,683	-	-	37,565,210	37,259,683
Vehicles	6,095,352	5,839,322	-	-	6,095,352	5,839,322
Equipment	2,372,960	2,022,640	-	-	2,372,960	2,022,640
Infrastructure	34,010,051	32,584,816	-	-	34,010,051	32,584,816
Sewage system	-	-	6,503,574	6,503,574	6,503,574	6,503,574
Total historical value	83,024,559	80,153,044	6,503,574	6,503,574	89,528,133	86,656,618
Less accumulated depreciation	-48,070,150	-46,035,842	-693,715	-607,000	-48,763,865	-46,642,842
Total capital assets (net)	<u>\$34,954,409</u>	<u>\$34,117,202</u>	<u>\$ 5,809,859</u>	<u>\$ 5,896,574</u>	<u>\$40,764,268</u>	<u>\$40,013,776</u>

Debt administration

The debt of the town includes long-term bonds, notes and capital leases payable, accrued compensated absences (accumulated vacation and sick time) in accordance with the established personnel policies of the Town and Board of Education, net pension liability and other post employment benefit liabilities in accordance with generally accepted accounting principles. All long-term debt related outstanding payables are incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The applicable state debt limitations as set forth in the Connecticut General Statutes, Section 7-374 (b) and the towns outstanding balances in comparison to these limitations can be found in the schedule of debt limitations, Sub-schedule F on page 86. More detailed information on the Town debt can be found in note 6 on pages 41 and 42.

	Governmental activities		Business-type activities		Totals	
	2021	2020	2021	2020	2021	2020
Outstanding payables:						
Portion due within one year	\$ 103,753	\$ 479,610	\$ 107,659	\$ 105,034	\$ 211,412	\$ 584,644
Portion due after one year	476,345	679,550	3,721,326	3,828,985	4,197,671	4,508,535
Other liabilities:						
Accrued compensated absences						
School employees	59,520	55,727	-	-	59,520	55,727
Town employees	58,014	51,628	-	-	58,014	51,628
Net pension liability	2,087,431	1,697,224	-	-	2,087,431	1,697,224
Total OPEB liability	3,727,345	3,042,204	-	-	3,727,345	3,042,204
Total debt	<u>\$ 6,512,408</u>	<u>\$ 6,005,943</u>	<u>\$ 3,828,985</u>	<u>\$ 3,934,019</u>	<u>\$10,341,393</u>	<u>\$ 9,939,962</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental and business-type activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance sheet on page 14 and the Statement of revenues, expenditures, and changes in fund balances on page 16.

Financial highlights - Fund financial statements - Governmental funds

- The total assets of the Town's governmental funds exceeded the total liabilities by \$14,187,300 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$13,960,385 as restated, an increase of \$226,915 or approximately 1.63%. This increase is due to the negative results of the general fund of (\$452,174), the positive results of the Trumbull investment funds of \$475,719, the negative results of the town capital funds of (\$1,272,831), the negative results of the small cities program funds of (\$1,933) and the positive results of the non-major governmental funds of \$1,478,134. These increases and decreases can be seen by reviewing Statement D on page 16 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$35,320,044 for the current fiscal year. This compares to the prior fiscal year balance of \$33,150,039. This represents an increase of \$2,170,005 or approximately 6.55%. This is due to a number of increases and decreases in revenue categories such as property tax revenues which decreased by (\$759,286) and other intergovernmental revenues which increased by \$932,120. This increase in other intergovernmental revenues related in large part to the Town receiving \$1,057,136 representing its first payment in relation to the American Rescue Plan Act. This revenue was recognized by The town in the fund financial statements as the applicable eligibility requirements had been met and the resources were available. Intergovernmental education on-behalf revenue and expenditures increased by \$1,690,797 for the actuarial determined State on-behalf revenue relating to the pension and OPEB benefits of the Teachers Retirement System. School tuition revenues also increased during the current fiscal year by \$55,414.
- The total expenditures of the Town's governmental funds were \$35,093,129 for the current fiscal year. This compares to the prior fiscal year balance of \$32,554,485. This represents an increase of \$2,538,644 or approximately 7.80%. This is due to a number of increases in fund expenditures such as the Town capital funds which increased by \$742,497 due in large part to increased current fiscal year expenditures related to the roads and bridges projects as well as the library renovation and addition project. In addition, the general fund expenditures increased by \$2,158,708 which is due in large part to the increase in the education on-behalf expenditures as described in the previous paragraph.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was a deficiency of (\$452,174) for the current fiscal year in comparison to an excess of \$757,848 for the prior fiscal year. This current fiscal year deficiency relates in part to the following selected current fiscal year budgetary highlights. See the budget to actual comparison statement on pages 18 and 19 for more detailed information on actual revenues and expenditures in comparison to the budgeted amounts.
- The actual revenues received in the Town's general fund were \$300,727 higher than the budget revenues for the current fiscal year which is a favorable variance. This "over collection" of budgeted revenues relates to a number of budgeted revenue categories. Property tax revenue was \$98,324 over the budgeted amount, state education revenue was (\$48,232) under the budgeted amount, tuition revenue was \$97,257 over the budgeted amount and charges for services was \$116,432 over the budgeted amount. Actual program expenditures of the general fund were \$582,813 lower than the budgeted expenditures for the current fiscal year which is a favorable variance. This under expenditure was due in part to the education account being under-expended by \$101,347, the public works department being under-expended by \$99,076 and the police services account being under-expended by \$67,481. The budget to actual Statement E on pages 18 and 19 of the financial statements will provide additional information on the budget to actual results for both the current fiscal year revenue and expenditures of the Town.
- In the current fiscal year the Board of Finance, in accordance with executive orders issued by the Governor, approved the use of \$1,102,701 of the unassigned general fund balance through motions as part of their regular monthly meetings. This use of unassigned general fund balance was in the form of transfers to town capital funds and a non-major special revenue fund. \$882,701 was transferred to the town capital funds in amounts for paving of \$534,080, capital lease payments of \$141,250, fire truck repairs of \$69,987, tree trimming of \$40,000, the purchase of a used grader of \$84,260 and for a snow plow truck body of \$13,124. \$140,000 was transferred to the COVID-19 emergency relief fund and \$80,000 was transferred to the school capital fund in accordance with State legislature section 10-248a. This in effect is the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues.

Town of Lebanon, Connecticut
Management's Discussion and Analysis
June 30, 2021

Business-type activities - Amston Lake Water Pollution Control Authority

The business-type activities of the Town consist of two enterprise type proprietary funds which are being used to account for both the operating activities and the benefit assessment activities of the Amston Lake Water Pollution Control Authority (the Authority). The Authority was established for the purpose of operating a sewage system located around Amston Lake within the Town. The capital assets and long-term debt obligations are being accounted for within the WPCA assessment enterprise fund which is funded by the repayment of the benefit assessments which were assessed to all of the properties located along the sewage system along with a borrowed interest assessment. The operations of the Authority are being accounted for within the WPCA operating enterprise fund with the costs being funded through the billing of user fees to those properties connected to the sewage system.

Discretely presented "component unit"

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town has determined that the Lebanon Volunteer Fire Department meets the definition of a component unit due to its fiscal dependence on the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis.

Economic factors and next year's budgets and rates

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in the 2022 fiscal year and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.5% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgments and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being continually monitored. For the current fiscal year, there was a negative impact on income from investments and building permits, but other revenues such as recording fees and conveyance taxes were positively impacted. The Town did not see any impact on tax collections for the current fiscal year and there is no indication that there will be an impact on the 2022 fiscal year collections.

All of these factors were considered in preparing the Town's 2022 fiscal year budget. The general fund appropriation for the 2022 fiscal year of \$26,303,641 was approved by town referendum on May 11, 2021. This represents an increase of approximately 2.50% from the approved fiscal year 2021 budget of \$25,662,864.

Contacting the Town's financial management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Finance Department at 579 Exeter Road, Lebanon, Connecticut 06249.

Town of Lebanon, Connecticut
Statement of net position
June 30, 2021

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Volunteer fire department
Assets:				
Cash and cash equivalents	\$ 9,434,367	\$ 684,402	\$ 10,118,769	\$ 234,491
Investments	3,464,971	-	3,464,971	712,744
Restricted cash and cash equivalents	1,966,679	-	1,966,679	-
Restricted investments	3,305,135	-	3,305,135	-
Receivables, net:				
Property taxes	447,647	-	447,647	-
Interest on property taxes	111,730	-	111,730	-
Intergovernmental	141,596	-	141,596	20,531
Accounts	52,219	45,127	97,346	-
Tax acquired property	13,361	-	13,361	-
Inventory & prepaid items	28,268	-	28,268	6,594
Notes receivable	943,185	2,180,053	3,123,238	-
Internal balances	-1,409,807	1,409,807	-	-
Capital assets, non-depreciable	2,980,986	-	2,980,986	-
Capital assets, net	31,973,423	5,809,859	37,783,282	274,098
Total Assets	53,453,760	10,129,248	63,583,008	1,248,458
Deferred outflows of resources:				
Related to Pensions	1,094,765	-	1,094,765	-
Related to OPEB	1,024,890	-	1,024,890	-
Total deferred outflows of resources	2,119,655	-	2,119,655	-
Liabilities:				
Accounts payable	1,014,296	10,731	1,025,027	23,067
Accrued payroll	92,840	67	92,907	-
Accrued debt service interest	368	43,010	43,378	-
Other liabilities	153,191	-	153,191	-
Unearned revenues	1,293,702	33,795	1,327,497	-
Bond anticipation note payable	2,000,000	-	2,000,000	-
Noncurrent liabilities:				
Portion due within one year	103,753	107,659	211,412	-
Portion due after one year	6,408,655	3,721,326	10,129,981	-
Total liabilities	11,066,805	3,916,588	14,983,393	23,067
Deferred inflows of resources:				
Related to pensions	345,047	-	345,047	-
Related to OPEB	209,480	-	209,480	-
Advance property tax collections	431,947	-	431,947	-
Total deferred inflows of resources	986,474	-	986,474	-
Net Position:				
Net Investment in capital assets	32,374,311	1,980,874	34,355,185	274,098
Restricted				
Expendable	4,606,584	-	4,606,584	-
Non-expendable	347,540	-	347,540	6,594
Unrestricted	6,191,701	4,231,786	10,423,487	944,699
Total net position	\$ 43,520,136	\$ 6,212,660	\$ 49,732,796	\$ 1,225,391

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of activities
For the year ended June 30, 2021

	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ -1,329,762	\$ 180,040	\$ 10,691	\$ -
Public safety	-996,080	148,627	985	-
Public works	-1,720,029	133,170	303,203	-
Education	-22,211,452	788,776	6,292,952	-
Education - on behalf	-5,487,303	-	5,487,303	-
Health & social	-893,849	9,329	164,501	-
Community preservation	-214,609	29,942	12,000	-
Unclassified and program	-695,050	-	-	-
Capital outlay	-	-	-	51,200
Depreciation				
General infrastructure	-573,269	-	-	-
Debt service				
Interest	-12,285	-	-	-
Total governmental activities	<u>-34,133,688</u>	<u>1,289,884</u>	<u>12,271,635</u>	<u>51,200</u>
Business-type activities:				
WPCA operating fund	-103,925	125,960	-	-
WPCA benefit assessments fund	-183,615	69,268	-	-
Total business-type activities	<u>-287,540</u>	<u>195,228</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ -34,421,228</u>	<u>\$ 1,485,112</u>	<u>\$ 12,271,635</u>	<u>\$ 51,200</u>
Component unit:				
Volunteer fire department	<u>\$ -507,052</u>	<u>\$ 189,090</u>	<u>\$ 336,197</u>	<u>\$ -</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of activities
For the year ended June 30, 2021

	Net (expenses) revenues and changes in net position			
	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Volunteer fire department
Primary government:				
Governmental activities:				
General government	\$ -1,139,031	\$ -	\$ -1,139,031	\$ -
Public safety	-846,468	-	-846,468	-
Public works	-1,283,656	-	-1,283,656	-
Education	-15,129,724	-	-15,129,724	-
Education - on behalf	-	-	-	-
Health & social	-720,019	-	-720,019	-
Community preservation	-172,667	-	-172,667	-
Unclassified and program	-695,050	-	-695,050	-
Capital outlay	51,200	-	51,200	-
Depreciation				
General infrastructure	-573,269	-	-573,269	-
Debt service				
Interest	-12,285	-	-12,285	-
Total governmental activities	-20,520,969	-	-20,520,969	-
Business-type activities:				
WPCA operating fund	-	22,035	22,035	-
WPCA benefit assessments fund	-	-114,347	-114,347	-
Total business-type activities	-	-92,312	-92,312	-
Total primary government	-20,520,969	-92,312	-20,613,281	-
Component unit:				
Volunteer fire department	-	-	-	18,235
General revenues:				
Property tax revenues	19,142,914	-	19,142,914	-
State property tax relief revenues	17,719	-	17,719	-
Other unclassified state revenues	206,336	-	206,336	-
Net change in fair value of investments	550,578	-	550,578	104,404
Interest and dividends	141,975	3,408	145,383	28,919
Miscellaneous	317,380	12,045	329,425	28,642
Debt principal forgiveness	97,350	-	97,350	-
Total general revenues	20,474,252	15,453	20,489,705	161,965
Change in net position	-46,717	-76,859	-123,576	180,200
Net position - July 1, as Restated	43,566,853	6,289,519	49,856,372	1,045,191
Net position - June 30	<u>\$ 43,520,136</u>	<u>\$ 6,212,660</u>	<u>\$ 49,732,796</u>	<u>\$ 1,225,391</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Balance sheet - Governmental funds
June 30, 2021

	General fund	Trumbull investment funds	Town capital funds	Small cities program funds	Non-major governmental funds	Totals
Assets						
Cash	\$ 8,226,003	\$ -	\$ 2,034,246	\$ 112,773	\$ 846,479	\$ 11,219,501
Investments	2,370,045	2,879,204	1,007,080	-	513,777	6,770,106
Receivables (net of allowance)						
Property taxes	447,647	-	-	-	-	447,647
Intergovernmental	42,555	-	-	-	99,041	141,596
Other	51,123	-	1,006	-	90	52,219
Notes receivable	-	-	-	943,185	-	943,185
Tax acquired property	13,361	-	-	-	-	13,361
Inventory	-	-	-	-	18,250	18,250
Prepaid items	10,018	-	-	-	-	10,018
Due from enterprise funds	-	-	-	-	-	-
Due from internal service fund	40,128	-	-	-	-	40,128
Due from other funds	2,521,522	-	1,477,463	-	2,521,350	6,520,335
Total assets	<u>\$ 13,722,402</u>	<u>\$ 2,879,204</u>	<u>\$ 4,519,795</u>	<u>\$ 1,055,958</u>	<u>\$ 3,998,987</u>	<u>\$ 26,176,346</u>
Liabilities						
Accounts payable	\$ 800,971	\$ -	\$ 91,208	\$ -	\$ 118,676	\$ 1,010,855
Accrued hourly payroll	81,215	-	-	-	11,625	92,840
Other liabilities	153,191	-	-	-	-	153,191
Unearned revenues	-	-	2,200	-	-	2,200
Bond anticipation note	-	-	2,000,000	-	-	2,000,000
Due to enterprise funds	1,409,807	-	-	-	-	1,409,807
Due to internal service fund	-	-	-	-	-	-
Due to other funds	3,982,692	-	2,006,733	1,978	528,932	6,520,335
Total liabilities	<u>6,427,876</u>	<u>-</u>	<u>4,100,141</u>	<u>1,978</u>	<u>659,233</u>	<u>11,189,228</u>
Deferred inflows of resources						
Unavailable revenue -						
Property taxes	367,871	-	-	-	-	367,871
Advance property tax collections	431,947	-	-	-	-	431,947
Total deferred inflows of resources	<u>799,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,818</u>
Fund balances						
Nonspendable	10,018	-	-	-	337,522	347,540
Restricted	-	2,879,204	-	1,053,980	1,964,902	5,898,086
Committed	742,814	-	2,068,125	-	880,593	3,691,532
Assigned	-	-	-	-	164,080	164,080
Unassigned	5,741,876	-	-1,648,471	-	-7,343	4,086,062
Total fund balances	<u>6,494,708</u>	<u>2,879,204</u>	<u>419,654</u>	<u>1,053,980</u>	<u>3,339,754</u>	<u>14,187,300</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,722,402</u>	<u>\$ 2,879,204</u>	<u>\$ 4,519,795</u>	<u>\$ 1,055,958</u>	<u>\$ 3,998,987</u>	<u>\$ 26,176,346</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Reconciliation of Statement C to Statement A
for all governmental funds and activities
June 30, 2021

Fund balances of governmental funds as shown on Statement C		\$ 14,187,300
Amounts reported for governmental activities in the government-wide financial statements (Statement A) differ from the amounts reported in the fund financial statements (Statement C):		
1 Capital assets used in governmental activities are not financial resources and are not reported on Statement C however they are reported on Statement A and must be added in:		
Cost	83,024,559	
Less accumulated depreciation	<u>-48,070,150</u>	34,954,409
2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred inflows of resources on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in:		367,871
3 Certain grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in the fund financial statements on the modified accrual basis of accounting. However, the government-wide financial statements record revenues when they have been earned on the accrual basis of accounting and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-1,291,502
4 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period, and therefore will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements:		
Deferred outflows of resources related to pensions	1,094,765	
Deferred outflows of resources related to OPEB	1,024,890	
Deferred inflows of resources related to pensions	-345,047	
Deferred inflows of resources related to OPEB	<u>-209,480</u>	1,565,128
5 Long-term liabilities and related current liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and therefore they must be subtracted out:		
Accrued debt service interest	-368	
Bond payable	-	
Capital lease payable	-278,370	
Promissory note payable	-301,728	
Accrued compensated balances	-117,534	
Net pension liability	-2,087,431	
Total OPEB liability	<u>-3,727,345</u>	-6,512,776
6 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable in the fund financial statements however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in:		111,730
7 The assets, liabilities and net position of the internal service fund are not reported on Statement C however they are reported on Statement A and therefore the net position balance of this fund must be added back in:		<u>137,976</u>
Net position of governmental activities as shown on Statement A		<u><u>\$ 43,520,136</u></u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of revenues, expenditures, and changes in fund balances - Governmental funds
For the year ended June 30, 2021

	General fund	Trumbull investment funds	Town capital funds	Small cities program funds	Non-major governmental funds	Totals
Revenues						
Property tax revenues	\$ 19,257,103	\$ -	\$ -	\$ -	\$ -	\$ 19,257,103
Intergovernmental - education	4,815,057	-	-	-	1,583,593	6,398,650
Intergovernmental - on behalf	5,487,303	-	-	-	-	5,487,303
Intergovernmental - tax relief	17,719	-	-	-	-	17,719
Intergovernmental - other	488,357	-	51,200	-	1,286,490	1,826,047
Tuition	774,004	-	-	-	-	774,004
Charges for services	472,843	-	-	-	43,037	515,880
Net change in investment fair value	-	475,051	-	-	75,527	550,578
Interest and dividends	34,207	82,689	11,132	-	13,369	141,397
Miscellaneous	104,301	-	44,741	5	202,316	351,363
Total revenues	31,450,894	557,740	107,073	5	3,204,332	35,320,044
Expenditures						
Current:						
General government	996,570	-	2,828	-	88,430	1,087,828
Public safety	608,937	-	-	-	138,384	747,321
Public works	1,305,803	-	112,249	-	22,167	1,440,219
Education	19,597,752	-	60,398	-	1,595,639	21,253,789
Education - on behalf	5,487,303	-	-	-	-	5,487,303
Health & social	200,945	-	2,645	-	597,164	800,754
Community preservation	151,202	-	48,960	-	14,447	214,609
Unclassified and program	712,963	-	-	1,938	12,760	727,661
Capital outlay	-	-	2,761,945	-	71,480	2,833,425
Debt service:						
Principle	380,000	-	101,712	-	-	481,712
Interest	7,220	-	11,288	-	-	18,508
Total expenditures	29,448,695	-	3,102,025	1,938	2,540,471	35,093,129
Excess (deficiency) of revenues over (under) expenditures	2,002,199	557,740	-2,994,952	-1,933	663,861	226,915
Other financing sources (uses)						
Transfers in	2,887	-	1,722,121	-	815,470	2,540,478
Transfers out	-2,457,260	-82,021	-	-	-1,197	-2,540,478
Total other financing sources (uses)	-2,454,373	-82,021	1,722,121	-	814,273	-
Net change in fund balance	-452,174	475,719	-1,272,831	-1,933	1,478,134	226,915
Fund balances - July 1, as Restated	6,946,882	2,403,485	1,692,485	1,055,913	1,861,620	13,960,385
Fund balances - June 30	<u>\$ 6,494,708</u>	<u>\$ 2,879,204</u>	<u>\$ 419,654</u>	<u>\$ 1,053,980</u>	<u>\$ 3,339,754</u>	<u>\$ 14,187,300</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Reconciliation of Statement D to Statement B
for all governmental funds and activities
June 30, 2021

Net changes in governmental fund balances as shown on Statement D		\$ 226,915
Amounts reported for governmental activities in the government-wide financial statements (Statement B) differ from the amounts reported in the fund financial statements (Statement D):		
1 Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B:		
Current year capital asset purchases	2,871,515	
Current year depreciation expense on capital assets	<u>-2,034,308</u>	837,207
2 Property tax revenues are recognized on Statement D as described in note 1E to the financial statements however they are recorded in the amount of the annual levy in Statement B and therefore the current year adjustment described in note 1E must be eliminated:		-88,262
3 The basis of presentation and revenue recognition is different from the government-wide financial statements and the fund financial statements and therefore prior year unearned revenues must be recognized and current amounts must be recorded as unearned:		-1,219,120
4 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to future periods, therefore it will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements but they are recorded in the government-wide financial statements:		
Amortization of and changes in deferred outflows for pensions and OPEB	704,173	
Amortization of and changes in deferred inflows for pensions and OPEB	<u>-54,530</u>	649,643
5 Current year employer pension contributions represent a use of current financial resources and are recorded as expenditures in the fund financial statements. These contributions are reported as deferred outflows of resources in the government-wide financial statements and therefore they must be added back in for current year contributions and subtracted out for prior year contributions.		
Prior year employer pension contributions	-186,058	
Current year employer pension contributions	<u>221,603</u>	35,545
6 Payments on and changes in long-term liabilities and related current liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
Accrued debt service interest decrease	6,223	
Bond, capital lease and promissory note payable principal decreases	579,062	
Accrued compensated balances increase	-10,179	
Net pension liability increase	-390,207	
Total OPEB liability increase	<u>-685,141</u>	-500,242
7 Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on Statement B and therefore the prior year amount is subtracted and the current year amount is added:		-25,927
8 Net income from the internal service fund is not reported in Statement D however it is reported in Statement B and therefore must be added back in:		<u>37,524</u>
Change in net position of governmental activities as shown on Statement B		<u><u>\$ -46,717</u></u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of revenues, expenditures, and changes in fund balance
Budget and actual - Budgetary basis - General fund
For the year ended June 30, 2021

	Original budget	Budget revisions	Final budget	Actual	Variance
Revenues					
Property tax revenues	\$ 19,158,779	\$ -	\$ 19,158,779	\$ 19,257,103	\$ 98,324
Intergovernmental - education	4,863,289	-	4,863,289	4,815,057	-48,232
Intergovernmental - tax relief	14,807	-	14,807	17,719	2,912
Intergovernmental - other	491,923	-	491,923	488,357	-3,566
Tuition	676,747	-	676,747	774,004	97,257
Charges for services	356,411	-	356,411	472,843	116,432
Interest and dividends	18,000	-	18,000	34,207	16,207
Miscellaneous	82,908	-	82,908	104,301	21,393
Total revenues	25,662,864	-	25,662,864	25,963,591	300,727
Expenditures					
General government:					
Legal counsel	50,000	28,859	78,859	78,859	-
Selectmen	156,679	-	156,679	148,417	8,262
Elections	40,000	2,756	42,756	42,770	-14
Probate court	2,416	2	2,418	2,418	-
Board of finance	2,562	-	2,562	1,300	1,262
Finance office	142,437	-	142,437	139,159	3,278
Tax collector	73,945	-	73,945	65,513	8,432
Board of assessment appeals	1,275	-	1,275	524	751
Town clerk	103,299	-	103,299	102,736	563
Assessor	80,155	-	80,155	77,966	2,189
Auditor	25,000	-	25,000	21,750	3,250
Town report	1,000	-	1,000	850	150
Computer service	130,909	8,023	138,932	131,619	7,313
Town hall	93,527	-	93,527	62,880	30,647
Insurance	121,559	-	121,559	119,809	1,750
	1,024,763	39,640	1,064,403	996,570	67,833
Public safety:					
Police services	364,773	-	364,773	297,292	67,481
Lebanon volunteer fire department	200,000	-	200,000	200,000	-
Fire marshall	24,563	-	24,563	19,783	4,780
Burning official	3,572	-	3,572	2,453	1,119
Building department	63,539	-	63,539	57,958	5,581
Fire safety complex	40,962	-	40,962	31,451	9,511
	697,409	-	697,409	608,937	88,472
Public works:					
Department of public works	800,000	-	800,000	700,924	99,076
Buildings and grounds	146,474	-	146,474	134,246	12,228
Snow removal	240,000	11,496	251,496	251,496	-
Street lights	4,383	-	4,383	2,332	2,051
Solid waste facility	190,000	11,026	201,026	200,226	800
Water pollution control	2,000	-	2,000	1,138	862
Cemetery commission	15,592	-	15,592	15,441	151
	1,398,449	22,522	1,420,971	1,305,803	115,168
Education	19,662,516	-	19,662,516	19,561,169	101,347

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of revenues, expenditures, and changes in fund balance
Budget and actual - Budgetary basis - General fund
For the year ended June 30, 2021

	Original budget	Budget revisions	Final budget	Actual	Variance
Health & social:					
Health department	\$ 49,080	\$ -	\$ 49,080	\$ 49,080	\$ -
Human services	34,000	-	34,000	32,230	1,770
Wcmh Paramedic program	35,300	-	35,300	33,309	1,991
United services	5,116	-	5,116	5,116	-
Dispatch switch board	14,414	775	15,189	15,189	-
Special events	800	-	800	543	257
Senior center operations	84,851	-	84,851	65,478	19,373
	<u>223,561</u>	<u>775</u>	<u>224,336</u>	<u>200,945</u>	<u>23,391</u>
Community preservation:					
Planning and zoning	156,706	-	156,706	146,993	9,713
Zoning board of appeals	4,500	-	4,500	942	3,558
Economic development commission	2,000	-	2,000	851	1,149
Inland wetlands	3,700	-	3,700	2,166	1,534
Conservation commission	250	-	250	250	-
	<u>167,156</u>	<u>-</u>	<u>167,156</u>	<u>151,202</u>	<u>15,954</u>
Unclassified and program:					
Social security	134,192	-	134,192	120,734	13,458
Medical life dental insurance	423,827	-	423,827	370,257	53,570
Pension plan	223,029	-	223,029	208,952	14,077
Unemployment compensation	5,500	-	5,500	5,291	209
Contingency	160,000	-62,937	97,063	7,729	89,334
	<u>946,548</u>	<u>-62,937</u>	<u>883,611</u>	<u>712,963</u>	<u>170,648</u>
Debt service:					
Principal	380,000	-	380,000	380,000	-
Interest	7,220	-	7,220	7,220	-
	<u>387,220</u>	<u>-</u>	<u>387,220</u>	<u>387,220</u>	<u>-</u>
Total expenditures	<u>24,507,622</u>	<u>-</u>	<u>24,507,622</u>	<u>23,924,809</u>	<u>582,813</u>
Excess of revenues over (under) expenditures	<u>1,155,242</u>	<u>-</u>	<u>1,155,242</u>	<u>2,038,782</u>	<u>883,540</u>
Other financing sources (uses)					
Utilization of unassigned fund balance	-	1,102,701	1,102,701	-	-1,102,701
Utilization of committed fund balance	-	199,317	199,317	-	-199,317
Transfers in	-	-	-	2,887	2,887
Transfers out	-1,155,242	-1,302,018	-2,457,260	-2,457,260	-
Total other financing sources (uses)	<u>-1,155,242</u>	<u>-</u>	<u>-1,155,242</u>	<u>-2,454,373</u>	<u>-1,299,131</u>
Change in fund balance	-	-	-	-415,591	-415,591
Current year encumbrances				-	
Prior year encumbrances				-36,583	
Non-budgeted State on-behalf revenue				5,487,303	
Non-budgeted State on-behalf expenditure				-5,487,303	
Net change in fund balance				-452,174	
Fund balances - July 1				<u>6,946,882</u>	
Fund Balance - June 30				<u>\$ 6,494,708</u>	

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of net position
Proprietary funds
June 30, 2021

	Business-type activities			Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund	Total	Dental fund
Assets:				
Current assets:				
Cash	\$ 100	\$ 684,302	\$ 684,402	\$ 181,545
Investments	-	-	-	-
Accounts receivables	18,620	965	19,585	-
Current portion of benefit assessment notes	-	172,066	172,066	-
Delinquent benefit assessment notes	-	51,466	51,466	-
Delinquent borrowed interest receivable	-	25,542	25,542	-
Total assets	18,720	934,341	953,061	181,545
Capital assets				
Non-depreciable	-	-	-	-
Depreciable (net)	-	5,809,859	5,809,859	-
Total capital assets	-	5,809,859	5,809,859	-
Other assets				
Non-current portion of benefit assessment notes	-	1,956,521	1,956,521	-
Internal balances	494,743	915,064	1,409,807	-
Total other assets	494,743	2,871,585	3,366,328	-
Total Assets	\$ 513,463	\$ 9,615,785	\$ 10,129,248	\$ 181,545
Liabilities:				
Accounts payable	\$ 10,731	\$ -	\$ 10,731	\$ 3,441
Accrued hourly payroll	67	-	67	-
Other liabilities	-	43,010	43,010	-
Unearned revenues	33,795	-	33,795	-
Due to other funds	-	-	-	40,128
Long-term debt				
Portion due within one year	-	107,659	107,659	-
Portion due after one year	-	3,721,326	3,721,326	-
Total liabilities	44,593	3,871,995	3,916,588	43,569
Net Position:				
Net investment in capital assets	-	1,980,874	1,980,874	-
Restricted				
Expendable	-	-	-	137,976
Non-expendable	-	-	-	-
Unrestricted	468,870	3,762,916	4,231,786	-
Total net position	468,870	5,743,790	6,212,660	137,976
Total liabilities and net position	\$ 513,463	\$ 9,615,785	\$ 10,129,248	\$ 181,545

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of revenues, expenses and changes in net position
Proprietary funds
For the year ended June 30, 2021

	Business-type activities			Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund	Total	Dental fund
Operating revenues:				
Benefits assessment	\$ -	\$ -	\$ -	\$ -
Borrowed interest assessment	-	69,268	69,268	-
Charges for services	125,960	-	125,960	201,290
Other fees	2,837	9,138	11,975	-
Other operating revenues	70	-	70	-
Total operating revenues	128,867	78,406	207,273	201,290
Operating expenses:				
Personal services	23,765	-	23,765	-
Contractual services	-	-	-	164,344
Operation and maintenance	78,051	-	78,051	-
Depreciation	-	86,715	86,715	-
Administrative costs	2,109	-	2,109	-
Total operating expenses	103,925	86,715	190,640	164,344
Total operating income (loss)	24,942	-8,309	16,633	36,946
Nonoperating revenues (expenses):				
Investment earnings	-	3,408	3,408	578
Fiscal charges	-	-	-	-
Interest expense	-	-96,900	-96,900	-
Total nonoperating revenues (expenses)	-	-93,492	-93,492	278
Total Income (loss)	24,942	-101,801	-76,859	37,524
Contributions and transfers:				
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total contributions and transfers	-	-	-	-
Change in net position	24,942	-101,801	-76,859	37,524
Net position - July 1	443,928	5,845,591	6,289,519	100,452
Net position - June 30	\$ 468,870	\$ 5,743,790	\$ 6,212,660	\$ 137,976

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of cash flows
Proprietary funds
For the year ended June 30, 2021

	Business-type activities			Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund	Total	Dental fund
Cash flows from operating activities:				
Receipts from employees and town	\$ -	\$ -	\$ -	\$ 225,432
Receipts from customers and users	136,815	411,452	548,267	-
Payments for goods and services	-77,138	-	-77,138	-164,064
Payments to employees	-24,311	-	-24,311	-
Other items	70	-	70	-
Utilization of general fund cash account	-35,436	-208,068	-243,504	-
Net cash from operating activities	-	203,384	203,384	61,368
Cash flows from noncapital financing activities:				
Transfers to or from other funds	-	-105,034	-105,034	-
Interest paid	-	-98,350	-98,350	-
Net cash from noncapital financial activities	-	-203,384	-203,384	-
Cash flows from capital and related financing activities:				
Principal payments of long-term debt	-	-	-	-
Interest payments of long-term debt	-	-	-	-
Net cash from capital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Investment additions	-	-	-	-
Interest and other receipts	-	3,407	3,407	578
Net cash from investing activities	-	3,407	3,407	578
Change in cash and cash equivalents	-	3,407	3,407	61,946
Cash and cash equivalents - July 1	100	680,895	680,995	119,599
Cash and cash equivalents - June 30	<u>\$ 100</u>	<u>\$ 684,302</u>	<u>\$ 684,402</u>	<u>\$ 181,545</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 24,942	\$ -8,309	\$ 16,633	\$ 36,946
Adjustments:				
Depreciation	-	86,715	86,715	-
Changes in operating assets and liabilities				
(Increase) decrease in internal balances	-35,436	-208,068	-243,504	24,142
(Increase) decrease in accounts receivable	-1,124	333,046	331,922	-
Increase (decrease) in accounts payable	3,021	-	3,021	280
Increase (decrease) in accrued payroll	-546	-	-546	-
Increase (decrease) in unearned revenue	9,143	-	9,143	-
Net cash from operating activities	<u>\$ -</u>	<u>\$ 203,384</u>	<u>\$ 203,384</u>	<u>\$ 61,368</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Statement of fiduciary net position and Statement of changes
in fiduciary net position - Fiduciary funds
As of and for the year ended June 30, 2021

	Custodial funds
Assets	
Cash	\$ 120,619
Investments	11,149
Accounts receivable	-
Due from other funds	-
Total assets	<u>131,768</u>
Liabilities	
Accounts payable	-
Accrued payroll	-
Other liabilities	-
Due to other funds	-
Total liabilities	<u>-</u>
Net position	
Restricted	
Expendable	131,768
Non-expendable	-
Unrestricted	-
Total net position	<u>131,768</u>
Total liabilities and net position	<u>\$ 131,768</u>
Additions	
Collections for student groups/activities	\$ 79,989
Collections for other groups	117,419
Interest income	-
Miscellaneous	-
Total additions	<u>197,408</u>
Deductions	
Payments for student groups/activities	59,087
Payments for other groups	133,444
Capital expenditures	-
Miscellaneous	-
Total deductions	<u>192,531</u>
Change in net position	4,877
Net position - July 1	<u>126,891</u>
Net position - June 30	<u>\$ 131,768</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

The Town of Lebanon, Connecticut (the Town) is located in the central section of Connecticut. The Town is a municipal corporation which is governed by an elected Board of Selectmen and Board of Finance.

Note 1 - Summary of significant accounting policies

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. Standards of accounting and financial reporting issued by the Financial Accounting Standards Board, Accounting Principles Board Opinions, and the Accounting Research Bulletins of the American Institute of Certified Public Accountants Committee on Accounting Procedure on or before November 30, 1989, generally are followed in the government-wide financial statements, when applicable, to the extent that those standards do not conflict with or contradict pronouncements of the GASB. The basic financial statements of the Town consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Town.

A. Reporting entity

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has determined that the Lebanon Volunteer Fire Department meets the definition of a component unit due to its fiscal dependence on the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department to fund a portion of its operations. During the current fiscal year this amount was appropriated for the fire fighting operations of the Department. Although this amount was labeled as being appropriated for the fire fighting operations of the Department, once the amount has been received it may be physically used for any purpose the Department deems necessary for its operations as a whole. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the fire safety complex, fire trucks and ambulances used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This component unit has been treated as a discretely presented component unit in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61 and any additional and available guidance or implementation guides. The financial information of the Department has been included in the government-wide statement of net position and statement of activities.

The Department also provides ambulance services for which it receives ambulance billing revenue. This revenue is classified as "charges for services" revenue in the financial statements. This revenue is used by the Department to fund its ambulance services. A portion of this ambulance billing revenue is associated with ALS services for which the Town presently has an agreement with and pays Windham Hospital Paramedics. The Department is of the belief that the portion of their ambulance billing revenue that relates to these ALS services should be returned to the Town. The Department returned \$10,943 to the Town during the current fiscal year. This amount is shown as a miscellaneous revenue item within the capital and non-recurring major fund of the Town and as an expenditure within discretely presented component unit. The Department also receives memorial and trust funds as designated by the individual donors. These funds are shown as part of the general operating fund of the Department as part of the discretely presented component unit. The Hinckley and Bender memorial funds have been internally designated by the Department to be used for items associated with the fire safety complex. The memorial fund trust is to be used for memorial type activities.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

B. Government-wide financial statements

1. Basis of presentation

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government and the discretely presented component unit as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or agency capacity and which cannot be used to support the activities and programs of the Town.

The statement of net position presents the financial position of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the Town. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net position balance of the Town consists of the net investment in capital assets (total capital assets net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investment in capital assets or restricted. Internal balances between individual funds within the governmental activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities of the Town would be shown as an internal balance on the statement of net position which would cancel out in the total column for the primary government.

The statement of activities presents the operations of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated among the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental activities are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation is in reference to both governmental and business-type activities. Internal activity between the governmental and business-type activities of the Town would be shown as transfers on the statement of activities which would cancel out in the total column for the primary government. Internal transfers between the governmental activities of the Town and the internal service fund would be shown on the statement of activities and would not cancel out.

2. Measurement focus and basis of accounting

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting would be used for both governmental and business-type activities of the primary government of the Town and the discretely presented component unit. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

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C. Fund financial statements

1. Basis of presentation

The fund financial statements of the Town consist of a balance sheet with a reconciliation to the government-wide statement of net position, a statement of revenues, expenditures, and changes in fund balances with a reconciliation to the government-wide statement of activities, a budgetary comparison schedule for the general fund, a statement of net position - proprietary funds, a statement of revenues, expenses and changes in net position - proprietary funds, a statement of cash flows - proprietary funds, and a statement of fiduciary net position and a statement of changes in fiduciary net position. These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which records cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Town are governmental funds, proprietary funds and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town include the general fund, and other non-major governmental fund types such as special revenue funds, capital project funds, and permanent funds. The general use and purpose of these individual governmental fund types are as follows. The individual names of each fund within each non-major governmental fund type can be found in the accompanying combining schedules and the purpose of the fund is generally self explanatory within each title.

- a. General fund - The general fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town with the exception of those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law, contractual agreement, governing body motion or town meeting to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the general fund.
- b. Special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended for the specified purpose. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources such as investment income and transfers from other funds may also be reported within a special revenue fund as long as those resources are restricted, committed or assigned to the specified purpose of the fund.
- c. Capital project funds - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets or for the accumulation of funds for these purposes. The Town currently only has one non-major capital project fund which is the Lake Williams project fund which is currently being used for capital and operating upkeep costs of Lake Williams.
- d. Permanent funds - Permanent funds are used to account for and report resources that are restricted as only earnings, and not principal, may be used for purposes that support the Town's programs and in effect the benefit of the Town or its citizens.

Proprietary and fiduciary fund reporting focuses on net position and changes in net position. The proprietary funds of the town consist of two enterprise funds which are used to account for the user fees and benefit assessments relating to the Amston Lake Water Pollution Control Authority (the Authority) and an internal service fund which is used to account for the self funding dental activities of the town. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to a portion of the student activity accounts located at the Board of Education and funds received from Board of Education retirees to be put toward the payment of health and dental insurance benefits.

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- e. Enterprise funds - Enterprise funds are used to account for those operations that are financed and operated in a manner which is similar to private business operations or where the Town has decided that the periodic determination of revenues earned, expenses incurred, and /or net income is necessary for management accountability. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. However, certain instances require the use of an enterprise fund, for example, if the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. The Town uses enterprise funds to account for both its operating activities which are funded through user fees and its benefit assessments fund which is funded through the actual benefit assessment as well as a borrowed interest assessment both of which relate to the Authority.
- f. Internal service funds - Internal service funds can be used for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis when the reporting government is the predominant participant in the activity. The Town uses an internal service fund to account for its self funding dental activities.
- g. Private-purpose trust funds - All trust arrangements other than those defined as pension trust funds and investment trust funds are described as private-purpose trust funds under which the principal and income of the fund benefit individuals, private organizations, or other governments.
- h. Custodial funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The balance sheet is used to report information about the current financial resources (assets, liabilities, and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet with a description of the meaning and purpose of each category being shown in note 1Q starting on page 33. An accompanying schedule is required to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Town as shown on the government-wide statement of net position.

The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all non-major funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to reconcile the total change in governmental fund balances to the total change in net position of the governmental activities of the Town as shown on the government-wide statement of activities.

The budgetary comparison information is required to be presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. This statement shows the original budget as voted on and appropriated, the changes made to each individual departmental line item within the budget, and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

The statement of net position presents the financial position of the proprietary funds at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the these funds. The assets and liabilities are presented in a classified format to distinguish between current and long-term assets and liabilities. In addition, the assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net position balance of the Town consists of the net investment in capital assets, restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investment in capital assets or restricted. Capital contributions are not displayed as a separate component of net position. In addition, any designations that the Town may make of the unrestricted net position balance will not be reported on the face of the statements but will rather be disclosed in the notes to the financial statements. Internal balances between individual funds within the governmental activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities of the Town would be shown as an internal balance on the statement of net position which would cancel out in the total column for the primary government.

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The statement of revenues, expenses and changes in net position is the operating statement of proprietary funds. The Town's business-type operations are accounted for as an enterprise fund which is a proprietary fund. The revenues on this statements should be reported by major sources. This statement also segregates revenues and expenses between the category of operating and non-operating. Operating revenues and expenses are subtracted to come up with the operating income or loss from operations. Non-operating revenues and expenses are then shown by line item in a section following the results of the operations. If the proprietary fund of the Town were to have any revenues from capital contributions, special or extraordinary items or transfers, they would be accounted for in a section after the non-operating results section. The results of all three of these sections would then be consolidated to come up with a changes in net position balance.

The proprietary funds of the Town also utilize a statement of cash flows. The purpose of the statement of cash flows is to provide relevant information about the cash receipts and payments made by the Town during each reporting period. The cash flow statement is broken down between different sections. These sections are an operations section, a non-capital financing transactions section, a capital and related financing transactions section and an investing section. These sections report the relevant cash flow results of each specific activity that occurred during the reporting period. A reconciliation of operating income to the net cash flows from operating activities should also be shown. This reconciliation is designed to provide information about the net affects of operating transactions and other events that effect operating income and cash flows in different periods.

The statement of fiduciary net position shows information in regard to the assets and liabilities of the fiduciary funds of the Town which consist of custodial funds. The statement of changes in fiduciary net position shows information in regard to the additions to, subtractions from, and net increase or decrease for the year in fiduciary fund net position.

2. Measurement focus and basis of accounting

In regard to the governmental activities of the Town, the balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within the first sixty days after the end of the current fiscal year, when applicable. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. The Town generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measurable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

In regard to the proprietary fund activities of the Town, the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

D. Deposits and investments

Cash and cash equivalents include amounts in demand deposit accounts as well as all highly liquid short-term investments with a maturity date within three months of the date acquired by the Town. The Town values investments at their fair value. Some of the types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, the State local government investment pool (STIF account), and repurchase agreements. The Town does have other types of investments that represent assets which have been donated to the Town and therefore are not subject to specific State statute limitations. These donated investments are reported within the Trumbull investment funds as well as special revenue and permanent funds. Note 3 starting on page 36 more fully describes certain State statutes regarding the deposit and investing of public funds.

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E. Revenue recognition - property taxes

The Town's property tax for the current fiscal year was levied May 19, 2020 on the grand list as of October 1, 2019, for the real, motor vehicle and personal property located in the Town at a rate of 28.2 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2020, and January 1, 2021. Supplemental motor vehicle taxes were due on January 1, 2021. Interest on unpaid taxes commenced 30 days after the aforementioned due dates, at 18% per annum or 1.50% per month. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

F. Receivables - governmental activities and funds

All property tax, intergovernmental, and other receivables are reported net of any allowance for doubtful accounts. On the government-wide financial statements, the interest on property taxes amount of \$111,730 is made up of the accumulated delinquent interest and fees on active property tax principal amounts. Delinquent interest and fees on suspense tax receivable principal balances are not included. The intergovernmental receivable amount of \$141,596 is made up of amounts due for state, federal and other grants as well as tuition amounts due from other governments. The accounts receivable amount of \$52,219 is made up of online tax payments made prior to the end of the fiscal year but not yet received, miscellaneous billings such as insurance proceeds, town fuel usage billings, and other miscellaneous amounts. The notes receivable balance of \$943,185 is related to a CDBG grant and loan fund program received and entered into by the Town which is more fully described in note 10 on page 44. All of the above mentioned receivable amounts are also recorded on the fund financial statements with the exception of the accumulated delinquent interest and fees on property tax principal amounts which are only reported on the government-wide financial statements. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

G. Sewer benefit assessment, user fees and related receivables

Properties located along the Lebanon Amston Lake Sewer District "the District" were levied a benefit assessment upon the completion of the sewage system construction project at the flat rate amount of \$16,683 per assessable lot. This benefit assessment was due August 1, 2013. This assessment could have been paid in full by September 1, 2013 with no borrowed interest charges or it could be paid over a period not to exceed 20 years including borrowed interest charges at a rate of 2.50%. The benefit assessment is billed in two semi-annual installments of \$543 which includes a principal and borrowed interest portion. The semi-annual benefit assessment installments are due April 1st and October 1st until such time that the principal portion of the benefit assessment has been paid in full. The borrowed interest portion of the semi-annual installments is the amount which is to be collected relating to the interest which will be payable on the debt which was issued to finance the construction project. The benefit assessment or any installment thereof not paid within thirty (30) days after the due date, shall be delinquent and shall be subject to interest from such due date at the rate and in the manner provided by the General Statutes for delinquent property taxes, together with attorney's fees and costs of collection. If all or any part of a property which has been levied this benefit assessment is sold or transferred, the remaining portion of the assessment may be assumed by the transferee. During the current fiscal year, no new benefit assessments were levied on properties located along the District. Current fiscal year assessment principal collections totaled approximately \$337,398 leaving a current and long-term receivable amount due of \$2,180,053. Current fiscal year borrowed interest collections totaled approximately \$64,915 including currently billed amounts and previously billed amounts leaving an outstanding receivable of \$25,542. Current fiscal year user fee collections totaled approximately \$124,836 including currently billed amounts and previously billed amounts leaving an outstanding receivable of \$18,620.

H. Tax acquired property

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold. The current value of the recorded tax acquired property of the town was \$13,361 as of the end of the current fiscal year.

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I. Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The Town currently has recorded an inventory amount of \$18,250 as it relates to the school lunch program.

J. Capital assets

Capital assets of the Town include land, land improvements, buildings, building improvements, vehicles equipment, infrastructure, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets and improvements thereto are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, bridges and water and pollution control improvements. All improvements to infrastructure and other capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but other direct costs associated with placing the asset into its intended location and its intended use. Interest costs incurred before the end of a construction period related to a capital asset are not capitalized as part of the historical cost. The Town maintains a capitalization threshold of \$5,000 for all capital assets with the exception of land purchases which are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and intended use. Capital assets are only shown on the government-wide statement of net position and the proprietary funds statement of net position. The capital assets of the component unit of the Town are accounted for in the same manner.

Land and land improvements are not depreciated. All other individual capital assets of the Town are depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful lives for specific types of capital assets are 3 - 10 years for equipment, 5 - 10 years for vehicles, 30 - 50 years for buildings and building improvements and infrastructure and 75 years for water and pollution control systems. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all functions of the Town, such as infrastructure assets, is shown as a separate line item. Depreciation expense on capital assets is only shown on the government-wide statement of activities and related proprietary fund statements and is added to the individual function or department as described above.

K. Prepaid items

Payments made to vendors for goods and services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the goods or services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town generally considers relatively minor in nature to include aggregated similar items not exceeding \$5,000. Payments made to vendors for goods and services that will only benefit periods beyond the end of the fiscal year which are related to grants are recorded as prepaid items regardless of the dollar amount.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

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M. Inter fund receivables and payables

Inter fund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made, a portion of the annual tax commitment applicable to certain special revenue and other funds of the Town which are shown as transfers within the annual budget document approved by the inhabitants of the Town and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. The actual receipt of this tax and other revenue is deposited into the general fund and accounted for as an inter fund receivable. Expenditures for one fund paid for out of another fund are also included in these balances. The inter fund balances and related activities of the governmental funds have been eliminated in the government-wide statement of net position and the statement of activities, however, the inter fund balances and related activity between the governmental, business-type (including both enterprise and internal service funds) and fiduciary fund activities of the Town are not eliminated on these statements.

N. Unearned revenue and Deferred inflows and outflows of resources

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned are recorded as unearned revenue. The current fiscal year unearned revenue balance of the governmental activities of the Town as shown on the statement of net position totaled \$1,293,702. This balance is made up of \$1,291,502 which represents unspent state, federal and other grant program balances which will be used in upcoming fiscal years and \$2,200 which represents a vendor payment for an amount due for the upcoming fiscal year. The current fiscal year unearned revenue balance of the business-type activities of the Town as shown on the statement of net position totaled \$33,795. This amount represents user fee collections received by the Town not due until the upcoming fiscal year. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities. For government-mandated non-exchange transactions as well as voluntary non-exchange transactions which would include certain governmental grants received by the Town, revenues are recognized in the period when all applicable eligibility requirements have been met and when the resources are available. For grant agreements, once the Town has received the funds and is within the allowable spending period all applicable eligibility requirements are deemed to have been met at which time the purpose restrictions related to how the grant funds need to be spent become applicable. Any grant revenues which have been recognized because the Town has met all the applicable eligibility requirements but for which they have not yet met all of the purpose restrictions associated with the grant agreements are recorded as restricted fund balance amounts at the end of the fiscal year. In the fund financial statements, the current fiscal year unearned revenue balance of the governmental funds as shown on the balance sheet totaled \$2,200. This amount represents the above mentioned vendor payment for an amount due for the upcoming fiscal year.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense) until that time. The governmental activities have deferred outflows that relate to both the net pension liability and the total OPEB liability. The pension related deferred outflow includes the Town's current fiscal year pension contributions made subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent fiscal year while both the pension and OPEB related deferred outflows may include differences between expected and actual experience, changes in assumptions, changes in the proportionate share of contributions and the net difference between projected and actual earnings on plan investments. These amounts are deferred and amortized over actuarial determined number of years.

The current fiscal year deferred outflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$2,119,655. The portion of this amount which is related to pensions totaled \$1,094,765 and is made up of current fiscal year pension contributions made by the town in the amount of \$221,603 and the actuarial determined differences between expected and actual experience of \$138,298, changes of assumptions of \$343,693, changes in the proportionate share of \$172,113 and the net difference between projected and actual earnings on plan investments of \$219,058. The portion of this amount which is related to OPEB totaled \$1,024,890 and is made up of the actuarial determined differences between expected and actual experience of \$555,153 and changes of assumptions of \$469,737.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities have deferred inflows that relate to both the net pension liability and the total OPEB liability, which may include differences between expected and actual experience, changes in assumptions, changes in the proportionate share of contributions and the net difference between projected and actual earnings on plan investments. These amounts are deferred and amortized over actuarial determined number of years. These deferred inflows may also include advance property tax collections received for the upcoming fiscal years tax commitment.

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The current fiscal year deferred inflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$986,474. The portion of this amount which is related to pensions totaled \$345,047 and is made up of the actuarial determined differences between expected and actual experience of \$266,868 and changes in the proportionate share of \$78,179. The portion of this amount which is related to OPEB totaled \$209,480 and is made up of the actuarial determined differences between expected and actual experience of \$162,118 and changes of assumptions of \$47,362. The portion of this amount which is related to advance property tax collections totaled \$431,947. The governmental funds of the Town currently report deferred inflows of resources on the balance sheet relating to unavailable revenue from property taxes which is calculated when considering the amount of property taxes receivable not expected to be received within the first 60 days after the fiscal year end in the amount of \$367,871 as well as the aforementioned advance property tax collections in the amount of \$431,947.

O. Accounts payable, accrued payroll and other liabilities

The accounts payable balance of the town is used to account for the expenses or expenditures related to invoices for the current fiscal year which have been received but which have not yet been paid. The accrued payroll balance is made up of amounts earned through hours worked prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year. The governmental activities other liabilities balance of \$153,191 as shown on the statement of net position is made up of tax refunds issued but not yet paid of \$46,628, driveway and performance bonds which have been received but not yet fulfilled and thus not yet returned of \$82,550, unclaimed property checks to either be repaid or sent to the state of \$7,816, received insurance claim proceeds not yet expended of \$9,066 and other miscellaneous amounts of \$7,131. These items are also included on the balance sheet.

P. Major funds - Fund financial statements only

The focus of the governmental funds of the Town is on the major funds. The general fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major based on the following criteria.

- a. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 10% of the corresponding totals for all governmental or enterprise funds and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 5% of the corresponding totals for all governmental and enterprise funds combined.
- c. Any other individual governmental or enterprise fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of these funds and the activities reported within each fund is as follows. Additional financial information on these funds can be found in Sub-Schedules A through D on pages 79 through 83 of the financial statements.

- d. Trumbull investments fund - This fund is used to account for two sets of investments donated to the town by Hugh Trumbull Adams with the interest and dividend revenue generated by these investments to be used to help fund the operations of the Jonathan Trumbull library and the Adams community center.
- e. Town capital funds - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The capital assets purchased or constructed through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget, long-term and short term financing and through other miscellaneous grants and revenues. This fund is individually made up of the capital non-recurring fund which accounts for a number of capital purchases and other internal funds which the town uses to keep track of individual town construction projects.
- f. Small cities program fund - This fund is used to account for and report the proceeds and activity of housing rehabilitation Community Development Block Grants received from the U.S. Department of Housing and Urban Development. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds. Each resident receiving benefits under these grants is required to sign a deferred promissory note of which ten percent of the principal balance of the note is forgiven each of the first five years of the note. Current program notes are not forgiven in this manner. The residual of this fund is accounted for as restricted net position and fund balance as the Town feels that the recorded revenue has been earned and is both measurable and available to pay all applicable current liabilities of the program fund.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Q. Fund balance classification policies and procedures - fund financial statements only

The fund balance amounts of the governmental funds of the Town on the balance sheet are broken down between nonspendable, restricted, committed, assigned and unassigned. These fund balance classifications are described as follows:

- a. **Nonspendable fund balance** - Nonspendable fund balance include amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditures or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable fund balance amounts as reported by the Town consist solely of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures, when applicable.
- b. **Restricted fund balances** - Restricted fund balance include amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources from external sources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted fund balance amounts of the Town consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants received from either state, federal or other funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the applicable funding agreements or based on the purpose that funds were donated and cannot be used for any other specified purposes. In addition, the Town has created special revenue funds to account for and report the proceeds of specific assessment fees collected by the town clerks office as mandated by the State of Connecticut in relation to historic document preservation, MERS and locip surcharges. These mandated fees are considered a form of enabling legislation imposed by the State and therefore the funds collected by the Town are restricted to be expended based on the parameters of the enabling legislation. Other funds restricted by the Town include the balance of the housing rehabilitation income fund which relates to housing rehabilitation grants received by the Town and the non-principal portion of permanent funds.
- c. **Committed fund balance** - Committed fund balance include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Finance is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Board of Finance has the final approval for the budget amounts which are presented to the citizens of the Town for approval and in turn the establishment of the related special revenue or capital project funds. The approval of the annual town budget includes amounts characterized as specific revenue sources as a portion of either the annual tax commitment or other specific revenue sources contained and voted on within the annual budget. An example of a committed fund balance amount would relate to an approved transfer to an established special revenue fund or the capital nonrecurring fund. The residual fund balance amount within these funds at the end of the fiscal year would be classified as committed fund balance. Any subsequent change in the specific purpose or use of these committed funds would need to be approved either at the annual town meeting or a special town meeting. The current fiscal year committed general fund balance of \$742,814 includes a remaining balance of \$732,814 relating to a town meeting approved up to amount of \$1,000,000 for storm damage repairs and a remaining balance of \$10,000 relating to a Board of Finance approved up to amount of \$10,000 for a new public works wood chip box.
- d. **Assigned fund balance** - Assigned fund balance include amounts that are constrained by the Town with the intent to be used for specific purposes, but which are neither restricted or committed. The intent to use funds for specific purposes is to be assigned by either town meeting appropriations or the Board of Finance. The First Selectman has the authority to accept funds on behalf of the Town which are specific revenue sources to be used for specific purposes and to establish special revenue or capital project funds to account and report these amounts in accordance with the direction received from the Board of Finance. Assigned special revenue and capital project funds are usually made up of small streams of specific revenue sources for specific purposes for which there is a perceived benefit to segregating and reporting the funds rather than including them within the general fund. In addition, any annual budgetary encumbrances outstanding at the end of the fiscal year may be classified by the Town as assigned amounts within the general or specific special revenue or capital project funds. Subsequent fiscal year budgeted appropriations of the unassigned general fund balance would also be reported as assigned fund balance amounts.
- e. **Unassigned fund balance** - Unassigned fund balance is the residual classification for the general fund of the Town. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

Town of Lebanon, Connecticut
Notes to the basic financial statements
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The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet.

	General fund	Trumbull investment funds	Town capital funds	Small cities program funds	Non-major governmental funds	Totals
Fund balances:						
Nonspendable:						
Prepaid and inventory items	\$ 10,018	\$ -	\$ -	\$ -	\$ 18,250	\$ 28,268
Permanent funds principal	-	-	-	-	319,272	319,272
	10,018	-	-	-	337,522	347,540
Restricted:						
Town grants	-	-	-	-	1,118,834	1,118,834
Education grants	-	-	-	-	172,668	172,668
Town donation funds	-	2,879,204	-	-	384,555	3,263,759
School donation funds	-	-	-	-	98,968	98,968
Housing rehab income fund	-	-	-	1,053,980	-	1,053,980
Enabling legislation funds	-	-	-	-	69,380	69,380
Permanent funds non-principal	-	-	-	-	120,497	120,497
	-	2,879,204	-	1,053,980	1,964,902	5,898,086
Committed:						
Town construction projects	-	-	673,038	-	-	673,038
Capital nonrecurring balances	-	-	984,439	-	-	984,439
School capital fund	-	-	410,648	-	-	410,648
Adams community center	-	-	-	-	83,985	83,985
Lebanon recreation commission	-	-	-	-	14,198	14,198
Town improvement program	-	-	-	-	263,493	263,493
Lebanon public library	-	-	-	-	230,805	230,805
Senior vans program	-	-	-	-	123,835	123,835
Emergency management fund	-	-	-	-	7,856	7,856
Covid-19 emergency relief fund	-	-	-	-	142,678	142,678
Lake Williams project	-	-	-	-	13,743	13,743
Approved storm damage funds	732,814	-	-	-	-	732,814
Approved capital funds	10,000	-	-	-	-	10,000
	742,814	-	2,068,125	-	880,593	3,691,532
Assigned:						
Historic building funds	-	-	-	-	10,917	10,917
Cemetery lot funds	-	-	-	-	16,600	16,600
Dog fund	-	-	-	-	2,200	2,200
Summer dance festival	-	-	-	-	15,723	15,723
Other town program funds	-	-	-	-	16,343	16,343
Education activity accounts	-	-	-	-	102,297	102,297
	-	-	-	-	164,080	164,080
Unassigned:						
General fund	5,741,876	-	-	-	-	5,741,876
Town construction projects	-	-	-1,648,471	-	-	-1,648,471
Education and other programs	-	-	-	-	-5,006	-5,006
Permanent funds principal	-	-	-	-	-2,337	-2,337
	5,741,876	-	-1,648,471	-	-7,343	4,086,062
Total fund balances	\$ 6,494,708	\$ 2,879,204	\$ 419,654	\$ 1,053,980	\$ 3,339,754	\$ 14,187,300

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

R. Unclassified and program expenditures

The Town uses a departmental expenditure category labeled unclassified and program to account for certain items that they do not feel truly fall into the traditional departmental expenditure categories. The general fund classifies town wide fringe benefits, the small cities program fund classifies operating expenditures and the special revenue and permanent funds classify scholarship allocations made to the high school student activity account into this departmental expenditure category.

S. Encumbrance accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does utilize encumbrance accounting. The assignment of fund balance at June 30, 2021 was \$0 for the general fund as it relates to the Board of Education, and \$0 for the non-major special revenue funds as they relate to the state and federal grant programs of the Board of Education.

T. Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget calls for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment are considered by the Town to be a specific revenue source which are committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the general fund and a transfer out to be shown to each of these specific funds. These specific portions of the annual tax commitment are shown within each specific special revenue and capital project fund as a transfer in rather than as property tax revenue. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each general function of the Town. Only the Board of Finance may approve budget transfers within and between expenditure classes and individual departments in accordance with applicable State statutes. The bottom line budgeted revenue and expenditure amounts can only change upon approval of the inhabitants of the Town through a special town meeting. The procedures followed in establishing the budgetary data reflected in the financial statements are as follows:

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests and (5) Board of Education.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting had been given. In accordance with current fiscal year executive orders as issued by the Governor, the Board of Finance approved the current fiscal year budget at its regular meeting on May 19, 2020.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 31,450,894	\$ -29,448,695	\$ -2,454,373	\$ -452,174
Current fiscal year encumbrances	-	-	-	-
Prior fiscal year encumbrances	-	36,583	-	36,583
State on-behalf benefits related to pensions	-5,235,494	5,235,494	-	-
State on-behalf benefits related to OPEB	-251,809	251,809	-	-
Budgetary basis - Statement E	<u>\$ 25,963,591</u>	<u>\$ -23,924,809</u>	<u>\$ -2,454,373</u>	<u>\$ -415,591</u>

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Note 2 - Restricted cash and investments - government-wide financial statements only

The Town breaks cash and investments down between a regular current asset and an other asset restricted on the government-wide statement of net position. The other asset restricted investment amount of \$3,305,135 is made up of the balance of investments which have been donated to the Town and whose interest and earnings are used to partially fund the operations of the Jonathan Trumbull library and Adams community center. A portion of this restricted investments balance in the amount of \$2,879,204 can also be seen on the fund financial statements balance sheet as the major fund labeled the Trumbull investment funds. In addition, the permanent funds include restricted investments in the amount of \$425,931 which relate to scholarship dollars whose interest and earnings are provided to the high school along with other small amounts provided to the town and the library. The other assets restricted cash balance is made up of cash balances relating to restricted net position balances which are restricted for specific purposes in subsequent fiscal years. The current fiscal year amount shown on the government-wide statement of net position can be broken down as follows.

Community development grants and programs	\$ 112,773
Unearned state, federal, and other grant program balances	1,291,502
Principal balance of non-major permanent funds	9,501
Restricted donation funds	483,523
Enabling legislation program funds	69,380
	<u>\$ 1,966,679</u>

Note 3 - Deposits and investments

The deposit of public funds is controlled by the Connecticut General Statutes Section 7-402. Deposits may be made in a qualified public depository as defined by the statute or, in amounts not exceeding FDIC insurance limits, in an out of state bank as defined by the statute, which is not a qualified public depository. Section 7-400 of the statutes permit municipalities to invest public funds in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific municipal funds with particular investment authority. The Town does have other types of investments that represent assets which have been donated to the Town and therefore are not subject to specific state statute limitations.

Deposits - Primary government

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For government accounts the ownership category is per official custodian. At year end, the carrying amount of the Town's deposits was \$14,645,181 which is shown in the financial statements as cash balances of \$12,206,067 and investment balances of \$2,439,114 which represent certificates of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$15,173,080 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$750,000 was covered by FDIC with the remaining \$14,423,080 representing balances that were uninsured and collateralized in part, as described in the following paragraph, by securities held by the pledging financial institutions' trust department or agent but not in the Town's name.

The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Deposits - Discretely presented component unit

The Lebanon Volunteer Fire Department is reported within the government-wide financial statements of the Town as a discretely presented component unit. The Department does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. At year end, the carrying amount of the Department's deposits was \$234,492 which is shown in the financial statements as cash balances of \$234,492. The corresponding bank balances of these accounts at one financial institution totaled \$277,801 with the difference between the two amounts being represented by timing differences with outstanding checks and deposits in transit. Of these bank balances, \$250,000 was covered by FDIC with the remaining \$27,801 representing balances that were uninsured and collateralized in part, as described in the previous paragraph, by securities held by the pledging financial institutions' trust department or agent but not in the Department's name.

Investments - Primary government

The following schedule shows the different types of investments held by the Town, the maturities of those investments and the associated credit ratings as of June 30, 2021.

Type	Fair value	Maturities in years				Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	More than 10 years	S & P
Governmental & business type:						
CT short term investment fund	\$ 1,007,080	\$ 1,007,080	\$ -	\$ -	\$ -	AAAm
Preferred stocks	9,410	9,410	-	-	-	not rated
Exchange traded funds	438,520	438,520	-	-	-	not rated
Unit trusts	120	120	-	-	-	not rated
Certificates of deposit	2,428,220	1,630,244	797,976	-	-	not rated
Municipal bonds	53,685	-	5,509	48,176	-	AAA
Municipal bonds	17,084	-	-	17,084	-	AA+
Municipal bonds	35,386	-	5,702	29,684	-	AA
Municipal bonds	11,915	-	-	11,915	-	BBB
Municipal bonds	39,774	-	34,214	5,560	-	not rated
Corporate bonds	6,299	-	-	6,299	-	AA
Corporate bonds	76,687	45,063	31,624	-	-	A- to A+
Corporate bonds	61,275	-	45,301	15,974	-	BBB+
	4,185,455	<u>\$ 3,130,437</u>	<u>\$ 920,326</u>	<u>\$ 134,692</u>	<u>\$ -</u>	
Stock equities	1,914,429					
Mutual fund equities	670,222					
	<u>\$ 6,770,106</u>					
Fiduciary funds:						
Certificates of deposit	\$ 11,149	\$ 11,149	\$ -	\$ -	\$ -	not rated

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 does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments. Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the Statement of Net Position or Balance Sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

		Fair value measurement		
Investments	Fair value	Level 1	Level 2	Level 3
Governmental & business type:				
CT short term investment fund	\$ 1,007,080	\$ 1,007,080	\$ -	\$ -
Preferred stocks	9,410	9,410	-	-
Exchange traded funds	438,520	438,520	-	-
Unit trusts	120	120	-	-
Certificates of deposit	2,428,220	2,428,220	-	-
Municipal bonds	157,844	157,844	-	-
Corporate bonds	144,261	144,261	-	-
Stock equities	1,914,429	1,914,429	-	-
Mutual fund equities	670,222	670,222	-	-
	<u>\$ 6,770,106</u>	<u>\$ 6,770,106</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary funds:				
Certificates of deposit	<u>\$ 11,149</u>	<u>\$ 11,149</u>	<u>\$ -</u>	<u>\$ -</u>

Investments - Discretely presented component unit

The following schedule shows the different types of investments held by the Lebanon Volunteer Fire Department, the maturities of those investments and the associated credit ratings as of June 30, 2021.

Type	Fair value	Maturities in years				Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	More than 10 years	S & P
Unit trusts	\$ 120	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	not rated
Stock equities	21,074					
Mutual fund equities	691,550					
	<u>\$ 712,744</u>					

Interest Rate Risk - The Department 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 Department does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. Concentration of Credit Risk - The Department has no policy limiting an investment in any one issuer that is in excess of 5% of the Department's total investments. Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Department does not have a formal policy for custodial credit risk. As described above, all of the Departments investments are recorded at fair value and as such the fair value measurement level must be disclosed. The investments of the Department were all measured at level 1 as of June 30, 2021.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Note 4 - Inter fund receivables, payables, and transfers

Inter fund receivables and payables - The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for inter fund balances is to keep track of each fund's position in this cash pool. These balances are not always expected to be repaid due to the fact that they normally represent funds collected or spent by one fund on behalf of another fund. The following information represents inter fund receivables and payables by individual major fund and non-major funds in the aggregate. Only the balances for major funds are being shown below. The following fund financial statement inter fund balances are eliminated in the government-wide financial statements with the exception of the proprietary enterprise funds balances which are shown as internal balances on the Statement of net position when present.

	Receivable due from	Payable due to
General fund:		
Town capital funds	\$ 2,006,733	\$ 1,477,463
Small cities program funds	1,978	-
Non-major special revenue funds	511,545	2,485,162
Non-major capital project funds	-	13,743
Non-major permanent funds	1,266	6,324
	<u>2,521,522</u>	<u>3,982,692</u>
Proprietary enterprise funds	40,128	-
Proprietary internal service funds	-	1,409,807
	<u><u>\$ 2,561,650</u></u>	<u><u>\$ 5,392,499</u></u>
Town capital funds:		
General fund	<u><u>\$ 1,477,463</u></u>	<u><u>\$ 2,006,733</u></u>
Small cities program funds:		
General fund	<u><u>\$ -</u></u>	<u><u>\$ 1,978</u></u>

Inter fund transfers - Transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following general fund transfer out amounts were approved by the Board of Finance in accordance with current fiscal year executive orders as issued by the Governor as part of either the annual budget or subsequent meeting motions. The following information represents inter fund transfers by individual major fund and non-major funds in the aggregate. The amounts shown below for general fund transfers out to the non-major special revenue funds represent each funds portion of the annual tax commitment which is considered each funds specific revenue source in relation to meeting the definition of a special revenue fund. The following fund financial statement inter fund transfers are eliminated in the government-wide financial statements with the exception of proprietary fund transfers which are shown as transfers on the Statement of activities when present.

	Transfers in	Transfers out
General fund:		
Town capital funds	\$ -	\$ -1,722,018
Non-major special revenue funds	2,431	-735,242
Non-major permanent funds	456	-
	<u><u>\$ 2,887</u></u>	<u><u>\$ -2,457,260</u></u>
Trumbull investment funds:		
Non-major special revenue funds	<u><u>\$ -</u></u>	<u><u>\$ -82,021</u></u>
Town capital funds:		
General fund	\$ 1,722,018	\$ -
Non-major special revenue funds	103	-
	<u><u>\$ 1,722,121</u></u>	<u><u>\$ -</u></u>

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Note 5 - Capital assets

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2021. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1J on page 30 of the notes to the financial statements.

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 2,228,189	\$ -	\$ -	\$ 2,228,189
Construction in progress	218,394	717,089	-182,686	752,797
Total capital assets not being depreciated	2,446,583	717,089	-182,686	2,980,986
Capital assets being depreciated:				
Buildings and improvements	37,259,683	305,527	-	37,565,210
Vehicles	5,839,322	256,030	-	6,095,352
Equipment	2,022,640	350,320	-	2,372,960
Infrastructure	32,584,816	1,425,235	-	34,010,051
Total capital assets being depreciated	77,706,461	2,337,112	-	80,043,573
Less accumulated depreciation for:				
Building and improvements	-19,216,483	-939,251	-	-20,155,734
Vehicles	-3,498,311	-345,063	-	-3,843,374
Equipment	-1,370,781	-176,725	-	-1,547,506
Infrastructure	-21,950,267	-573,269	-	-22,523,536
Total accumulated depreciation	-46,035,842	-2,034,308	-	-48,070,150
Total capital assets being depreciated (net)	31,670,619	302,804	-	31,973,423
Total capital assets (net)	<u>\$ 34,117,202</u>	<u>\$ 1,019,893</u>	<u>\$ -182,686</u>	<u>\$ 34,954,409</u>

Depreciation expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. During the current fiscal year depreciation was charged to general government - \$19,497, public safety - \$248,759, public works - \$162,396, health & social - \$93,092, education - \$937,295 and general infrastructure - \$573,269 for a total current fiscal year depreciation expense amount of \$2,034,308.

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Business-type activities:				
Capital assets being depreciated:				
Lebanon Amston Lake Sewage System	\$ 6,503,574	\$ -	\$ -	\$ 6,503,574
Less accumulated depreciation	-607,000	-86,715	-	-693,715
Total capital assets being depreciated (net)	<u>\$ 5,896,574</u>	<u>\$ -86,715</u>	<u>\$ -</u>	<u>\$ 5,809,859</u>

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Component unit:				
Capital assets being depreciated:				
Buildings, vehicles and equipment	\$ 476,190	\$ 111,621	\$ -	\$ 587,811
Less accumulated depreciation	-280,690	-33,023	-	-313,713
Total capital assets being depreciated (net)	<u>\$ 195,500</u>	<u>\$ 78,598</u>	<u>\$ -</u>	<u>\$ 274,098</u>

Town of Lebanon, Connecticut
Notes to the basic financial statements
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Note 6 - Long-term debt and other liabilities

The long-term debt and other liabilities of the Town are made up of the following individual debt agreements and amounts. Long-term debt liabilities are shown on the government-wide financial statements as both governmental activities items and business-type activities items on the statement of net position. They are also shown on the proprietary funds statement of net position within the fund financial statements of the Town.

	Balance 07/1/20	Additions	Reductions	Balance 06/30/21	Amount due within one year
Governmental activities:					
Outstanding payables:					
\$5,750,000 bond payable	\$ 380,000	\$ -	\$ -380,000	\$ -	\$ -
\$495,000 capital lease payable	380,082	-	-101,712	278,370	103,753
\$500,000 promissory note payable	399,078	-	-97,350	301,728	-
Total outstanding payables	<u>1,159,160</u>	<u>-</u>	<u>-579,062</u>	<u>580,098</u>	<u>103,753</u>
Other liabilities:					
Accrued comp. absences - school	55,727	3,793	-	59,520	-
Accrued comp. absences - town	51,628	6,386	-	58,014	-
Net pension liability	1,697,224	390,207	-	2,087,431	-
Total OPEB liability	<u>3,042,204</u>	<u>685,141</u>	<u>-</u>	<u>3,727,345</u>	<u>-</u>
Total other liabilities	<u>4,846,783</u>	<u>1,085,527</u>	<u>-</u>	<u>5,932,310</u>	<u>-</u>
Total long-term liabilities	<u>\$ 6,005,943</u>	<u>\$ 1,085,527</u>	<u>\$ -579,062</u>	<u>\$ 6,512,408</u>	<u>\$ 103,753</u>
Business-type activities:					
Outstanding payables:					
\$5,105,000 bond payable	<u>\$ 3,934,019</u>	<u>\$ -</u>	<u>\$ -105,034</u>	<u>\$ 3,828,985</u>	<u>\$ 107,659</u>

Outstanding bonds and notes payable - Governmental activities

\$5,750,000 bond payable issued in August of 2005 to finance two school renovation projects and a fire safety complex project. Annual principal installments range from \$385,000 to \$380,000 through August of 2021. Interest on the outstanding principal balance is at a rate of 3.80%.

\$ -

\$500,000 promissory note received in November of 2019 to finance a portion of the library expansion project. The principal amount along with all interest accrued on the unpaid balance is due in November of 2024. Interest on the outstanding principal balance is at a rate of 1.59% compounded annually. During the current fiscal year, \$97,350 of principal and \$6,433 of accrued interest was forgiven by the note holder.

301,728
\$ 301,728

Outstanding bonds payable - Business-type activities

\$5,105,000 bond payable issued in January of 2013 to finance the Amston Lake sewer construction project. Annual principal installments are \$203,384 through January of 2049. Interest on the outstanding principal balance is at a rate of 2.50%.

\$ 3,828,985

Town of Lebanon, Connecticut
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The following is a summary of the total outstanding bond and notes payable principal and interest cash flow requirements for the aforementioned bonds and notes payable of the governmental activities and the business-type activities of the town for the fiscal years ending June 30.:

	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ -	\$ -	\$ 107,659	\$ 95,725	\$ 203,384
2023	-	-	-	110,351	93,033	203,384
2024	-	-	-	113,110	90,274	203,384
2025	301,728	16,771	318,499	115,937	87,447	203,384
2026	-	-	-	118,836	84,548	203,384
2027 - 2031	-	-	-	640,256	376,664	1,016,920
2032 - 2036	-	-	-	724,391	292,529	1,016,920
2037 - 2041	-	-	-	819,582	197,338	1,016,920
2042 - 2046	-	-	-	927,282	89,638	1,016,920
2047 - 2051	-	-	-	151,581	3,791	155,372
	<u>\$ 301,728</u>	<u>\$ 16,771</u>	<u>\$ 318,499</u>	<u>\$ 3,828,985</u>	<u>\$ 1,410,987</u>	<u>\$ 5,239,972</u>

Outstanding capital leases payable - Governmental activities

The Town has a capital lease related to a lease purchase agreement for a portion of the costs for a 2015 Peirce fire truck. This lease purchase agreement runs from April of 2019 through January of 2024 with monthly payments of \$9,417 which includes interest at a rate of 4.15%. The gross amount of this truck recorded as a vehicle type capital asset is \$745,000 which is made up of \$250,000 paid by the town and the \$495,000 capital lease. This item is being amortized over a 15 year period and the accumulated amortization (depreciation) taken as of June 30, 2021 was \$107,612. The total monthly payments on this lease over the next four fiscal years are equal to approximately \$295,887. The amount of these payments representing interest is equal to approximately \$17,517 leaving the net present value of future minimum lease payments equaling \$278,370.

Accrued compensated absences

Employees of the Town and the Board of Education are allowed to earn paid absences for vacations and/or sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. School accumulated vacation balances are also paid when employees leave. However, school accumulated sick balances are only paid when an employee retires. Therefore, the probability of these school accumulated vacation benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. The probability of school accumulated sick benefits being paid cannot be determined and therefore no liability for these benefits has been recorded. As of June 30, 2021, school accumulated sick balances totaled approximately \$280,374. A current portion of these recorded liabilities has not been estimated due to the fact that these benefits (accumulated sick and vacation time) may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination.

Accrued landfill post-closure costs

The Town of Lebanon municipal solid waste landfill was closed in October of 1993 due to new regulations imposed by the United States Environmental Protection Agency which the town was unable to meet. The cost of capping the landfill was paid for out of the Town's annual operating budget. The post-closure monitoring, which will continue for up to 30 years from the date of closure, will also be paid for out of the Town's annual operating budget. The Town set up a long-term liability to account for these funds being set aside for this post-closure care. The expense for this liability was to be recorded in each period based on the landfill capacity used to date. As of June 30, 2021 the outstanding post-closure monitoring liability has been fully expended and therefore future post-closure monitoring costs will be paid for out of the Town's annual operating budget.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Pension contribution payable, net pension liability and total OPEB liability

Payables to a defined benefit pension plan include short-term payables for legally or contractually required contributions outstanding as of the end of the reporting period, as well as long-term payables, such as those arising from amounts assessed to an individual employer upon joining a multiple-employer pension plan. The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributable to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

Note 7 - Short-term debt

The prior fiscal year outstanding bond anticipation note payable in the amount of \$1,900,000 was paid in full with interest at 2.00% on July 9, 2020 and replaced with the current fiscal year outstanding bond anticipation note payable in the amount of \$2,000,000 due July 8, 2021 with interest at 1.49%. These notes have and are being used to finance costs related to the town roads and bridges project and is recorded as a current liability in both the government-wide financial statements and the fund financial statements.

Note 8 - Interest expense

The total interest expense incurred by the Town during the current fiscal year totaled \$116,858. This interest expense was increased by current fiscal year accrued interest amounts of \$43,378 and decreased by the reversal of prior fiscal year accrued interest amounts of (\$51,051) in the government-wide financial statements for a total recorded interest expense amount of \$109,185. For the governmental funds in the fund financial statements, \$7,220 was shown as a general fund interest expenditure amount and \$11,288 was shown as a Town capital funds interest expenditure amount for a total recorded interest expenditure amount of \$18,508. For the governmental activities in the government-wide financial statements, \$18,508 was incurred as debt service interest expense. This interest amount was increased by the current fiscal year accrued interest amount of \$368 and decreased by the reversal of prior fiscal year accrued interest amounts of (\$6,591) for a total recorded interest expense amount of \$12,285. For the business-type activities in the government-wide financial statements, \$98,350 was incurred as debt service interest expense. This interest amount was increased by current fiscal year accrued interest amount of \$43,010 and decreased by the reversal of prior fiscal year accrued interest amount of (\$44,460) for a total recorded interest expense amount of \$96,900. Current fiscal year Interest paid on the prior fiscal year outstanding bond anticipation note payable in the amount of \$37,789 was capitalized as part of the current fiscal year roads and bridges construction in progress capital asset.

Note 9 - Net position balances - net investment in capital assets

The net investment in capital assets net position balance on the government-wide statement of net position consisted of the following items as of June 30, 2021 for the primary government of the town as well as the discretely presented component unit of the town. The business-type activities balances shown below can also be found within the fund financial statements on the proprietary funds statement of net position.

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Volunteer fire department
Recorded value of capital assets	\$ 83,024,559	\$ 6,503,574	\$ 89,528,133	\$ 587,811
Less accumulated depreciation	-48,070,150	-693,715	-48,763,865	-313,713
Book value of capital assets	34,954,409	5,809,859	40,764,268	274,098
Less capital assets related debt	-2,580,098	-3,828,985	-6,409,083	-
	<u>\$ 32,374,311</u>	<u>\$ 1,980,874</u>	<u>\$ 34,355,185</u>	<u>\$ 274,098</u>

Town of Lebanon, Connecticut
Notes to the basic financial statements
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Note 10 - Net position and fund balances - restricted

The Town has received a number of housing rehabilitation CDBG grants from the U.S. Department of Housing and Urban Development. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds described as follows. Each resident receiving benefits under these grants is required to sign a deferred promissory note. These notes must be repaid to the Town as prescribed in the agreement with the proceeds being deposited into the aforementioned loan fund and permanently used by the Town for other similar programs. Program income including interest income earned on repaid funds before the funds are reused must be deposited into this loan fund. For all loans entered into through June 30, 2015, the principal amount of the loan will automatically be reduced by 10% on each consecutive anniversary of the note agreement for a maximum of 5 years or 50% of the original note balance. This annual forgiven portion is shown as a miscellaneous expenditure item and reduces the restricted net position balance in the government-wide financial statements and the restricted fund balance in the fund financial statements. For all loans entered into after June 30, 2015, the principal amount of the loan is not forgivable. The residual of this fund is accounted for as restricted net position and fund balance as the Town feels that the recorded revenue has been earned and is both measurable and available to pay all applicable current liabilities of the program fund. As of June 30, 2021, the following balances represent the loan fund described above.

Cash and restricted cash	\$ 112,773
Notes receivable (net of allowance)	943,185
Due to the general fund	-1,978
Restricted net position and restricted fund balance	-1,053,980
	<u>\$ -</u>

Note 11 - Deficit fund balances

In accordance with GAAP, all deficit fund balances and their nature must be disclosed. As of June 30, 2021, the town capital funds major fund included one individual project cost center with a deficit fund balance. The town roads and bridges project fund 244 had an unassigned deficit fund balance of (\$1,648,471). This project is currently being funded with short-term bond anticipation notes but is also expected to be financed during an upcoming fiscal year with long-term bonds. As of June 30, 2021, the town non-major special revenue funds included two individual school grants with unassigned deficit fund balances. The prior fiscal year Title II grant had an unassigned deficit fund balance of (\$35). This grant deficit is expected to be absorbed by future grant or miscellaneous revenues. The current fiscal year Esser II grant had an unassigned deficit fund balance of (\$4,971). This grant deficit is expected to be absorbed in the upcoming fiscal year as available grant funds are requested from the funding source. As of June 30, 2021, the town non-major permanent funds included two individual funds which had unassigned deficit fund balances. The Flora Williams scholarship fund had an unassigned deficit fund balance of (\$1,855) and the Elizabeth Grant scholarship fund had an unassigned deficit fund balance of (\$482) both of which represent an expenditure of the nonspendable portion of the fund balance. These unassigned deficit fund balances may be funded through future investment earnings or the deficits may continue depending on the amounts expended from each fund.

Note 12 - On-behalf payments

The Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Pension and OPEB Contributions made by the State of Connecticut on-behalf of the Lebanon School Department teachers for the fiscal year ended June 30, 2021 in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the fiscal year ended June 30, 2021, the Town recognized on-behalf pension revenue and expense of \$5,235,494 and on-behalf OPEB revenue and expense of \$251,809 for these benefits provided by the State of Connecticut for a total of \$5,487,303. These on-behalf amounts were determined based on the most recent actuarial valuation as of June 30, 2020. These amounts were not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. A separate intergovernmental revenue and education expenditure in the amount of \$5,487,303 have been included in the general fund on Statement D (GAAP basis) and have not been reported in the detail of Statement E (budgetary basis). There is no effect on fund balance at the end of the fiscal year. A separate operating grants and contributions revenue and education expense in the amount of \$5,487,303 have been included on Statement B. There is no effect on the net position balance at the end of the fiscal year.

Town of Lebanon, Connecticut
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Note 13 - Employees' retirement plans

Connecticut Municipal Employees Retirement System

Plan description - The Connecticut Municipal Employees Retirement System is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes plan benefits, member contribution rates and other plan provisions. The plan is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System. This designation may be the result of collective bargaining. Only employees covered under the State Teachers Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60. The plan is made up of the following four sub plans:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Benefits provided - The plan provides retirement, disability and death benefits. General employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active non-continuous service. Employees under the age of 55 are eligible to retire with 25 years of service. The compulsory retirement age for police and fire members is age 65.

Normal retirement - For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 ½ % of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, the benefit is computed as if the member is not under social security.

Early retirement - Employees are eligible after 5 years of continuous or 15 years of active non-continuous service. The benefit is calculated on the basis of average final compensation and service to date of termination. Benefits are deferred to the normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability retirement - Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality in the position in which such member has been employed provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability. Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality in the position in which such member has been employed. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-retirement death benefits - The plan offers a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contribution requirements - Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. Employees not covered by social security are required to contribute 6% of their compensation. Employees covered by social security are required to contribute 3.25% of their compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

Town of Lebanon, Connecticut
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June 30, 2021

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

At June 30, 2021, the Town is reporting a liability of \$2,087,431 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was calculated based upon the Town's pro rata share of the 2020 actuarial (expected) payroll amounts as reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases. At June 30, 2020, the Town's proportion was .531556 percent which was an increase from the prior fiscal year proportion amount of .459851 percent.

For the year ended June 30, 2020, the Town's actuarial determined pension expense as a percentage of the total plan pension expense was \$550,162. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 138,298	\$ -266,868
Changes of assumptions	343,693	-
Changes in proportional share of employer	172,113	-78,179
Net difference between projected and actual earnings on Plan investments	219,058	-
	873,162	-345,047
Contributions subsequent to the measurement date	221,603	-
Total	<u>\$ 1,094,765</u>	<u>\$ -345,047</u>

The \$221,603 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:

2022	\$ 224,992
2023	255,217
2024	-261
2025	48,167
	<u>\$ 528,115</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

Inflation	2.50%
Salary increases	3.50% to 10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Future cost of living adjustments	Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5% and the maximum is 6%
Mortality rates	Mortality rates for the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement

Town of Lebanon, Connecticut
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Long-term rate of return - The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	\$ 2,920,815	\$ 2,087,431	\$ 1,384,707

Pension Plan Fiduciary Net Position - Detailed information about the Connecticut Municipal Employees Retirement System plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020 available at www.ct.gov.

Other Information - Additional information is included in the required supplementary information section of the financial statements.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

Note 14 - Employees' retirement plans

Connecticut Teachers' Retirement System

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

Benefits provided - The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. In relation to normal retirement, retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 1% contributions made prior to July 1, 1989 and voluntary contributions are payable. In relation to early retirement, employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4%, per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year as retirement precedes normal retirement date. In relation to disability retirement, employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

In relation to minimum benefits, effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement. In relation to prorated benefits, A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age 60. In relation to pre-retirement death benefits, the plan also offers a lump sum return of contribution with interest or surviving spouse benefit depending on the length of service.

Contribution requirements - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. School District employers are not required to make contributions to the plan. Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of the pensionable salary.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2021, the Town recognized pension revenue and expense of \$5,235,494 for on-behalf amounts for the benefits provided by the State.

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	36,549,165
Total	<u>\$ 36,549,165</u>

Town of Lebanon, Connecticut
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Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

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

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

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity fund	20.0%	5.6%
Developed market international stock fund	11.0%	6.0%
Emerging market international stock fund	9.0%	7.9%
Core fixed income fund	16.0%	2.1%
Inflation linked bond fund	5.0%	1.1%
Emerging market debt fund	5.0%	2.7%
High yield bond fund	6.0%	4.0%
Real estate fund	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative instruments	7.0%	2.9%
Liquidity fund	1.0%	0.4%

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

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

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

Note 15 - Other Post Employment Benefits - OPEB

Connecticut Teachers' Retirement System

Plan description - The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions - Per CGS 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan. The cost of providing plan benefits is financed on a pay as you go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents. Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Town of Lebanon, Connecticut
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OPEB liabilities, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB - The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability. For the year ended June 30, 2021, the Town recognized OPEB revenue and expense of \$251,809 for on-behalf amounts for the benefits provided by the State.

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	5,451,309
Total	<u>\$ 5,451,309</u>

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement. The projected fiduciary net position is projected to be depleted in 2021.

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	2.21% as of June 30, 2020 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date
Healthcare cost trend rates: Medicare	5.125% for 2020, decreasing to an ultimate rate of 4.75% by 2023
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

Long-term rate of return - The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Expected 10-Year geometric real rate of return	Standard deviation
U.S. Treasuries (cash equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		2.00%	

Town of Lebanon, Connecticut
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Discount rate - The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

Pension Plan Fiduciary Net Position and other information - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

Note 16 - Other Post Employment Benefits - OPEB

Post-Retirement Healthcare Plan

Plan description - The Board of Education of the Town provides a single employer defined benefit healthcare plan (the "Plan") to its employees upon retirement in the form of the ability to be part of the health insurance and dental plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Town. As a result, the Town does not have an explicit liability for these post-employment benefits because retirees pay the full health insurance and dental premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health and dental costs attributed to retirees. The provisions of the Plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree and the retiree's spouse once they are a part of the Plan. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits provided - The OPEB Plan provides a benefit for retired teachers and administrators. Non-certified Board employees are eligible to participate in the Plan upon reaching age 55 with at least 5 years of service or upon 25 years of service. Cafeteria workers are not included. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical and dental coverage. A number of different plan coverages are available. Certified Board employees are eligible to participate in the Plan upon reaching age 50 with at least 25 years of service, age 55 with at least 20 years of service or age 60 with at least 10 years of service. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical and dental coverage. A number of different plan coverages are available. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. The funding and payment for these postemployment benefits are accounted for within the Board of Education budget within the general fund of the Town on a pay-as-you-go basis.

Town of Lebanon, Connecticut
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Employees covered by benefit terms - The following employees were covered by the benefit terms of the Plan as of July 1, 2020, the date of the last actuarial valuation.

	Participant count
Active plan members	134
Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	0
	<u>147</u>

Total OPEB liability - The Town's total OPEB liability was \$3,727,345 as of June 30, 2021. The July 1, 2020 actuarial valuation directly calculated the July 1, 2020 liability. The July 1, 2020 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2021. The liability as of June 30, 2021 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial assumptions and other inputs - The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	July 1, 2020 as adjusted for June 30, 2021 reporting
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial cost method	Entry age normal (level percentage of salary)
Actuarial assumptions	
Interest	2.16%
Rate of compensation increase	2.40%
Inflation	2.40%
Discount rate	2.16% as of June 30, 2021 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2021
Healthcare cost trend rates	6.50% in 2020, reducing by .20% each year to an ultimate rate of 4.40% per year for 2031 and later
Mortality rates	
Certified	Pub-2010 Public Retirement Plans Mortality Tables with separate tables for non-
Non-certified	annuitants and annuitants, projected to valuation date with Scale MP-2020

Changes in the total OPEB liability - The changes in the total OPEB liability of the Plan are made up of the following items as of June 30, 2021:

	Total OPEB liability
Balance as of June 30, 2020	\$ 3,042,204
Changes for the year:	
Service cost	69,719
Interest	67,206
Differences between expected and actual experience	611,229
Changes of benefit terms	-
Changes of assumptions	79,711
Benefit payments	-142,724
Net changes	<u>685,141</u>
Balance as of June 30, 2021	<u>\$ 3,727,345</u>

Town of Lebanon, Connecticut
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Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current discount rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 4,217,685	\$ 3,727,345	\$ 3,318,129

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.40%)	Current trend rates (6.50% decreasing to 4.40%)	1% Increase (7.50% decreasing to 5.40%)
Total OPEB liability	\$ 3,353,992	\$ 3,727,345	\$ 4,172,939

OPEB expense and Deferred outflows and inflows of resources related to OPEB - For the year ended June 30, 2021, the Town's actuarial determined OPEB expense was a positive \$131,451. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 555,153	\$ -162,118
Changes of assumptions	469,737	-47,362
Total	\$ 1,024,890	\$ -209,480

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the actuarial determined OPEB expense as follows:

Fiscal year ended June 30:

2022	\$ 68,078
2023	68,078
2024	68,078
2025	77,846
2026	84,363
Thereafter	448,967
	<u>\$ 815,410</u>

Note 17 - Subsequent events

The Town has evaluated subsequent events through February 21, 2022, the date to which the financial statements were available to be issued. The Town issued general obligation bonds in the amount of \$2,100,000 with interest at 2.25% as dated July 8, 2021 with a maturity date of July 8, 2036. These bonds were used in part to pay the current fiscal year bond anticipation note upon maturity in relation to the roads and bridges project fund 244.

Town of Lebanon, Connecticut
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Note 18 - Risk management, commitments and contingencies

The Town is at risk of loss due to items such as lawsuits, automobile claims, and theft. The Town has purchased commercial insurance coverage for any of these types of loss which may occur. The Town believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The Town is a member in the Connecticut Inter-local Risk Management Agency (CIRMA), a public entity risk management program pursuant to the provisions of Section 7-479a of the Connecticut General Statutes for workers compensation pool coverage. The Town pays annual premiums for its coverage. CIRMA is designed to be self-sustaining through member premium's, however it does reinsure for each claim occurrence in excess of \$1,000,000. Members may be subject to supplemental assessments in the event of fund deficiencies, however, these potential supplemental assessments are limited pursuant to its by-laws. The Town has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years. Town management and legal counsel are unaware of any litigation, pending litigation, claims or disputes that would have a direct and material affect on the Town's financial position.

The Town and Board of Education of the Town lease a number of photocopiers under lease agreements which are classified as operating leases. The first lease agreement for the school is for a period of five years through June of 2023 with monthly payments of \$946 which equals annual payments of \$11,352. The second lease agreement for the school is for a period of five years through September of 2020 with monthly payments of \$1,165 which equals annual payments of \$13,980. This lease agreement was extended for one year through October of 2021 with monthly payments of \$1,138 which equals annual payments of \$13,656. The Town and the Board of Education have a number of other immaterial operating type lease agreements which have not been included here.

The Board of Education has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Board entered into a bus transportation agreement for the purpose of providing transportation services for the school children of the Town of Lebanon in compliance with local policies and legal requirements. This agreement includes both type I and type II buses as outlined in the agreement and runs from July 1, 2018 through June 30, 2023. Payment terms are based on specific daily and hourly rates for regular route hours and trips and non-route hours and trips, however, the base annual contact amounts included in the agreement are \$824,906, \$853,785, \$883,651, \$918,135 and \$953,923, respectively. The Board entered into a three year boiler maintenance agreement through June 30, 2022 at annual costs of \$13,752, \$13,752 and \$14,165, respectively. The Board entered into a three year preventive maintenance agreement through June 30, 2022 at annual costs of \$17,304, \$17,304 and \$18,336, respectively. The Board entered into a one year turf and landscaping contract through June 30, 2022 at an annual cost of \$51,400. The Board entered into three year refuse and recycling agreements through June 30, 2022 relating to each of the three schools at a combined annual base cost of \$30,192. The Board entered into a one year agreement through June 30, 2017 with the option of four additional one year renewal periods for management services related to the school lunch program. This was extended for a fifth year as approved by the funding source due to the current pandemic. Under the fifth one year renewal period, the monthly management fee is \$580 for ten months at a total cost of \$5,802 and a monthly administrative fee of \$2,326 for ten months at a total cost of \$23,262 through June 30, 2022. The Board entered into a one year facilities management system, system support services and temperature control agreement through June 30, 2021 at a cost of \$17,568. This contract renews on a year after year basis until terminated and was renewed through June 30, 2022 at the same annual fee.

The Town has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Town entered into a mowing and grounds maintenance of town buildings and property contract through December 1, 2021 at a cost of \$16,000. The Town entered into a cemetery maintenance contract through December 1, 2021 at a cost of \$40,875. The Town entered into a mowing and trimming contract for athletic fields through November 30, 2022 at an annual cost of \$12,740. The town clerks office entered into a three year hosted services contract through August 31, 2022 with monthly payments of \$1,215 which equals annual payments of \$14,580. The Town entered into an open ended cleaning services contract for town community facilities at a cost of \$1,995 per month. The Town and the Board of Education entered into a one year agreement through June 30, 2022 to purchase heating oil, diesel fuel and gasoline at agreed upon per gallon rates, excluding applicable taxes, for a specified minimum number of gallons. Heating fuel will be purchased at a rate of \$1.7397 for a contract allocation of 96,200 gallons or \$167,359. Diesel fuel will be purchase at a rate of \$1.7609 for a contract allocation of 40,000 gallons or \$70,436. Gasoline will be purchased at a rate of \$1.7042 for a contract allocation of 12,000 gallons or \$20,450. If gallons purchased exceed 100% of the gallons allocated or are less then 98% of the gallons allocated, the contract provides options for the vendor for either selling additional gallons or billing the town for the unused and un-lifted volume. The Town has entered into a five year PSAP services contract through June 30, 2025 at an annual cost of \$14,414. The Town has entered into a contract for the roofing of Town hall. The contract is dated June 22, 2021 in the amount of \$23,588 with no amounts being billed as of June 30, 2021. The town has entered into an architectural services contract in relation to additions and renovations to the Jonathan Trumbull Library. The contract is dated in September of 2020 in the amount of \$310,000 with \$253,887 being billed as of June 30, 2021. The Town has entered into a construction services contract in relation to the additions and renovations to the Jonathan Trumbull Library. The contract is dated June 2, 2021 in the amount of \$3,215,281 with no amounts being billed as of June 30, 2021.

Town of Lebanon, Connecticut
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The Town and Board of Education have a number of other smaller contracts and maintenance and service agreements. These agreements are considered individually immaterial. Additional information on these contracts and other agreements can be found at the administrative offices of both the Town and the Board of Education.

A complaint has been filed in the State of Connecticut Superior Court Judicial District of Tolland against the Lebanon Water Pollution Control Authority. This complaint relates to an agreement that the Authority currently has with a vendor to provide services to the Authority and relates to a claim of breach of contract and a claim of unjust enrichment. Invoices have been submitted to the Authority by the vendor that were not fully paid by the Authority in the amount of the presented invoices. These invoices are for periods ranging from December of 2018 through June of 2021 with an unpaid total of \$104,579. Additional invoices have been submitted by the vendor to the Authority subsequent to the end of the current fiscal year which have also not been paid in full. The Authority has been advised by legal counsel to continue payments at present levels instead of the proposed increase by the vendor. The Authority is at present vigorously defending against this complaint.

The Town participates in numerous federal, state and other grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2021 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned grant or contract dollars which have not yet been billed or received. Any subsequent modification to these grants or contracts could result in a loss to the Town. In the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable.

Note 20 - Recently issued accounting standards not yet effective

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for fiscal years beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for reporting periods beginning after December 15, 2021 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics each with a slightly different effective date wording. In general, the requirements of this statement are effective for reporting periods beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

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In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

Note 21 - Change in accounting principle - Restatement

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

GASB Statement No. 84 identifies four specific categories of fiduciary activities. Fiduciary activities can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. In addition, pension or other employee benefit trust arrangements would be further identified as either a fiduciary component unit or non-component unit arrangement which would further differentiate how the fiduciary activities would be reported.

Prior to this implementation of GASB Statement No. 84, the town had identified and reported ten private purpose trust arrangements and agency fund arrangement as fiduciary activities. These private purpose trust arrangements related to scholarship funds which had been given to the town under which a certain portion of principal and interest would be forwarded to the student activity accounts to be distributed in the form of scholarships on an annual basis. The agency fund arrangements related to a portion of the student activity funds located at the Board of Education and funds received from Board of Education retirees to be put toward the payment of health insurance benefits.

Town of Lebanon, Connecticut
Notes to the basic financial statements
June 30, 2021

GASB Statement No. 84 states that private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in a trust that meets specific criteria. The Town has evaluated the criteria set forth in paragraphs 17 and 11c of the statement and has determined that the specific details of these ten trust arrangements do not meet this criteria and therefore would no longer be reported as private purpose fiduciary trust funds. The Town has reclassified these ten trust arrangements as non-major special revenue governmental funds resulting in the following restatements as of July 1, 2020.

	Governmental activities	Governmental funds
Net position/Fund balance - July 1, as originally reported	\$ 43,482,466	\$ 1,777,233
Private purpose trust funds now reported as special revenue funds	84,387	84,387
Net position/Fund balance - July 1, as Restated	<u>\$ 43,566,853</u>	<u>\$ 1,861,620</u>

GASB Statement No. 84 states that custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Town has evaluated the criteria set forth in paragraph 11 of the statement and has determined that a portion of the student activity funds located at the Board of Education and funds received from Board of Education retirees to be put toward the payment of health and dental insurance benefits do meet the criteria to be considered a fiduciary activity and therefore in accordance with the statement would be classified as custodial funds.

Town of Lebanon, Connecticut
Schedule of Town's proportionate share of the net pension liability
Connecticut Municipal Employees Retirement System
Last ten fiscal years (for all years available)

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	<u>0.531556%</u>	<u>0.459851%</u>	<u>0.548217%</u>	<u>0.513251%</u>	<u>0.513251%</u>	<u>0.479839%</u>	<u>0.479839%</u>
Town's proportionate share of the net pension liability	<u>\$ 2,087,431</u>	<u>\$ 1,697,224</u>	<u>\$ 2,096,705</u>	<u>\$ 848,408</u>	<u>\$ 1,007,396</u>	<u>\$ 656,951</u>	<u>\$ 465,732</u>
Town's covered-employee payroll	<u>\$ 1,482,294</u>	<u>\$ 1,308,427</u>	<u>\$ 1,428,633</u>	<u>\$ 1,395,698</u>	<u>\$ 1,330,633</u>	<u>\$ 1,250,271</u>	<u>\$ 1,234,868</u>
Town's proportion share of the net pension liability as a percentage of its covered payroll	<u>140.82%</u>	<u>129.71%</u>	<u>146.76%</u>	<u>60.79%</u>	<u>75.71%</u>	<u>52.54%</u>	<u>37.72%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Notes to schedule:

Changes in benefit terms and assumptions:

There were no changes in benefit terms. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

The following actuarial methods and assumptions were used to determine the most recent reported contributions:

Inflation	2.50%
Salary increases	3.50% to 10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Future cost of living adjustments	Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5% and the maximum is 6%
Mortality rates	Mortality rates for the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement

Town of Lebanon, Connecticut
Schedule of Town contributions
Connecticut Municipal Employees Retirement System
Last ten fiscal years (for all years available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 221,603	\$ 186,058	\$ 167,721	\$ 163,855	\$ 151,426	\$ 142,281	\$ 147,937
Contributions in relation to the contractually required contribution	<u>-221,603</u>	<u>-186,058</u>	<u>-167,721</u>	<u>-163,855</u>	<u>-151,426</u>	<u>-142,281</u>	<u>-147,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 1,482,294</u>	<u>\$ 1,308,427</u>	<u>\$ 1,428,633</u>	<u>\$ 1,395,698</u>	<u>\$ 1,330,633</u>	<u>\$ 1,250,271</u>	<u>\$ 1,234,868</u>
Contributions as a percentage of covered employee payroll	<u>14.95%</u>	<u>14.22%</u>	<u>11.74%</u>	<u>11.74%</u>	<u>11.38%</u>	<u>11.38%</u>	<u>11.98%</u>

Town of Lebanon, Connecticut
Schedule of Town's proportionate share of the net pension liability
Connecticut Teachers' Retirement System
Last ten fiscal years (for all years available)

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	36,549,165	34,078,497	26,276,501	23,087,407	24,357,391	21,730,557	20,085,545
Total	<u>\$36,549,165</u>	<u>\$34,078,497</u>	<u>\$26,276,501</u>	<u>\$23,087,407</u>	<u>\$24,357,391</u>	<u>\$21,730,557</u>	<u>\$20,085,545</u>
Town's covered-employee payroll	<u>\$ 8,441,927</u>	<u>\$ 8,762,096</u>	<u>\$ 8,626,240</u>	<u>\$ 7,317,885</u>	<u>\$ 7,053,387</u>	<u>\$ 8,077,364</u>	<u>\$ 7,785,412</u>
Town's proportion share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to schedule:

Changes in benefit terms and assumptions:

There were no changes to benefit terms. Based on an experience study for the five year period ending June 30, 2019, the annual rate of real wage increase assumption decreased from .75% to .50%, the payroll growth assumption decreased from 3.25% to 3.00% and Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The following actuarial methods and assumptions were used to determine the most recent reported contributions:

Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

Town of Lebanon, Connecticut
Schedule of Town's proportionate share of the net OPEB liability
Connecticut Teachers' Retirement System
Last ten fiscal years (for all years available)

	2021	2020	2019	2018
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>5,451,309</u>	<u>5,314,734</u>	<u>5,252,871</u>	<u>5,942,421</u>
Total	<u>\$ 5,451,309</u>	<u>\$ 5,314,734</u>	<u>\$ 5,252,871</u>	<u>\$ 5,942,421</u>
Town's covered-employee payroll	<u>\$ 8,441,927</u>	<u>\$ 8,762,096</u>	<u>\$ 8,626,240</u>	<u>\$ 7,317,885</u>
Town's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to schedule:

Changes in benefit terms and assumptions:

There were no changes in benefit terms. Based on an experience study for the five year period ending June 30, 2019, the annual rate of real wage increase assumption decreased from .75% to .50%, the payroll growth assumption decreased from 3.25% to 3.00% and Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Methods and assumptions used in calculations of actuarial determined contributions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement. The projected fiduciary net position is projected to be depleted in 2021.

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	2.21% as of June 30, 2020 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date
Healthcare cost trend rates: Medicare	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023
Mortality rates:	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

Town of Lebanon, Connecticut
Schedule of changes in total OPEB liability
Post-Retirement Healthcare Plan
Last ten fiscal years (for all years available)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 69,719	\$ 50,453	\$ 72,682	\$ 72,176
Interest	67,206	91,815	123,385	115,194
Differences between expected and actual experience	611,229	-13,615	-184,483	-17,430
Changes of benefit terms	-	-	-536,637	-
Changes of assumptions	79,711	400,482	74,460	-103,082
Benefit payments	-142,724	-103,685	-95,519	-98,183
Net change in total OPEB liability	685,141	425,450	-546,112	-31,325
Total OPEB liability - beginning	3,042,204	2,616,754	3,162,866	3,194,191
Total OPEB liability - ending	<u>\$ 3,727,345</u>	<u>\$ 3,042,204</u>	<u>\$ 2,616,754</u>	<u>\$ 3,162,866</u>
Covered payroll	<u>\$10,611,728</u>	<u>\$10,521,286</u>	<u>\$10,254,665</u>	<u>\$ 8,420,700</u>
Total OPEB liability as a percentage of covered payroll	<u>35.12%</u>	<u>28.91%</u>	<u>25.52%</u>	<u>37.56%</u>

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major governmental funds
As of and for the year ended June 30, 2021

	Non-major special revenue funds	Non-major capital project fund	Non-major permanent funds	Totals
Assets				
Cash	\$ 838,915	\$ -	\$ 7,564	\$ 846,479
Investments	87,846	-	425,931	513,777
Receivables	99,131	-	-	99,131
Inventory and prepaids	18,250	-	-	18,250
Due from other funds	2,501,283	13,743	6,324	2,521,350
Total assets	<u>3,545,425</u>	<u>13,743</u>	<u>439,819</u>	<u>3,998,987</u>
Liabilities				
Accrued liabilities	130,301	-	-	130,301
Other liabilities	-	-	-	-
Due to other funds	526,545	-	2,387	528,932
Total liabilities	<u>656,846</u>	<u>-</u>	<u>2,387</u>	<u>659,233</u>
Fund balance				
Nonspendable	18,250	-	319,272	337,522
Restricted	1,844,405	-	120,497	1,964,902
Committed	866,850	13,743	-	880,593
Assigned	164,080	-	-	164,080
Unassigned	-5,006	-	-2,337	-7,343
Total fund balance	<u>2,888,579</u>	<u>13,743</u>	<u>437,432</u>	<u>3,339,754</u>
Total liabilities and fund balance	<u>\$ 3,545,425</u>	<u>\$ 13,743</u>	<u>\$ 439,819</u>	<u>\$ 3,998,987</u>
Revenues				
Intergovernmental revenues	\$ 2,870,083	\$ -	\$ -	\$ 2,870,083
Interest and investment earnings	7,300	-	81,596	88,896
Charges for services	43,037	-	-	43,037
Miscellaneous	202,316	-	-	202,316
Total revenues	<u>3,122,736</u>	<u>-</u>	<u>81,596</u>	<u>3,204,332</u>
Expenditures				
Salary and wages	844,746	-	-	844,746
Program operating costs	1,600,447	11,038	12,760	1,624,245
Capital expenditures	71,480	-	-	71,480
Total expenditures	<u>2,516,673</u>	<u>11,038</u>	<u>12,760</u>	<u>2,540,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>606,063</u>	<u>-11,038</u>	<u>68,836</u>	<u>663,861</u>
Other financing sources (uses)				
Transfers in	815,470	-	-	815,470
Transfers out	-103	-	-1,094	-1,197
Total other financing sources (uses)	<u>815,367</u>	<u>-</u>	<u>-1,094</u>	<u>814,273</u>
Net change in fund balance	<u>1,421,430</u>	<u>-11,038</u>	<u>67,742</u>	<u>1,478,134</u>
Fund balance - July 1	<u>1,467,149</u>	<u>24,781</u>	<u>369,690</u>	<u>1,861,620</u>
Fund balance - June 30	<u>\$ 2,888,579</u>	<u>\$ 13,743</u>	<u>\$ 437,432</u>	<u>\$ 3,339,754</u>

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Historic buildings fund - 201	Cemetery lot sales fund - 203	Adams community center fund - 204	Lebanon dog fund fund - 205	Lebanon recreation commission fund - 206
Assets					
Cash	\$ 10,917	\$ 41,058	\$ -	\$ -	\$ 14,997
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	-	87,086	2,388	2,923
Total assets	10,917	41,058	87,086	2,388	17,920
Liabilities					
Accrued liabilities	-	-	3,101	188	3,722
Other liabilities	-	-	-	-	-
Due to other funds	-	24,458	-	-	-
Total liabilities	-	24,458	3,101	188	3,722
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	83,985	-	14,198
Assigned	10,917	16,600	-	2,200	-
Unassigned	-	-	-	-	-
Total fund balance	10,917	16,600	83,985	2,200	14,198
Total liabilities and fund balance	\$ 10,917	\$ 41,058	\$ 87,086	\$ 2,388	\$ 17,920
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	25	95	-	-	6
Charges for services	-	6,650	-	2,840	5,754
Miscellaneous	-	-	-	-	-
Total revenues	25	6,745	-	2,840	5,760
Expenditures					
Wages and benefits	-	-	-	-	28,747
Program operating costs	-	693	22,675	25,693	48,884
Capital expenditures	-	-	6,729	-	-
Total expenditures	-	693	29,404	25,693	77,631
Excess (deficiency) of revenues over (under) expenditures	25	6,052	-29,404	-22,853	-71,871
Other financing sources (uses)					
Transfers in	-	-	28,288	18,658	63,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	28,288	18,658	63,000
Net change in fund balance	25	6,052	-1,116	-4,195	-8,871
Fund balance - July 1	10,892	10,548	85,101	6,395	23,069
Fund balance - June 30	\$ 10,917	\$ 16,600	\$ 83,985	\$ 2,200	\$ 14,198

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Unimproved town roads grant fund - 207	Town improvement program fund - 208	Bright idea grant fund - 208	Warm hearts donations program fund - 209	Food pantry fund - 209
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	55,056	263,493	2,803	108,090	17,185
Total assets	55,056	263,493	2,803	108,090	17,185
Liabilities					
Accrued liabilities	-	-	-	-	709
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	709
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	55,056	-	2,803	108,090	16,476
Committed	-	263,493	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	55,056	263,493	2,803	108,090	16,476
Total liabilities and fund balance	\$ 55,056	\$ 263,493	\$ 2,803	\$ 108,090	\$ 17,185
Revenues					
Intergovernmental revenues	\$ 38,323	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	21,168	26,655
Total revenues	38,323	-	-	21,168	26,655
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	22,167	15,314	-	7,788	14,259
Capital expenditures	-	24,429	-	-	-
Total expenditures	22,167	39,743	-	7,788	14,259
Excess (deficiency) of revenues over (under) expenditures	16,156	-39,743	-	13,380	12,396
Other financing sources (uses)					
Transfers in	-	135,000	-	-	4,080
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	135,000	-	-	4,080
Net change in fund balance	16,156	95,257	-	13,380	16,476
Fund balance - July 1	38,900	168,236	2,803	94,710	-
Fund balance - June 30	\$ 55,056	\$ 263,493	\$ 2,803	\$ 108,090	\$ 16,476

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Covid-19 emergency donations fund - 209	Lebanon public library fund - 213	Krause library donation fund - 213	Covid-19 library CRF grant fund - 213	Covid-19 library ARPA grant fund - 213
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	245,567	-	-	1,104
Total assets	-	245,567	-	-	1,104
Liabilities					
Accrued liabilities	-	14,762	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	14,762	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	1,104
Committed	-	230,805	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	230,805	-	-	1,104
Total liabilities and fund balance	\$ -	\$ 245,567	\$ -	\$ -	\$ 1,104
Revenues					
Intergovernmental revenues	\$ -	\$ 4,364	\$ -	\$ 26,051	\$ 3,000
Interest and investment earnings	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	75	4,668	-	-	-
Total revenues	75	9,032	-	26,051	3,000
Expenditures					
Wages and benefits	-	261,843	-	-	-
Program operating costs	1,858	86,143	368	17,302	1,896
Capital expenditures	-	-	-	8,749	-
Total expenditures	1,858	347,986	368	26,051	1,896
Excess (deficiency) of revenues over (under) expenditures	-1,783	-338,954	-368	-	1,104
Other financing sources (uses)					
Transfers in	-4,080	352,955	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-4,080	352,955	-	-	-
Net change in fund balance	-5,863	14,001	-368	-	1,104
Fund balance - July 1	5,863	216,804	368	-	-
Fund balance - June 30	\$ -	\$ 230,805	\$ -	\$ -	\$ 1,104

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Jonathan Trumbull Jr. house fund - 215	Summer dance fest fund - 216	Trumbull donations fund - 218	Senior vans program fund - 221	Emergency management fund - 228
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	15,723	244,931	128,804	8,106
Total assets	-	15,723	244,931	128,804	8,106
Liabilities					
Accrued liabilities	-	-	5,682	4,969	250
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	5,682	4,969	250
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	239,249	-	-
Committed	-	-	-	123,835	7,856
Assigned	-	15,723	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	15,723	239,249	123,835	7,856
Total liabilities and fund balance	\$ -	\$ 15,723	\$ 244,931	\$ 128,804	\$ 8,106
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 32,597	\$ -
Interest and investment earnings	4	-	-	-	-
Charges for services	-	-	-	735	-
Miscellaneous	-	-	21,250	-	-
Total revenues	4	-	21,250	33,332	-
Expenditures					
Wages and benefits	-	-	-	34,700	3,783
Program operating costs	-	-	26,998	18,010	600
Capital expenditures	-	-	-	-	-
Total expenditures	-	-	26,998	52,710	4,383
Excess (deficiency) of revenues over (under) expenditures	4	-	-5,748	-19,378	-4,383
Other financing sources (uses)					
Transfers in	-	-	-	70,000	10,000
Transfers out	-17	-	-103	-	-
Total other financing sources (uses)	-17	-	-103	70,000	10,000
Net change in fund balance	-13	-	-5,851	50,622	5,617
Fund balance - July 1	13	15,723	245,100	73,213	2,239
Fund balance - June 30	\$ -	\$ 15,723	\$ 239,249	\$ 123,835	\$ 7,856

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Miscellaneous donations fund - 230	Lathrop senior vans donation fund - 231	Lathrop senior center donation fund - 231	Mary chase school-ppt fund - 231	Flegert Ausberger library-ppt fund - 231
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	3,585	14,339	11,009	3,508
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	3,405	515	1,916	1,670	607
Total assets	3,405	4,100	16,255	12,679	4,115
Liabilities					
Accrued liabilities	939	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	939	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	385	4,100	16,255	12,679	4,115
Committed	-	-	-	-	-
Assigned	2,081	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	2,466	4,100	16,255	12,679	4,115
Total liabilities and fund balance	\$ 3,405	\$ 4,100	\$ 16,255	\$ 12,679	\$ 4,115
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	695	2,778	2,133	679
Charges for services	3,230	-	-	-	-
Miscellaneous	250	-	-	-	-
Total revenues	3,480	695	2,778	2,133	679
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	2,447	-	-	-	-
Capital expenditures	-	-	-	-	-
Total expenditures	2,447	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,033	695	2,778	2,133	679
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	1,033	695	2,778	2,133	679
Fund balance - July 1	1,433	3,405	13,477	10,546	3,436
Fund balance - June 30	\$ 2,466	\$ 4,100	\$ 16,255	\$ 12,679	\$ 4,115

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	EL Reichard nursing scholarship-ppt fund - 231	Town school prizes-ppt fund - 231	Jared Hinckley scholarship-ppt fund - 241	Kalmon Kurcinik scholarship-ppt fund - 241	Robert L. Hanover scholarship-ppt fund - 241
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,188	2,453	45,527	6,237	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	372	-	-	-
Total assets	1,188	2,825	45,527	6,237	-
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	48	-	-	-	-
Total liabilities	48	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	1,140	2,825	45,527	6,237	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	1,140	2,825	45,527	6,237	-
Total liabilities and fund balance	\$ 1,188	\$ 2,825	\$ 45,527	\$ 6,237	\$ -
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	329	475	71	10	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	329	475	71	10	-
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	500	-	1,001	351	73
Capital expenditures	-	-	-	-	-
Total expenditures	500	-	1,001	351	73
Excess (deficiency) of revenues over (under) expenditures	-171	475	-930	-341	-73
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-171	475	-930	-341	-73
Fund balance - July 1	1,311	2,350	46,457	6,578	73
Fund balance - June 30	\$ 1,140	\$ 2,825	\$ 45,527	\$ 6,237	\$ -

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Covid-19 emergency town relief fund - 248	Covid-19 State CRF grant fund - 248	Covid-19 State ARPA grant fund - 248	Covid-19 State election grants fund - 248	Town clerk historic document fees account - 2214
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	151,116	2,262	1,057,136	-	33,369
Total assets	151,116	2,262	1,057,136	-	33,369
Liabilities					
Accrued liabilities	8,438	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	8,438	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	2,262	1,057,136	-	33,369
Committed	142,678	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	142,678	2,262	1,057,136	-	33,369
Total liabilities and fund balance	\$ 151,116	\$ 2,262	\$ 1,057,136	\$ -	\$ 33,369
Revenues					
Intergovernmental revenues	\$ 48,899	\$ 52,956	\$ 1,057,136	\$ 6,164	\$ 5,500
Interest and investment earnings	-	-	-	-	-
Charges for services	-	-	-	-	3,033
Miscellaneous	-	-	-	-	-
Total revenues	48,899	52,956	1,057,136	6,164	8,533
Expenditures					
Wages and benefits	-	-	-	6,164	-
Program operating costs	134,001	50,694	-	-	5,500
Capital expenditures	-	-	-	-	-
Total expenditures	134,001	50,694	-	6,164	5,500
Excess (deficiency) of revenues over (under) expenditures	-85,102	2,262	1,057,136	-	3,033
Other financing sources (uses)					
Transfers in	140,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	140,000	-	-	-	-
Net change in fund balance	54,898	2,262	1,057,136	-	3,033
Fund balance - July 1	87,780	-	-	-	30,336
Fund balance - June 30	\$ 142,678	\$ 2,262	\$ 1,057,136	\$ -	\$ 33,369

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Town clerk mers document fees account - 2214	Town clerk locip surcharge account - 2215	Agriculture viability grant account - 2217	Rails to trails funds account -2283	Affordable housing grant account - 2504
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	10,990	25,021	-	14,262	473
Total assets	10,990	25,021	-	14,262	473
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	10,990	25,021	-	-	473
Committed	-	-	-	-	-
Assigned	-	-	-	14,262	-
Unassigned	-	-	-	-	-
Total fund balance	10,990	25,021	-	14,262	473
Total liabilities and fund balance	\$ 10,990	\$ 25,021	\$ -	\$ 14,262	\$ 473
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ 6,500	\$ -	\$ 5,000
Interest and investment earnings	-	-	-	-	-
Charges for services	2,990	3,033	-	-	-
Miscellaneous	-	-	-	14,262	-
Total revenues	2,990	3,033	6,500	14,262	5,000
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	6,500	-	4,527
Capital expenditures	-	-	-	-	-
Total expenditures	-	-	6,500	-	4,527
Excess (deficiency) of revenues over (under) expenditures	2,990	3,033	-	14,262	473
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	2,990	3,033	-	14,262	473
Fund balance - July 1	8,000	21,988	-	-	-
Fund balance - June 30	\$ 10,990	\$ 25,021	\$ -	\$ 14,262	\$ 473

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	Special ed excess costs grant fund - 001	School educational grants fund - 002	LES activity accounts fund - 900	LMS activity accounts fund - 900	LMS activity scholarship-ppt fund - 900
Assets					
Cash	\$ -	\$ 544,212	\$ 23,299	\$ 43,250	\$ 597
Investments	-	-	-	-	-
Receivables	-	12,283	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	-	556,495	23,299	43,250	597
Liabilities					
Accrued liabilities	-	18,531	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	502,039	-	-	-
Total liabilities	-	520,570	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	40,931	-	-	597
Committed	-	-	-	-	-
Assigned	-	-	23,299	43,250	-
Unassigned	-	-5,006	-	-	-
Total fund balance	-	35,925	23,299	43,250	597
Total liabilities and fund balance	\$ -	\$ 556,495	\$ 23,299	\$ 43,250	\$ 597
Revenues					
Intergovernmental revenues	\$ 459,395	\$ 722,955	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	36,291	3,665	3,357	-
Total revenues	459,395	759,246	3,665	3,357	-
Expenditures					
Wages and benefits	-	509,509	-	-	-
Program operating costs	459,395	210,469	2,965	3,254	200
Capital expenditures	-	31,573	-	-	-
Total expenditures	459,395	751,551	2,965	3,254	200
Excess (deficiency) of revenues over (under) expenditures	-	7,695	700	103	-200
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-2,414	-	-	-
Total other financing sources (uses)	-	-2,414	-	-	-
Net change in fund balance	-	5,281	700	103	-200
Fund balance - July 1	-	30,644	22,599	43,147	797
Fund balance - June 30	\$ -	\$ 35,925	\$ 23,299	\$ 43,250	\$ 597

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major special revenue funds
As of and for the year ended June 30, 2021

	LHS activity accounts fund - 900	LHS activity scholarship-ppt fund - 900	School lunch program n/a	Totals
Assets				
Cash	\$ 35,748	\$ 25,848	\$ 98,989	\$ 838,915
Investments	-	-	-	87,846
Receivables	-	-	86,758	99,131
Inventory and prepaids	-	-	18,250	18,250
Due from other funds	-	-	15,000	2,501,283
Total assets	35,748	25,848	218,997	3,545,425
Liabilities				
Accrued liabilities	-	-	69,010	130,301
Other liabilities	-	-	-	-
Due to other funds	-	-	-	526,545
Total liabilities	-	-	69,010	656,846
Fund balance				
Nonspendable	-	-	18,250	18,250
Restricted	-	25,848	131,737	1,844,405
Committed	-	-	-	866,850
Assigned	35,748	-	-	164,080
Unassigned	-	-	-	-5,006
Total fund balance	35,748	25,848	149,987	2,888,579
Total liabilities and fund balance	\$ 35,748	\$ 25,848	\$ 218,997	\$ 3,545,425
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 401,243	\$ 2,870,083
Interest and investment earnings	-	-	-	7,300
Charges for services	-	-	14,772	43,037
Miscellaneous	20,923	34,752	15,000	202,316
Total revenues	20,923	34,752	431,015	3,122,736
Expenditures				
Wages and benefits	-	-	-	844,746
Program operating costs	23,500	21,743	362,679	1,600,447
Capital expenditures	-	-	-	71,480
Total expenditures	23,500	21,743	362,679	2,516,673
Excess (deficiency) of revenues over (under) expenditures	-2,577	13,009	68,336	606,063
Other financing sources (uses)				
Transfers in	-	-	-	815,470
Transfers out	-	-	-	-103
Total other financing sources (uses)	-	-	-	815,367
Net change in fund balance	-2,577	13,009	68,336	1,421,430
Fund balance - July 1	38,325	12,839	81,651	1,467,149
Fund balance - June 30	\$ 35,748	\$ 25,848	\$ 149,987	\$ 2,888,579

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major permanent funds
As of and for the year ended June 30, 2021

	Cummings scholarship fund - 231	George Lyman scholarship fund - 231	Oliver & Lucille Manning fund - 231	Cemetery perpetual care fund - 231	Helen Rodgers scholarship fund - 231
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	270,207	58,560	20,421	14,455	12,979
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	-	-	2,650	-	-
Total assets	270,207	58,560	23,071	14,455	12,979
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	529	114	-	549	28
Total liabilities	529	114	-	549	28
Fund balance					
Nonspendable	197,045	42,705	9,385	10,541	10,000
Restricted	72,633	15,741	13,686	3,365	2,951
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	269,678	58,446	23,071	13,906	12,951
Total liabilities and fund balance	\$ 270,207	\$ 58,560	\$ 23,071	\$ 14,455	\$ 12,979
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	52,342	11,344	3,956	2,800	2,532
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	52,342	11,344	3,956	2,800	2,532
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	8,843	1,917	-	-	500
Capital expenditures	-	-	-	-	-
Total expenditures	8,843	1,917	-	-	500
Excess (deficiency) of revenues over (under) expenditures	43,499	9,427	3,956	2,800	2,032
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-415	-
Total other financing sources (uses)	-	-	-	-415	-
Net change in fund balance	43,499	9,427	3,956	2,385	2,032
Fund balance - July 1	226,179	49,019	19,115	11,521	10,919
Fund balance - June 30	\$ 269,678	\$ 58,446	\$ 23,071	\$ 13,906	\$ 12,951

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major permanent funds
As of and for the year ended June 30, 2021

	Waterman Wilson library fund - 231	Lebanon school prizes fund - 231	Flora Williams library fund - 231	Royal O. Woodard scholarship fund - 231
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	12,785	8,776	9,599	6,647
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	1,737	-	-
Total assets	12,785	10,513	9,599	6,647
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	1,121	-	-	19
Total liabilities	1,121	-	-	19
Fund balance				
Nonspendable	8,360	6,400	7,000	6,050
Restricted	3,304	4,113	2,599	578
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	11,664	10,513	9,599	6,628
Total liabilities and fund balance	\$ 12,785	\$ 10,513	\$ 9,599	\$ 6,647
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	2,476	1,700	1,860	1,349
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,476	1,700	1,860	1,349
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	500
Capital expenditures	-	-	-	-
Total expenditures	-	-	-	500
Excess (deficiency) of revenues over (under) expenditures	2,476	1,700	1,860	849
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-364	-	-274	-
Total other financing sources (uses)	-364	-	-274	-
Net change in fund balance	2,112	1,700	1,586	849
Fund balance - July 1	9,552	8,813	8,013	5,779
Fund balance - June 30	\$ 11,664	\$ 10,513	\$ 9,599	\$ 6,628

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major permanent funds
As of and for the year ended June 30, 2021

	Elizabeth Grant scholarship fund - 231	William Taylor cemetery fund - 231	Flora Williams scholarship fund - 231	Town deposit fund fund - 240
Assets				
Cash	\$ -	\$ -	\$ -	\$ 6,564
Investments	3,819	1,371	156	-
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	-	-	-
Total assets	3,819	1,371	156	6,564
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	16	-	11	-
Total liabilities	16	-	11	-
Fund balance				
Nonspendable	4,285	1,000	2,000	6,564
Restricted	-	371	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-482	-	-1,855	-
Total fund balance	3,803	1,371	145	6,564
Total liabilities and fund balance	\$ 3,819	\$ 1,371	\$ 156	\$ 6,564
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	820	265	136	2
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	820	265	136	2
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	500	-	500	-
Capital expenditures	-	-	-	-
Total expenditures	500	-	500	-
Excess (deficiency) of revenues over (under) expenditures	320	265	-364	2
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-39	-	-2
Total other financing sources (uses)	-	-39	-	-2
Net change in fund balance	320	226	-364	-
Fund balance - July 1	3,483	1,145	509	6,564
Fund balance - June 30	\$ 3,803	\$ 1,371	\$ 145	\$ 6,564

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Non-major permanent funds
As of and for the year ended June 30, 2021

	Dorothy Hinckley scholarship fund - 240	Local school fund fund - 240	Vernon Boothby library fund - 240	Totals
Assets				
Cash	\$ -	\$ -	\$ 1,000	\$ 7,564
Investments	6,156	-	-	425,931
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	1,937	-	6,324
Total assets	6,156	1,937	1,000	439,819
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	2,387
Total liabilities	-	-	-	2,387
Fund balance				
Nonspendable	5,000	1,937	1,000	319,272
Restricted	1,156	-	-	120,497
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-2,337
Total fund balance	6,156	1,937	1,000	437,432
Total liabilities and fund balance	\$ 6,156	\$ 1,937	\$ 1,000	\$ 439,819
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	14	-	-	81,596
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14	-	-	81,596
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	12,760
Capital expenditures	-	-	-	-
Total expenditures	-	-	-	12,760
Excess (deficiency) of revenues over (under) expenditures	14	-	-	68,836
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-1,094
Total other financing sources (uses)	-	-	-	-1,094
Net change in fund balance	14	-	-	67,742
Fund balance - July 1	6,142	1,937	1,000	369,690
Fund balance - June 30	\$ 6,156	\$ 1,937	\$ 1,000	\$ 437,432

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Trumbull Investment funds
As of and for the year ended June 30, 2021

	Jonathan Trumbull Jr. library fund fund - 231	Adams community center fund fund - 231	Totals
Assets			
Cash	\$ -	\$ -	\$ -
Investments	1,889,720	989,484	2,879,204
Receivables	-	-	-
Inventory and prepaids	-	-	-
Due from other funds	-	-	-
Total assets	<u>1,889,720</u>	<u>989,484</u>	<u>2,879,204</u>
Liabilities			
Accrued liabilities	-	-	-
Other liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Nonspendable	-	-	-
Restricted	1,889,720	989,484	2,879,204
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	<u>1,889,720</u>	<u>989,484</u>	<u>2,879,204</u>
Total liabilities and fund balance	<u>\$ 1,889,720</u>	<u>\$ 989,484</u>	<u>\$ 2,879,204</u>
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ -
Interest and investment earnings	366,064	191,676	557,740
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>366,064</u>	<u>191,676</u>	<u>557,740</u>
Expenditures			
Wages and benefits	-	-	-
Program operating costs	-	-	-
Capital expenditures	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>366,064</u>	<u>191,676</u>	<u>557,740</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-53,833	-28,188	-82,021
Total other financing sources (uses)	<u>-53,833</u>	<u>-28,188</u>	<u>-82,021</u>
Net change in fund balance	312,231	163,488	475,719
Fund balance - July 1	<u>1,577,489</u>	<u>825,996</u>	<u>2,403,485</u>
Fund balance - June 30	<u>\$ 1,889,720</u>	<u>\$ 989,484</u>	<u>\$ 2,879,204</u>

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Town capital funds
As of and for the year ended June 30, 2021

	Capital & nonrecurring fund - 220	Town library project fund - 243	Town bridges project fund - 244
Assets			
Cash	\$ -	\$ -	\$ 2,034,246
Investments	-	1,007,080	-
Receivables	1,006	-	-
Inventory and prepaids	-	-	-
Due from other funds	1,042,440	-	-
Total assets	1,043,446	1,007,080	2,034,246
Liabilities			
Accrued liabilities	59,007	16,935	14,970
Other liabilities	-	-	2,000,000
Due to other funds	-	338,986	1,667,747
Total liabilities	59,007	355,921	3,682,717
Fund balance			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	984,439	651,159	-
Assigned	-	-	-
Unassigned	-	-	-1,648,471
Total fund balance	984,439	651,159	-1,648,471
Total liabilities and fund balance	\$ 1,043,446	\$ 1,007,080	\$ 2,034,246
Revenues			
Intergovernmental revenues	\$ 51,200	\$ -	\$ -
Interest and investment earnings	-	1,013	10,119
Charges for services	-	-	-
Miscellaneous	13,541	900	-
Total revenues	64,741	1,913	10,119
Expenditures			
Wages and benefits	-	-	-
Program operating costs	338,607	-	-
Capital expenditures	1,167,962	339,809	1,122,334
Total expenditures	1,506,569	339,809	1,122,334
Excess (deficiency) of revenues over (under) expenditures	-1,441,828	-337,896	-1,112,215
Other financing sources (uses)			
Transfers in	1,382,018	103	260,000
Transfers out	-	-	-
Total other financing sources (uses)	1,382,018	103	260,000
Net change in fund balance	-59,810	-337,793	-852,215
Fund balance - July 1	1,044,249	988,952	-796,256
Fund balance - June 30	\$ 984,439	\$ 651,159	\$ -1,648,471

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Town capital funds
As of and for the year ended June 30, 2021

	School capital fund - 245	Communication infrastructure fund - 247	Totals
Assets			
Cash	\$ -	\$ -	\$ 2,034,246
Investments	-	-	1,007,080
Receivables	-	-	1,006
Inventory and prepaids	-	-	-
Due from other funds	410,648	24,375	1,477,463
Total assets	<u>410,648</u>	<u>24,375</u>	<u>4,519,795</u>
Liabilities			
Accrued liabilities	-	296	91,208
Other liabilities	-	2,200	2,002,200
Due to other funds	-	-	2,006,733
Total liabilities	<u>-</u>	<u>2,496</u>	<u>4,100,141</u>
Fund balance			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	410,648	21,879	2,068,125
Assigned	-	-	-
Unassigned	-	-	-1,648,471
Total fund balance	<u>410,648</u>	<u>21,879</u>	<u>419,654</u>
Total liabilities and fund balance	<u>\$ 410,648</u>	<u>\$ 24,375</u>	<u>\$ 4,519,795</u>
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ 51,200
Interest and investment earnings	-	-	11,132
Charges for services	-	-	-
Miscellaneous	-	30,300	44,741
Total revenues	<u>-</u>	<u>30,300</u>	<u>107,073</u>
Expenditures			
Wages and benefits	-	-	-
Program operating costs	-	1,473	340,080
Capital expenditures	121,292	10,548	2,761,945
Total expenditures	<u>121,292</u>	<u>12,021</u>	<u>3,102,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-121,292</u>	<u>18,279</u>	<u>-2,994,952</u>
Other financing sources (uses)			
Transfers in	80,000	-	1,722,121
Transfers out	-	-	-
Total other financing sources (uses)	<u>80,000</u>	<u>-</u>	<u>1,722,121</u>
Net change in fund balance	-41,292	18,279	-1,272,831
Fund balance - July 1	<u>451,940</u>	<u>3,600</u>	<u>1,692,485</u>
Fund balance - June 30	<u>\$ 410,648</u>	<u>\$ 21,879</u>	<u>\$ 419,654</u>

Town of Lebanon, Connecticut
Combining Statement of revenues, expenditures, and changes
in fund balances - Capital non-recurring fund
As of and for the year ended June 30, 2021

	Fund balance 07/01/20	Annual appropriation	Revenues	Expenditures	Transfers	Fund balance 06/30/21
Public safety:						
Emergency services reserve	\$ 48,016	\$ -	\$ 10,943	\$ -	\$ -	\$ 58,959
Fire truck lease purchase	-28,250	141,250	-	-113,000	-	-
Fire tanker truck repairs	-	69,987	-	-69,987	-	-
Fire safety bunker gear	-	60,000	-	-56,019	-	3,981
Fire safety passage doors	2,000	-	-	-	-	2,000
	<u>21,766</u>	<u>271,237</u>	<u>10,943</u>	<u>-239,006</u>	<u>-</u>	<u>64,940</u>
Public works:						
Paving	260,427	553,080	-	-348,018	-	465,489
Oliver road bridge repairs	3,675	-	-	-	-	3,675
2020 Freightliner plow truck	4,402	-	-	-	-	4,402
Truck leasing	6,050	-	-	-	-	6,050
Public works building comm.	21,262	-	-	-2,774	-	18,488
CAT 420F2 backhoe	1,196	-	-	-	-	1,196
Two Ford F-350s	307	-	-	-	-	307
Town tree maintenance	22,442	40,000	-	-62,360	-	82
Fema rain storm repairs:						
Project 79737 - Randall road	-	7,386	-	-7,386	-	-
Project 79739 - Smith road	-	191,931	-	-191,931	-	-
Project 79742 - Washouts	12,025	-	-	-	-	12,025
Project 79750 - Culverts	46,209	-	-	-	-	46,209
Public works jet truck	9,400	-	2,598	-1,998	-	10,000
Public works road grader	-	84,260	-	-84,260	-	-
Public works wood chip box	-	-	-	-	-	-
Public works truck body	-	13,124	-	-13,124	-	-
Cemetery repairs	7,970	-	-	-860	-	7,110
Cemetery road development	1,073	-	-	-495	-	578
	<u>396,438</u>	<u>889,781</u>	<u>2,598</u>	<u>-713,206</u>	<u>-</u>	<u>575,611</u>
Health & social:						
Tyler field well	915	-	-	-915	-	-
Aspinall property - Field 2	5,840	-	-	-1,730	-	4,110
Aspinall soccer fields	195,276	-	-	-177,963	-	17,313
Library renovations	1,340	-	-	-	-	1,340
Senior van	-	14,000	51,200	-64,759	-	441
	<u>203,371</u>	<u>14,000</u>	<u>51,200</u>	<u>-245,367</u>	<u>-</u>	<u>23,204</u>
Community preservation:						
Open space	199,770	-	-	-	-	199,770
Land preservation costs	89,200	-	-	-48,960	-	40,240
	<u>288,970</u>	<u>-</u>	<u>-</u>	<u>-48,960</u>	<u>-</u>	<u>240,010</u>
Education:						
School improvement plan	57,569	100,000	-	-107,125	-	50,444
LMS fuel tank	58,113	-	-	-58,113	-	-
Technology	12,610	90,000	-	-72,380	-	30,230
Athletic facilities	5,412	17,000	-	-22,412	-	-
	<u>133,704</u>	<u>207,000</u>	<u>-</u>	<u>-260,030</u>	<u>-</u>	<u>80,674</u>
Totals	<u>\$ 1,044,249</u>	<u>\$ 1,382,018</u>	<u>\$ 64,741</u>	<u>\$ -1,506,569</u>	<u>\$ -</u>	<u>\$ 984,439</u>

Town of Lebanon, Connecticut
Combining Balance sheet and combining Statement of revenues,
expenditures and changes in fund balances - Small cities program funds
As of and for the year ended June 30, 2021

	Small cities program income fund - 219	Small cities grant FY 2015 fund - 242	Totals
Assets			
Cash	\$ 112,773	\$ -	\$ 112,773
Investments	-	-	-
Receivables	943,185	-	943,185
Inventory and prepaids	-	-	-
Due from other funds	-	-	-
Total assets	1,055,958	-	1,055,958
Liabilities			
Accrued liabilities	-	-	-
Other liabilities	-	-	-
Due to other funds	1,978	-	1,978
Total liabilities	1,978	-	1,978
Fund balance			
Nonspendable	-	-	-
Restricted	1,053,980	-	1,053,980
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	1,053,980	-	1,053,980
Total liabilities and fund balance	\$ 1,055,958	\$ -	\$ 1,055,958
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-
Charges for services	-	-	-
Miscellaneous	-	5	5
Total revenues	-	5	5
Expenditures			
Salary and wages	-	-	-
Program operating costs	1,938	-	1,938
Capital expenditures	-	-	-
Total expenditures	1,938	-	1,938
Excess (deficiency) of revenues over (under) expenditures	-1,938	5	-1,933
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-1,938	5	-1,933
Fund balance - July 1	1,055,918	-5	1,055,913
Fund balance - June 30	\$ 1,053,980	\$ -	\$ 1,053,980

Town of Lebanon, Connecticut
Schedule of property taxes levied,
collections, and outstanding balances
For the year ended June 30, 2021

Grand list	Uncollected taxes 06/30/20	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2019	\$ -	\$ 19,076,859	\$ 19,046	\$ -57,740	\$ 19,038,165
2018	353,000	-	691	-10,945	342,746
2017	106,344	-	-	-5,495	100,849
2016	41,632	-	-	-2,859	38,773
2015	17,113	-	-	-2,020	15,093
2014	12,341	-	-	-3,749	8,592
2013	3,532	-	-	-1,879	1,653
2012	1,576	-	-	-	1,576
2011	1,549	-	-	-	1,549
2010	247	-	-	-	247
2009	421	-	-	-	421
2008	405	-	-	-	405
2007	292	-	-	-	292
2006	527	-	-	-	527
2005	202	-	-	-	202
2004	193	-	-	-	193
	<u>\$ 539,374</u>	<u>\$ 19,076,859</u>	<u>\$ 19,737</u>	<u>\$ -84,687</u>	<u>\$ 19,551,283</u>

Town of Lebanon, Connecticut
Schedule of property taxes levied,
collections, and outstanding balances
For the year ended June 30, 2021

Grand list	Collections during the fiscal year			Total	Adjustments	Uncollected taxes 06/30/21
	Taxes	Interest	Lien fees			
2019	\$ 18,775,346	\$ 65,810	\$ 2,078	\$ 18,843,234	\$ -	\$ 262,819
2018	216,824	45,046	2,463	264,333	-	125,922
2017	38,554	15,134	346	54,034	-25,428	36,867
2016	21,163	12,289	240	33,692	-	17,610
2015	14,349	10,328	240	24,917	-	744
2014	8,273	8,009	144	16,426	-	319
2013	902	2,742	24	3,668	-	751
2012	1,310	1,671	24	3,005	-	266
2011	1,294	1,883	24	3,201	-	255
2010	-	-	-	-	-	247
2009	-	-	-	-	-	421
2008	-	-	-	-	-	405
2007	-	-	-	-	-	292
2006	-	-	-	-	-	527
2005	-	-	-	-	-	202
2004	-	-	-	-	-193	-
	<u>\$ 19,078,015</u>	<u>\$ 162,912</u>	<u>\$ 5,583</u>	<u>\$ 19,246,510</u>	<u>\$ -25,621</u>	<u>\$ 447,647</u>

- A - This schedule is in effect designed to be shown on the cash basis of accounting whereas it shows the amount being received against tax years as revenues when in effect they represent a reduction in the outstanding asset account for each tax year outstanding. As a result, the total collections balance shown above will not tie out to the property tax revenue balance on Statement D and Statement E. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D and Statement E. In addition, the uncollected tax balances shown above may have been netted against credit balance accounts resulting from overpayments not yet refunded when present. A breakdown of these two amounts can be found in the posted rate book when present. The above shown adjustments column reports current fiscal year transfers to suspense which were approved during the current fiscal year.

\$ 19,076,859	Current year taxes levied from page 84
162,912	Tax interest collections during the current fiscal year from above
5,583	Tax lien fee collections during the current fiscal year from above
14,058	Suspense collections during the current fiscal year
-25,428	Account balance adjustments as items transferred to suspense from above
-193	Account balance adjustments for taxes over 15 years from above
-64,950	The net lawful corrections made during the current fiscal year from page 84
88,262	The unearned tax revenue adjustment made as described in item number 2 on page 17
<u>\$ 19,257,103</u>	Property taxes revenues per Statement D and Statement E

- B - Operation of Law - No tax can be collected 15 years after the original due date.
- C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$7,640 was collected on principle suspense tax balances owed and \$6,418 of interest and lien fees were collected on principle suspense tax balances owed. In addition, \$5 worth of lawful correction deductions were made to suspense tax years.

Town of Lebanon, Connecticut
Schedule of debt limitation
Connecticut General Statutes, Section 7-374 (b)
For the year ended June 30, 2021

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 19,246,510
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	-
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d)	-
Total base	<u><u>\$ 19,246,510</u></u>

Debt limitation:	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 43,304,648	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	86,609,295	-	-	-	-
3 3/4 times base	-	-	72,174,413	-	-	-
3 1/4 times base	-	-	-	62,551,158	-	-
3 times base	-	-	-	-	57,739,530	-
7 times base	-	-	-	-	-	134,725,570
Total debt limitation	<u>43,304,648</u>	<u>86,609,295</u>	<u>72,174,413</u>	<u>62,551,158</u>	<u>57,739,530</u>	<u>134,725,570</u>

Indebtedness:

General obligation bonds:						
2013 issue	-	-	3,828,985	-	-	3,828,985
Notes payable	301,728	-	-	-	-	301,728
Capital leases payable	278,370	-	-	-	-	278,370
Authorized but unissued debt	<u>7,089,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,089,408</u>
Total indebtedness	<u>7,669,506</u>	<u>-</u>	<u>3,828,985</u>	<u>-</u>	<u>-</u>	<u>11,498,491</u>
Debt limitation in excess of outstanding authorized debt	<u>\$ 35,635,142</u>	<u>\$ 86,609,295</u>	<u>\$ 68,345,428</u>	<u>\$ 62,551,158</u>	<u>\$ 57,739,530</u>	<u>\$ 123,227,079</u>

The general purpose authorized but unissued debt amount shown above relates to the town bridge improvement project and the town library renovation and expansion project. The town bridge improvement project was approved to be bonded in the amount of \$4,240,000. General fund appropriations in the amount of \$1,560,000, state revenue received in the amount of \$285,726 and interest income earned in the amount of \$46,783 have been applied to the project and thus reduced the approved amount to be bonded down to an amount of \$2,347,491. The town library renovation and expansion project was approved to be bonded in the amount of \$5,875,000. General fund appropriations in the amount of \$125,000, interest income earned in the amount of \$7,080 and miscellaneous revenue in the amount of \$1,003 have been applied to the project. In addition, the town has received a donation in the amount of \$500,000 and a promissory note in the amount of \$500,000 towards this project and thus reduced the approved amount to be bonded down to \$4,741,917.

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

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Independent Auditors Report on Compliance for each major program and Internal control over compliance and the Schedule of expenditures of federal awards required by the Uniform Guidance

Board of Finance
Board of Selectmen
Town of Lebanon, Connecticut

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Lebanon, 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, 2021.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Lebanon, Connecticut's basic financial statements. We issued our report thereon dated February 21, 2022, 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 federal awards is presented for 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.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
February 21, 2022

Town of Lebanon, Connecticut
Schedule of expenditures of federal awards
For the year ended June 30, 2021

Federal grantor Pass-through entity Program or cluster title	Federal CFDA number	Pass-through entity identifying number	Total federal expenditures
U.S. Department of Agriculture:			
State of Connecticut Department of Education			
Child nutrition cluster:			
School breakfast program	10.553	12060-SDE64370-20508	\$ 78,960
National school lunch program	10.555	12060-SDE64370-20560	249,752
National school lunch program	10.555	12060-SDE64370-20560	15,642
COVID-19 School lunch program	10.555	12060-SDE64370-29572	37,293
COVID-19 School breakfast program	10.555	12060-SDE64370-29576	16,390
			<u>398,037</u>
U.S. Department of the Treasury:			
State of Connecticut Office of Policy and Management			
COVID-19 Coronavirus relief fund	21.019	12060-OPM20600-29561	50,694
State of Connecticut Department of Education			
COVID-19 Coronavirus relief fund	21.019	12060-SDE64370-29561	145,419
Connecticut State Library			
COVID-19 Coronavirus relief fund	21.019	12060-CSL66011-29561	26,051
			<u>222,164</u>
U.S. Department of Transportation:			
State of Connecticut Department of Transportation			
Transit services programs cluster:			
Enhanced mobility of seniors and individuals with disabilities	20.513	12062-DOT57931-21361	<u>51,200</u>
U.S. National Endowment for the Humanities:			
Connecticut State Library			
IMLS American rescue plan act	45.312	12060-CSL66011-29642	<u>1,896</u>
U.S. Department of Education:			
State of Connecticut Department of Education			
Title I - Grants to local educational agencies	84.010	12060-SDE64370-20679-2021	<u>103,795</u>
Special Education Cluster (IDEA):			
Section 611 - Special education grants to states	84.027	12060-SDE64370-20977-2020	45,740
Section 611 - Special education grants to states	84.027	12060-SDE64370-20977-2021	198,259
Section 619 - Special education preschool grants	84.173	12060-SDE64370-20983-2021	9,711
			<u>253,710</u>
Title II - Improving teacher quality state grants	84.367	12060-SDE64370-20858-2019	1,452
Title II - Improving teacher quality state grants	84.367	12060-SDE64370-20858-2020	16,340
			<u>17,792</u>
Title IV - Student support and academic enrichment grant	84.424	12060-SDE64370-22854-2020	<u>-1,500</u>
COVID-19 ESSER I K-12 Fund	84.425D	12060-SDE64370-29571-2020	47,573
COVID-19 ESSER II K-12 Fund	84.425D	12060-SDE64370-29571-2021	4,971
			<u>52,544</u>
State of Connecticut Department of Education			
Eastconn			
Career and technical education - Basic grants to states	84.048	12060-SDE64370-20742-2020	<u>12,575</u>

Town of Lebanon, Connecticut
Schedule of expenditures of federal awards (continued)
For the year ended June 30, 2021

Federal grantor Pass-through entity Program or cluster title	Federal CFDA number	Pass-through entity identifying number	Total federal expenditures
U.S. Election Assistance Commission:			
State of Connecticut Secretary of State Help America vote act	90.401	12060-SOS12500-21465	\$ 6,164
U.S. Department of Homeland Security:			
State of Connecticut Department of Emergency Services & Public Protection Disaster grants - public assistance	97.036	12060-DPS32990-21891	48,899
Total Expenditures of Federal Awards			<u>\$ 1,167,276</u>

Town of Lebanon, Connecticut
Notes to Schedule of expenditures of federal awards
June 30, 2021

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Lebanon, Connecticut under programs of the federal government for the year ended June 30, 2021. The information in the 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 the operations of the Town of Lebanon, Connecticut, it is not intended to and does not present the financial position, changes in fund balances, changes in net positions or cash flows of the Town of Lebanon, Connecticut.

Note B - Summary of significant accounting policies

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect cost rate

The Town of Lebanon, Connecticut has elected not to use the 10% de minimis indirect cost rate allowed in accordance with 2 CFR Section 200.414 of the Uniform Guidance.

Note D - Noncash awards

Donated commodities in the amount of \$15,642 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

Note E - Awards passed through to sub-recipients

There were no awards passed through to sub-recipients by the Town of Lebanon, Connecticut for the year ended June 30, 2021.

Note F - Prior loan and loan guarantees (loans)

The Town of Lebanon, Connecticut has the following loan balance outstanding at June 30, 2021. This outstanding loan balance was not included in the accompanying schedule of expenditures of federal awards in accordance with 2 CFR Section 200.205 of the Uniform Guidance, the Basis for determining federal awards expended. Item (d) of this section states, "Loans, the proceeds of which were received and expended in prior years, are not considered Federal awards expended under this part when the Federal statutes, regulations, and the terms and conditions of Federal awards pertaining to such loans impose no continuing compliance requirements other than to repay the loans." There are currently no continuing compliance requirements relating to this loan other than repayment of the loan.

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Loan amount outstanding</u>
Community facility loans	10.760	<u>\$ 3,828,985</u>

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

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Independent Auditors' Report on internal control over financial reporting and on
compliance and other matters based on an audit of financial statements
performed in accordance with *Government Auditing Standards*

Board of Finance
Board of Selectmen
Town of Lebanon, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Lebanon, Connecticut's basic financial statements, and have issued our report thereon dated February 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lebanon, 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 Lebanon, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lebanon, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify two deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item numbers 2021-01 and 2021-08, that we consider to be material weaknesses. In addition, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs and labeled as item number 2021-02 through 2021-07, that we consider to be significant deficiencies.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Lebanon, 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*.

The Town of Lebanon, Connecticut's Responses to Findings

The Town of Lebanon, Connecticut's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Lebanon, Connecticut's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
February 21, 2022

Town of Lebanon, Connecticut
Schedule of findings and questioned costs
For the year ended June 30, 2021

I. Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|---------------|
| • Material weakness (es) identified? | <u>X</u> | yes | <u> </u> | no |
| • Significant deficiency (ies) identified? | <u>X</u> | yes | <u> </u> | none reported |
| • Noncompliance material to the financial statements noted? | <u> </u> | yes | <u>X</u> | no |

Federal Awards

Type of auditors' report issued on compliance for major programs Unmodified

Internal control over major programs:

- | | | | | |
|---|---------------|-----|----------|---------------|
| • Material weakness (es) identified? | <u> </u> | yes | <u>X</u> | no |
| • Significant deficiency (ies) identified? | <u> </u> | yes | <u>X</u> | none reported |
| • Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | <u> </u> | yes | <u>X</u> | no |

Major Programs

<u>CFDA #</u>	<u>Name of federal program</u>
10.553, 10.555	Child nutrition cluster
21.019	COVID-19 Coronavirus relief fund

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

Did the auditee qualify as low risk? yes X no

II. Financial Statement Findings

- There were eight findings relating to the financial statements which are required to be reported in accordance with GAGAS. These eight findings relate to internal control over financial reporting and can be found in the following pages of the schedule of findings and questioned costs as item numbers 2021-01 through 2021-08. We do consider the significant deficiencies labeled as item numbers 2021-01 and 2021-08 to be material weaknesses.

III. Findings and Questioned Costs for Federal Awards

- There were no findings and questioned costs for federal awards which include audit findings defined in 2 CFR Section 200.516 Audit findings, paragraph (a).

IV. Summary Schedule of Prior Audit Findings

- There were no findings and questioned costs for federal awards reported in the audit report for the auditee for the year ended June 30, 2020. Therefore, no schedule has been included.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-01 - Primary government - Non-cash account reconciliations and reviews - Town general and other funds

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition and context:

For the current fiscal year there did not appear to be an adequate system of internal controls in place to ensure that all of the non-cash asset and liability accounts on the trial balance of the Town were reconciled and that revenue and expenditure accounts were being reviewed to determine if any transactions had been mis-posted and therefore needed to be corrected or more specifically that these reconciliations and reviews were documented when completed in accordance with the approved finance office accounting policies and procedures manual. Without an adequate system of internal controls in place to ensure that all non-cash asset and liability accounts are being reconciled and that all revenue and expenditure accounts are being reviewed and more specifically that these reconciliations and reviews are being adequately documented, there is no way to ensure that items that may need to be corrected will be prevented or even detected and corrected in a timely manner. We do consider these conditions to represent material weaknesses in internal control over financial reporting.

The approved finance office accounting policies and procedures manual states that all other asset, liability and fund balance accounts will be reviewed and adjusted as needed as determined by the finance director on a quarterly or semi-annual basis. Documents of said review will be retained. The town currently utilizes 31 different funds within its accounting software system to account for the activity and balances of the town. Within 27 of these funds there are active non-cash other assets, liabilities or fund balance accounts which would therefore fall under this review or reconciliation process. We were unable to determine if reviews or reconciliations had been completed on these accounts within these funds or more specifically that any such reviews or reconciliations had been documented. Within the general fund a total of 85 adjustments were proposed and within the other funds a total of 79 adjustments were proposed to either correct or adjust balances or activity to the provided backup documentation though not all of these adjustments related to items which would have been found had documented reviews or reconciliations been completed.

The approved finance office accounting policies and procedures manual states that quarterly reports are sent to all departments, boards and commissions to reconcile their internal records with the official accounting reports. Written responses are required from all departments, boards and commissions to document their review, research, and accounting adjustments needed in order to ensure accounts are in balance. During the audit, the finance office stated that expenditure reports were emailed quarterly to departments, boards and commissions though we were unable to determine that there was any documentation from all of the departments, board and commissions of the results of these quarterly reviews that were retained in a reasonably review-able format. Thus we were unable to reasonably determine that the reviews had been completed and documented in accordance with the approved finance office accounting policies and procedures manual.

Effect, cause and recommendation:

Without account reconciliations being prepared and documented for all non-cash asset and liability accounts as well as periodic documented reviews of the transactions recorded in the revenue and expenditure accounts, it is difficult to have an accurate financial picture of the Town during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' assets are being safeguarded. It would appear that the town reconciliation process as well as the documentation process of revenue and expenditure reviews may have been affected during the fiscal year by the current pandemic. We recommend that the Town follow the procedures outlined in the finance office accounting policies and procedures manual to ensure that all non-cash asset and liability accounts are being reconciled and that all revenue and expenditure accounts are being reviewed to determine if any transactions have been mis-posted and therefore need to be corrected and that these reconciliations and reviews are being adequately documented at least on a semi-annual basis if not a quarterly basis.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with the recommendations as described above. We plan to incorporate the above recommendations though the exact account reconciliation and review documentation as well as the frequency of these reconciliations and reviews has not yet been determined.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-02 - Primary government - Cash account reconciliations and reviews - Town general fund

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition:

The Town has three main cash activity accounts which are the town checking account, the town deposit account and the school checking account. Account reconciliations were prepared for these three accounts during the current fiscal year comparing the actual bank statement balances to the recorded cash account balances as shown on the town and school trial balances. The town finance office is responsible for preparing the reconciliations for the town checking account and the town deposit account whereas the school business manager is responsible for preparing the reconciliations for the school checking account. The reconciliations for all three of these accounts are reviewed by the town treasurer. The reconciliations prepared and provided for review as part of the audit for the town checking account and the town deposit account did appear to generally have been prepared and dated and reviewed and dated in a relatively timely manner throughout the current fiscal year.

We were unable to determine if the reconciliations prepared and provided for review as part of the audit for the school checking account were prepared in a timely manner as only three of the provided twelve bank reconciliations included a preparation date. The months of April and May included a preparation date of August 7, 2021 which would not appear to have been prepared in a timely manner. The completed reconciliations were also not initialed and dated by the reviewer in a timely manner as the review of the reconciliations for the months of July - March were all dated on May 16, 2021. The reconciliations for the months of April - June had not yet been initialed and dated by the reviewer when they were provided for review as part of the audit. In addition, the June school checking account reconciliation included 30 reconciling items in addition to a listing of outstanding checks. The reconciled balance shown on this June school checking account reconciliation was \$271,612.82 though the trial balance provided for the audit included a June school checking account balance of \$247,682.70 which would seem to indicate that transactions were posted to the trial balance account after it had been reconciled with no adjustments either being made to the original reconciliation or any notes being included with the original reconciliation. A subsequent reconciliation prepared for the school checking account removed all 30 of these reconciling items leaving outstanding checks as the only reconciling items. In addition, 13 audit adjustments were necessary to correct the recorded trial balance amount of this account to match this subsequent bank reconciliation which reduced the recorded trial balance amount for this account from \$247,682.70 down to \$76,665.23 which is a reduction in the trial balance account in the amount of (\$171,017.47). We do consider these conditions to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

One of the main reasons for preparing bank account reconciliations is to make sure that the accounting transactions which show up on the trial balance are the same as those that show up on the actual corresponding bank account statements. Items which do not match up between the trial balance and the bank statement are referred to as reconciling items. The purpose of performing these reconciliations and reviews in a timely manner is so that any of these reconciling items that are found as part of the process can be researched and adjustments prepared as soon as possible so that an accurate financial picture is present as shown on the trial balance of the town at any reasonable point in time. If bank reconciliations are not being prepared and reviewed in a timely manner then any adjustments that may be necessary in order to correct balances shown on the trial balance will also not be made in a timely manner and thus the financial picture shown on the trial balance may not be accurate for long periods of time.

Effect:

Without monthly bank reconciliations and reviews being prepared in a timely manner, it is difficult to provide that a reasonable level of assurance was present that an accurate financial picture of the assets of the Town was available at all times during the current fiscal year. Without an accurate financial picture, there can be no reasonable level of assurance present that the Town's specific objectives are being achieved or that its' specific assets are being safeguarded.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-02 - Primary government - Cash account reconciliations and reviews - Town general fund (continued)

Cause:

It would appear that the town reconciliation process may have been affected during the fiscal year by the current pandemic. This same circumstance may have also affected the timeliness of the reviews.

Recommendation:

We recommend that an emphasis be placed on preparing all applicable bank reconciliations in a timely manner and that all completed bank reconciliations be signed and dated by the individual preparing them and then be forwarded to an individual outside of the transaction processing function for reviews which would also be signed and dated in a timely manner. In addition, we recommend that all of the reconciling items which are included on monthly bank account reconciliations be thoroughly reviewed to determine if they should be included or if adjustments to the reconciliations are necessary.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with the recommendations as described above. We believe that the current process in place has reduced to a reasonable level the affect that the current pandemic has inherently had on the process.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-03 - Primary government - Town to school expenditure reconciliations

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition and context:

The Town and the Board of Education use the same accounting software to account for the respective activity during the fiscal year although it is contained on two different servers. Since the Lebanon public schools are in effect a department of the Town the activity relating to the school general fund is recorded within both the town and school trial balances to varying degrees of detail. Expenditures related to the Board of Education are recorded by specific line item by the school and as lump sum amounts by the town after each expenditure check run and processed payroll. Since the amount being recorded on both sides should be the same, no differences should exist. During prior fiscal years, copies of monthly town to school expenditure reconciliations were provided for review as part of the audit. For the current fiscal year, no such monthly reconciliations were provided for review as part of the audit. In addition, the school trial balance as provided for the audit showed school general fund expenditures in the amount of \$19,551,244.68 while the town trial balance as provided for the audit showed school general fund expenditures in the amount of \$19,579,061.86 which reflects a variance of \$27,817.18. A subsequent reconciliation was prepared for this town to school expenditure reconciliation. As a result of this subsequent reconciliation as well as other procedures performed during the audit, a total of 29 audit adjustments were necessary to correct the recorded trial balance for school expenditures based on the backup documentation provided resulting in a current fiscal year school expenditures amount of \$19,561,169.13 and a prior fiscal year school encumbrances balance in the amount of \$36,583.15. A large number of these adjustments related to void checks recorded by the school and not adequately conveyed to the town for entry and transfers made by the school between school general fund expenditure accounts and school grant fund expenditure accounts or visa versa not adequately conveyed to the town. As a result of these items not being adequately conveyed during the fiscal year it would appear that the school expenditures as shown on the town trial balance to those shown on the school trial balance during a large portion of the fiscal year may not have matched. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

The current fiscal year reconciliation process between the town and the school relating to Board of Education expenditures did not provide the users of the town general fund balances to have an accurate picture of the true school general fund expenditures until well after the end of the fiscal year which may not have allowed them to make informed decisions should additional education appropriates have been needed or should the use of any remaining surplus balances have been requested.

Effect and cause:

Without an adequate system in place to ensure that the school expenditures as well as other school related balances are being recorded accurately within the town trial balance throughout the fiscal year, it is difficult to be confident that an accurate financial picture of the Town as a whole is available at all times during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' assets are being safeguarded. It would appear that one of the main reasons for this condition may have related to the school business manager leaving part way through the current fiscal year with a full time replacement not being hired until well after the end of the current fiscal year.

Recommendation:

We recommend that the town and the school complete monthly school expenditure reconciliations including other school related balances recorded on the towns trial balance and that any necessary adjustments relating to this reconciliation process be entered on both the town and school trial balance in a timely manner.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with his recommendations as described above. We expect a reconciliation process to be implemented during the 2022 fiscal year and that the monthly reconciliations will be prepared within 30 days from the end of each month and that any adjustments resulting from these reconciliations will be entered into both the town and school trial balances upon completion of the aforementioned monthly reconciliations in a timely manner.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-04 - Primary government - Cash disbursements - Student activity accounts

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition:

During the current fiscal year audit, a number of expenditures relating to the school student activity accounts were selected for testing within the current fiscal year and as subsequent events during the beginning of the upcoming fiscal year. The invoices or backup documentation relating to these expenditures were requested to be pulled for the review of a number of items such as the correct accounting period, the correct amount being paid, items being paid from actual invoices, and whether or not individual invoices or backup documentation are initialed as being reviewed and approved. There did not appear to be an adequate system of internal controls in place at two of the locations tested to ensure that only invoices and backup documentation containing the initials or signature of the individual approving the expenditure were being processed on a consistent basis. One of these locations did utilize an expenditure approval cover sheet which did include approving initials or signatures though there was no way to determine that the actual invoices or backup documentation had been reviewed by the individuals approving the cover sheets. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context:

Six of the twenty current fiscal year expenditure items that were reviewed at the first location did not contain any initials or signature of an approving individual on the actual invoice or backup documentation. Two of the ten current fiscal year expenditure items reviewed at the second location did not contain any initials or signature of an approving individual on the actual invoice or backup documentation. Three of the five current fiscal year expenditure items reviewed at the third location did not contain any initials or signature of an approving individual on the actual invoice or backup documentation. Sampling techniques are used to select items for testing which means that not all transactions are reviewed or tested during this process. As a result, there could be other expenditure items being processed for payment without the initials or signature of the individual approving the payment on the actual invoices or backup documentation.

Effect:

Without the initials or signature of the individual approving the payment of expenditure items actually being included on the invoice or backup documentation, there can be no assurance that the goods or services being purchased were actually received and creates doubt as to whether the assets of the Town are being adequately safeguarded.

Cause:

It would appear that the main reason that certain expenditure items at the first location did not contain the initials or signature of the individual approving the payment on the actual invoice or backup documentation was simply because the practice of processing expenditure items at this location is to include an expenditure approval on the cover sheet. We were unable to determine the reason why certain expenditure items at the other two locations did not contain the initials or signature of the individual approving the payment on the actual invoice or backup documentation.

Recommendation:

We recommend that invoices or backup documentation for expenditure items should never be paid or even entered into the accounting software at all locations of the Town without an appropriate set of initials or a signature on the invoice or backup documentation approving the expenditure.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the importance of an adequate expenditure item approval process. Invoices and backup documentation for expenditure items being paid at all locations within the Town will be required to have appropriate approving initials or signatures on each invoice or backup documentation item.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-05 - Primary government - Internal control over compliance with the provisions of permanent trust fund principal balances

Criteria and condition:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs and in effect the benefit of the Town or its citizens. Over the years, permanent trust fund amounts have been given to the Town in this manner and with the intent that the principal portion of the trust will stay in tact and be used to earn income which will in turn be used for the purposes specified within each individual trust agreement. Within the fund financial statements, this principal portion is classified as a nonspendable fund balance amount with any positive residual fund balance being classified as restricted and any negative residual fund balance being classified as unassigned. Within the government-wide financial statements, this principal portion is classified as restricted and nonspendable with any positive or negative residual fund balance being classified as either restricted and spendable or unrestricted.

The Town currently has sixteen individual permanent fund trusts that it has been given over the years and which are accounted for and reported within the financial statements as shown on Schedule C starting on page 75 of the accompanying financial statements. Six of these permanent trusts relate to amounts for which the earnings are used to benefit the Board of Education and more specifically students in the form of scholarships. Amounts from these six permanent fund trusts are transferred annually to the high school student activity account where the actual scholarships are accounted for and disbursed. The principal balances within two of these six permanent fund trusts have been overspent in the aggregate amount of (\$2,337) which would seem to show that the Town is not currently in compliance with the need to preserve the principal of these permanent fund trusts. We do consider these conditions to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context, effect and cause:

The amount of this aggregate over expenditure of the principal portion of these two permanent fund trusts of (\$2,337) would appear to be immaterial in amount when considering that the total principal portion of these six permanent fund trusts is \$262,085. This would however bring into question the effectiveness and adequacy of the internal controls in place to ensure the preservation of these principal balances. The Town does have other permanent fund trust agreements in which the principal portion has not been over-expended. The difference between these two groups of permanent funds is that the over expended trusts relate to scholarship permanent funds while the other non over-expended trusts relate to library and cemetery permanent funds.

The Town revised its investments policy for endowments and donations on July 12, 2016. In regard to principal balances the revised policy states, "The investment principal shall not be utilized for any endowment/donation except where the purpose is to fund an ongoing scholarship award. Endowments or donations funding a scholarship award may utilize principal to fund the award in order to achieve a minimum annual award of \$500.00" and "When the value of an individual endowment/donation used to fund an annual scholarship award falls below the minimum scholarship award (\$500.00) the endowment/donation shall be entirely liquidated and the funds provided to the Lyman HS scholarship committee". We were unable to determine that any approval had been received from the individuals who had originally provided the nonspendable principal portion of each trust fund to the Town that the nonspendable portion could now be expended. The Town did request and receive a legal memorandum of advice from town council relating to this topic. The brief answer as included in this memorandum states, "The provisions of the Town's Investment Policy which allow the Town to spend the principal of the scholarship funds and to liquidate the scholarship funds under certain circumstances are contrary to law as written. Neither action may be taken under law without either donor consent or a court decree."

Recommendation:

We would first recommend that the Town consider revising its investment policy and consider removing the approved ability to spend the nonspendable portion of permanent trust funds without the express written consent of the original donors or a court decree. Alternatively to revising the Town's investment policy, we would recommend that the Town contact each original permanent fund donor relating to the above school scholarship funds and obtain some type of waiver or acceptance of the use of the previously donated and accepted nonspendable portions of each fund within the parameters of the Town's investment policy.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations in relation to the memorandum of advise received from our town council relating to this topic. We plan on discussing this topic in more detail during the upcoming fiscal year in hopes of more closely correlating our Town investment policy to all applicable laws as written.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-06 - Primary government - Internal control over compliance with the provisions of Town adopted policies

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition:

The Town and Board of Education currently provide dental coverage to employees through a self-insured dental program which is accounted for within the financial statements of the Town as an internal service fund. Contributions to this fund are made by the Town and the Board of Education in the form of expenditures into the fund and by the employees through payroll deductions into the fund. Retirees may also participate in the program with monthly premiums being forwarded to the Board of Education which then forwards them to the Town which accounts for the dental fund within its trial balance. Claims for dental services are withdrawn from the dental fund checking account by a third party service provider.

Internal service funds are not designed to accumulate surplus balances and as such the Board of Selectmen of the Town adopted a self-insured dental fund policy on August 19, 2014 in relation to the reserves or fund balance amount to be maintained within the fund to ensure its future solvency. The policy states that the Town shall maintain a reserve equal to 15% of the average of the two previous fiscal years actual claims paid. As of June 30, 2021, the fund balance within the self-insured dental fund was \$137,976 while 15% of the average of the two previous fiscal years actual claims paid was approximately \$24,989. This would indicate that the current fund balance amount is well above the reserve amount set in the adopted policy and as such the Town would not be in compliance with its self-insured dental fund policy. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context, effect and cause:

The current fund balance within the self-insured dental fund is over five times larger than the allowable amount as outlined in the above mentioned policy which would bring into question the adequacy of the internal controls in place to ensure that the policy is being followed.

This excess fund balance within the fund would be a direct result of the Town, the Board of Education and the employees paying more into the fund than is necessary to adequately cover incurred claims and to sustain the fund and ensure future solvency. These over contributions by the Town and Board of Education would represent assets of the Town that are currently not available to be used for other purposes as they cannot simply be transferred back to the Town or the Board of Education or the employees based on an amendment to the policy adopted by the Board of Selectmen on May 19, 2015. This amendment states in part that, "The entire portion of the excess attributable to both the employee and the employer percentage will remain in the fund and be used to directly decrease the next fiscal year employee and employer rates."

I was unable to determine the exact cause for this over accumulation of reserves or fund balance within the self-insured dental fund but it would appear that the balance within the fund was not being reviewed on an annual basis to determine if any changes needed to be made to the employee and employer contribution rates.

Recommendation:

We recommend that the reserves or fund balance within the self-insured dental fund be reviewed on an annual basis by the Board of Selectmen prior to the end of the fiscal year so that any changes that may need to be made to the employee and employer contribution rates can be made at the start of the new fiscal year.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations. At the Board of Selectmen meeting on February 8, 2022 the Board voted to reduce the employee and employer contribution rates for the 2023 fiscal year by 10% in order to use a portion of the excess reserves or fund balance. The reserves or fund balance within the self-insured dental fund will be reviewed on an annual basis prior to the end of each fiscal year to determine what changes may need to be made for the upcoming fiscal year. This review and determination will be noted in the applicable Board meeting minutes.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-07 - Primary government - Internal control over compliance with the provisions of the Town Charter

Criteria and condition:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

The Town Charter was adopted on November 5, 2019 and was effective on December 1, 2019. The Town charter includes a number of policies in relation to the activities within the Town including but not limited to general powers, town meetings, the Board of Selectmen, ordinances, elections and finance and taxation. Article 9 of the charter relates to finance and taxation with article 9.10 specifically relating to the Transfer of Funds. Article 9.10 states:

“The Board of Selectmen may only transfer and re-appropriate funds between Town Operating Budget line items within a given agency or department. The Board of Finance may authorize over-expenditures or transfers between agency or department budgets up to the limit allowed by Connecticut General Statutes and may at their discretion require Town Meeting approval for such authorizations. Transfers between agency or department budgets which exceed Connecticut General Statute limits shall require approval at a Town Meeting. The Board of Finance may transfer and appropriate funds from the contingency account up to the limit allowed by Connecticut General Statutes and may at their discretion require Town Meeting approval for such transfers or appropriations. Transfers and appropriations from the contingency account which exceed Connecticut General Statute limits shall require approval at a Town Meeting.”

During its regular meeting on August 17, 2021, the Board of Finance approved a transfer to be made as of June 30, 2021 from the contingency account to the legal department in the amount of \$28,859 to cover expenditures posted to the departmental account in excess of the amount budgeted. The amount of this approved transfer exceeded the amount allowed by Connecticut General Statutes and as such was not in accordance with the aforementioned section 9.10 of the Town Charter. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context, effect and cause:

Connecticut General Statutes section 7-348 states in part, “If any occasion arises whereby more money is needed for any department of the town than has been appropriated as provided for in this chapter, the selectmen shall notify the board of finance of such fact, and the chairman of such board shall forthwith call a meeting thereof to consider the appropriation for such department and the board may make the necessary appropriation therefor, after inquiry, but, if, in towns where the grand list is not more than twenty million dollars, the amount required or the amount required, together with the sum of any additional appropriations made by the board for such department within the same fiscal year, exceeds ten thousand dollars, or, in towns where the grand list exceeds twenty million dollars, if the amount required or the amount required, together with the sum of any such additional appropriations, exceeds twenty thousand dollars, such appropriation shall not be made until, upon the recommendation of the board, the same has been voted by the town at a meeting called for such purpose.” Based on the Towns grand list value the allowable departmental transfer limit would be \$20,000 with any transfer exceeding this amount requiring the approval of a town meeting.

I was unable to determine the exact cause or reason why the above mentioned transfer to the legal department that was in excess of the amount allowed by the Town charter was not approved at a town meeting.

Recommendation:

We recommend that internal controls be developed and implemented that would more closely monitor the amount of potential departmental budget transfers in relation to allowable transfer amounts with any necessary budget transfers exceeding the allowable amounts being incorporated into either the annual town meeting or a special town meeting.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations. The Board was under the impression that there was an exemption contained in the applicable state statutes in relation to budget transfers to a legal department. In reviewing the above mentioned Connecticut General Statutes section 7-348 it would appear that there is no current exemption. Future budget transfers in excess of this allowable amount will be incorporated into either the annual town meeting or a special town meeting.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2021

2021-08 - Discretely presented component unit - Account reconciliations

Criteria:

The management of the Lebanon Volunteer Fire Department “the Department” is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees or volunteers, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Department are being safeguarded.

Condition and context:

Without an adequate system of internal controls in place to ensure that reconciled cash balances match the corresponding trial balance amounts, that all reconciliations are prepared in a timely manner and that all non-cash asset and liability accounts are being reconciled, there is no way to ensure that items that may need to be corrected will be prevented or even detected and corrected in a timely manner. We do consider these conditions to represent material weaknesses in internal control over financial reporting.

During the current fiscal year the Department had four main checking accounts, an investment account and three savings related accounts. Reconciliations for the investment account were not prepared in a timely manner during the current fiscal year. Reconciliations for the investment account were provided for review as part of the audit but the system date on each of the thirteen provided bank reconciliation reports was December 28, 2021 well beyond the end of the current fiscal year. Reconciliations for the four main checking accounts were provided for review as part of the audit and it did appear that they were prepared and dated and reviewed and dated in a timely manner during the current fiscal year. However, the reconciled balances included on the June bank reconciliations for the four main checking accounts did not match the ending amounts on the trial balance as provided for the audit. The fire checking account reconciliation showed a June balance of \$5,758.62 while the trial balance showed an amount \$874.47. The company checking account reconciliation showed a June balance of \$58,671.54 while the trial balance showed an amount of \$55,499.54. The ambulance checking account reconciliation showed a June balance of \$70,965.23 while the trial balance showed an amount of \$52,023.65. The payroll checking account reconciliation showed a June balance of \$1,050.67 while the trial balance showed an amount of \$737.08. In addition, it did not appear as though any reconciliations had been prepared in relation to the recorded accounts receivable and accounts payable balances as shown on the trial balance as a number of proposed entries were necessary to match the recorded balances to the provided and available backup documentation.

Effect and cause:

Without reconciled cash balances matching the corresponding trial balance amounts, account reconciliations being prepared in a timely manner and account reconciliations being prepared and documented for all non-cash asset and liability accounts, it is difficult to have an accurate financial picture of the Department during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Department’s specific objectives are being achieved or that its’ assets are being safeguarded.

It would appear that the reconciled cash balances not matching the corresponding trial balance amounts was due in part to the Department posting checks back to the prior fiscal year after the bank reconciliations had been prepared in addition to not entering all of the provided correcting entries from the prior fiscal years audit. I was unable to determine why the investment account reconciliations were not prepared in a timely manner or why the recorded accounts receivable and accounts payable balances did not appear to have been reconciled during the current fiscal year.

Recommendation:

We recommend that once checking account reconciliations have been prepared for a certain period that no additional adjustments be posted back to the accounts for that period or any previous periods. Though expenditures should be posted to the period in which they were incurred, the check dates for the payment of these invoices should always be posted to the date in which the checks are actually being written. Utilizing the accounts payable module of the accounting software will ensure that expenditures are posted to the correct period and will then allow checks to be posted to the correct period. In addition, we recommend that all of the provided correcting entries resulting from the audit be entered as of the end of the current fiscal year.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations. The bookkeeper and treasurer are volunteer positions for the Department and as such the provided recommendations and implementation thereof will need to be considered in relation to the time and resources available within the Department.

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

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Independent Auditors Report on Compliance for each major state program and
Internal control over compliance and the Schedule of expenditures of state
financial assistance required by the State Single Audit Act

Board of Finance
Board of Selectmen
Town of Lebanon, Connecticut

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Lebanon, Connecticut's basic financial statements. We have issued our report thereon dated February 21, 2022, 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 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.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
February 21, 2022

Town of Lebanon, Connecticut
Schedule of expenditures of state financial assistance
For the year ended June 30, 2021

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
<u>Office of Policy and Management:</u>		
Payment in lieu of taxes (PILOT) on state owned property	11000-OPM20600-17004	\$ 14,807
Disabled program	11000-OPM20600-17011	480
Property tax relief for veterans	11000-OPM20600-17024	2,432
Municipal purposes and projects	12052-OPM20600-43587	30,427
<u>Department of Education:</u>		
Talent development	11000-SDE64370-12552	1,936
Child nutrition program state match	11000-SDE64370-16211	3,653
Healthy food initiative	11000-SDE64370-16212	7,048
Vocational Agriculture	11000-SDE64370-17017	312,752
Adult education	11000-SDE64370-17030	8,232
School breakfast program	11000-SDE64370-17046	8,147
<u>Office of Early Childhood:</u>		
Early care and education	11000-OEC64845-16274	113,400
School readiness quality enhancement	11000-OEC64845-16158	2,770
<u>Connecticut State Library:</u>		
Connecticard payments	11000-CSL66051-17010	4,364
Historic documents preservation grant	12060-CSL66094-35150	5,500
<u>Department of Transportation:</u>		
Bus operations	12001-DOT57931-12175	32,597
Town aid road grants - Municipal	12052-DOT57131-43455	151,601
Town aid road grants - STO	13033-DOT57131-43459	151,601
<u>Department of Agriculture:</u>		
Agricultural viability	12060-DAG42710-90456	6,500
<u>Department of Housing:</u>		
Affordable housing grant	12039-DOH46920-40233	4,527
<u>Other Departments and miscellaneous awards:</u>		
Non-budgeted operating appropriations	34001-JUD95162-40001	985
FAD - Temporary holding account	34003-DAS23920-42350	459
Farmland preservation - Other expenses	12060-DAG42720-90460	30
Total State Financial Assistance before exempt programs		<u>\$ 864,248</u>

Town of Lebanon, Connecticut
Schedule of expenditures of state financial assistance (continued)
For the year ended June 30, 2021

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
Exempt Programs		
<u>Department of Education:</u>		
Education equalization grants program 82010	11000-SDE64370-17041	\$ 4,519,909
Special education excess costs	11000-SDE64370-17047	459,395
<u>Office of Policy and Management:</u>		
Mashantucket Pequot Grant	12009-OPM20600-17005	13,139
Municipal stabilization grant	11000-OPM20600-17104	162,740
Total exempt programs		5,155,183
Total expenditures of State Financial Assistance		<u>\$ 6,019,431</u>

Town of Lebanon, Connecticut
Notes to Schedule of expenditures of state financial assistance
For the year ended June 30, 2021

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Lebanon, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to education, transportation, tax relief, and library programs.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Lebanon, 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:

There are two sets of basic financial statements contained in the Town of Lebanon, Connecticut's annual report as required by GASB Statement No. 34. The government-wide financial statements are prepared on the accrual basis of accounting, and the fund financial statements are prepared on the modified accrual basis of accounting. The following is a summary of such bases:

Accrual Basis - Government-wide financial statements:

- Revenues are recognized when they are earned.
- Expenses are recorded when they are incurred.

Modified Accrual Basis - Fund financial statements:

- Revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty days after year end. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues, and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.
- Expenditures are recorded generally when the related fund liability is incurred. This includes reimbursable expenditures which have been incurred by the Town and therefore included in the accompanying schedule of expenditures of state financial assistance but which have not yet been reimbursed and are considered and recorded as accounts receivable. The determination of when an award is expended should be based on when the activity related to the award occurs. Exceptions to this general rule include principal and interest on general long-term debt which is recorded when due.

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

Note 2 - Awards passed through to sub-recipients

There were no awards passed through to sub-recipients by the Town of Lebanon, Connecticut for the year ended June 30, 2021.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs
For the year ended June 30, 2021

I. Summary of Audit Results

Financial Statements:

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness (es) identified?	<u>X</u>	yes	no
• Significant deficiency (ies) identified?	<u>X</u>	yes	none reported
• Noncompliance material to the financial statements noted?		yes	<u>X</u> no

State Financial Assistance:

Type of auditors' report issued on compliance for major programs	Unmodified		
Internal control over major programs:			
• Material weakness (es) identified?		yes <u>X</u>	no
• Significant deficiency (ies) identified?		yes <u>X</u>	none reported
• Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?		yes <u>X</u>	no

Major State Programs and percentage of coverage:

- The following schedule reflects the major programs included in the audit. Sec. 4-230 of the Connecticut General Statutes states that a "major state program means any program, excluding an exempt program, determined to be a major state program by the independent auditor pursuant to the requirements of the risk based approach". Under step two of this process all Type A programs must be identified. Based on the Town of Lebanon, Connecticut's non-exempt expenditures of state financial assistance amount of \$864,248, a Type A program shall be considered a non-exempt state program for which the amount of state financial assistance expended under the program for the audit period equals or exceeds \$100,000. The Town of Lebanon has four Type A programs for the current fiscal year based on the \$100,000 dollar threshold and therefore all of its remaining programs would be considered Type B programs. The Town has two Type B programs for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$25,000.
- In accordance with Subpart A of the risk assessment procedures, the following considerations have been applied to the Type A programs of the Town to determine whether they should be considered high risk: The dollar value of the applicable transactions, the complexity of the requirements of the program and as compared to other programs of the Town, whether the program has been tested as major during at least one of the two most recent audit periods and an assessment based on professional judgement. All four of the Town's Type A programs were determined to be high-risk and therefore were audited as major programs. The two Type B programs of the Town for which a risk assessment was required were not determined to be high-risk and therefore were not audited as major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$864,248. The programs tested as major and shown below represent approximately 84% of the total non-exempt state financial assistance expended.

State grantor and program	State grant program Core-CT number	Expenditures
Vocational Agriculture	11000-SDE64370-17017	\$ 312,752
Early care and education	11000-OEC64845-16274	113,400
Town aid road grants - Municipal	12052-DOT57131-43455	151,601
Town aid road grants - STO	13033-DOT57131-43459	151,601
		<u>\$ 729,354</u>

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 100,000

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
For the year ended June 30, 2021

II. Financial Statement Findings

- We issued our report, dated February 21, 2022, on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. Our report on internal control over financial reporting indicated eight significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs labeled as item numbers 2021-01 through 2021-08 starting on page 95. We do consider the significant deficiencies labeled as item numbers 2021-01 and 2021-08 to be a material weakness.
- Our report on compliance indicated no reportable instances of noncompliance.

III. State Financial Assistance Findings and Questioned Costs

- No findings or questioned costs are being reported relating to State financial assistance programs.

IV. Summary Schedule of Prior Audit Findings

- Financial Statement Findings:

Finding No. 2020-01

Condition - There did not appear to be an adequate system of internal controls in place to ensure that all of the non-cash asset and liability accounts on the trial balance of the Town were reconciled or more specifically that they were documented when completed in accordance with the approved finance office accounting policies and procedures manual.

Current Status - This finding was not corrected and is included as current fiscal year finding 2021-01.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

Finding No. 2020-02

Condition - There did not appear to be an adequate system of internal controls in place relating to preparation and review of monthly bank reconciliations within the general fund of the Town.

Current Status - This finding was not fully corrected and a portion is included as current fiscal year finding 2021-02.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

Finding No. 2020-03

Condition - There did not appear to be an adequate system of internal controls in place relating to preparation and review of monthly bank reconciliations within the student activity accounts of the Board of Education of the Town.

Current Status - This finding did appear to have been adequately addressed during the current fiscal year and as a result is not being included as a current fiscal year finding.

Finding No. 2020-04

Condition - There did not appear to be an adequate system of internal controls in place relating to general fund invoices to ensure that only invoices containing the initials or signature of the individual approving the expenditure were being processed.

Current Status - This finding did appear to have been adequately addressed during the current fiscal year and as a result is not being included as a current fiscal year finding.

Town of Lebanon, Connecticut
Schedule of findings and questioned costs (continued)
For the year ended June 30, 2021

IV. Summary Schedule of Prior Audit Findings (continued)

- Financial Statement Findings (continued):

Finding No. 2020-05

Condition - There did not appear to be an adequate system of internal controls in place relating to student activity invoices tested to ensure that only invoices containing the initials or signature of the individual approving the expenditure were being processed.

Current Status - This finding was not corrected and is included as current fiscal year finding 2021-04.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

Finding No. 2020-06

Condition - The principal balance within two of the town permanent fund trusts were overspent which would seem to show that the Town is not currently in compliance with the need to preserve the principal of these permanent fund trusts.

Current Status - This finding was not corrected and is included as current fiscal year finding 2021-05.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

Finding No. 2020-07

Condition - There did not appear to be an adequate system of internal controls in place relating to preparation and review of monthly bank reconciliations within the discretely presented component unit of the Town.

Current Status - This finding was not fully corrected and a portion is included as current fiscal year finding 2021-08.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

- State Program Findings:

There were no findings and questioned costs related to state financial assistance award programs reported in the audit report for the Town of Lebanon, Connecticut for the fiscal year ended June 30, 2020.