

# *Town of Lebanon, Connecticut*

State & Federal Compliance Audit

June 30, 2020

*Stephen T. Hopkins, CPA, PC*

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Auditing , Accounting , and Consulting Services

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**Town of Lebanon, Connecticut**

June 30, 2020

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# Stephen T. Hopkins, CPA, PC

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## 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, 2020, 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, 2020, 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.

## 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 58 through 62 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 19, 2021, 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 J. Hopkins, CPA, PC*

Scarborough, Maine  
February 19, 2021

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2020

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, 2020. 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 \$43,482,466 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$42,737,396. This represents an increase of \$745,070 or approximately 1.74%.
- 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 \$32,958,042 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$32,884,663. This represents an increase of approximately .22% which is the result of a decrease in the related long-term debt of \$470,000, a new promissory note in the amount of (\$500,000), current year forgiveness of the new promissory note of \$100,922, current depreciation in the amount of (\$1,994,373), current capital asset additions in the amount of \$2,177,681, the net current fiscal year loss on the transfer of the Trumbull Jr. House related capital assets to the Lebanon Historical Society as approved at town meeting on October 28, 2019 in the amount of (\$171,942) and the net current fiscal year loss on the disposal of capital assets in the amount of (\$8,909). The current fiscal year capital asset additions included school technology purchases in the amount of \$109,814, new town software and upgrades, a fuel tank project at the middle school, improvements to the school tennis courts, security system and HVAC in the amount of \$137,699, new Aspinall field dugouts in the amount of \$42,383, a new plow truck in the amount of \$195,598, a new pickup truck in the amount of \$38,007, current year paving costs in the amount of \$704,636 and bridge improvement costs in the amount of \$696,014 which are classified as infrastructure 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 \$4,300,421 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$4,915,345. This represents a decrease of approximately 14.30%. This decrease is due almost entirely to the current fiscal year transfer of the portion of the Trumbull investments fund relating to the Trumbull Jr. House to the Lebanon Historical Society as approved at town meeting on October 28, 2019 in the amount of (\$599,800) which is approximately 97.50% of the current year decrease.
- 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 \$6,224,003 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$4,937,388. This represents an increase of approximately 26.06%. 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.
- The Town's total revenues for its governmental activities were \$32,981,772 for the current fiscal year. This compares to the prior fiscal year balance of \$29,658,066. This represents an increase of \$3,323,706 or approximately 11.21%. This is due to a number of increases in revenue categories such as property tax revenues which increased by \$777,299 and miscellaneous income which increased by \$484,581 due in large part to a \$500,000 donation received from the Adams Town Memorial Fund as a contribution to the library expansion and renovation project. A \$500,000 promissory note was also received in relation to this project. Operating grants also increased by \$2,592,067 due almost entirely to an increase in the actuarial determined State on-behalf revenue in the amount of \$2,592,434 which relates to the pension and OPEB benefits of the Teachers Retirement System.
- The cost of the Town's governmental activities was \$32,236,702 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$20,229,922 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$1,259,616 and through operating and capital grants received from the State (state and federal dollars) in the amount of \$10,747,164. This amounts to approximately 62.75% of the cost of these governmental activities actually being financed by the general revenues of the Town. This compares to approximately 66.79% 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, 2020

**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, a benefit assessment was levied on a property located along the District in the amount of \$16,683. Current fiscal year assessment principal collections totaled approximately \$256,371 leaving a current and long-term receivable amount due of \$2,517,451. Current fiscal year borrowed interest collections totaled approximately \$69,937 including currently billed amounts and previously billed amounts leaving an outstanding receivable of \$21,189. Current fiscal year user fee collections totaled approximately \$118,187 including currently billed amounts and previously billed amounts leaving an outstanding receivable of \$17,496.

**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 which are shown on pages 11 through 13 and 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 which are shown on pages 14 and 16 and tell how the services of the Town 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. Budget to actual information is reported in these fund financial statements for the general fund 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 which are 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 which are shown on page 23. The fiduciary activities of the Town are those for which the Town acts solely as a trustee or agent for the benefit of groups outside of the Town. These statements relate to agency funds for which the Town is acting in a purely custodial capacity for student and other groups and for private purpose trust funds when amounts have been given to the Town for specific purposes.

**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, 2020

- **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 by the Town to report assets held in a trustee or agency capacity for other groups and therefore cannot be used to support the Town's own programs. The type of fiduciary funds for which the Town is trustee are private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds and on behalf of the library and cemeteries in similar funds. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. There is no requirement that any portion of these resources be preserved as capital. Agency funds are used to report resources held by the Town in a purely custodial capacity such as student activity accounts.



**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2020

**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 4.08 to 1 compared to the end of the prior fiscal year when the total current ratio was 3.38 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 \$11,490,890. This compares to the prior fiscal year positive balance of \$9,717,598.

	Governmental activities		Business-type activities		Totals	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 14,278,036	\$ 12,836,792	\$ 940,864	\$ 971,879	\$ 15,218,900	\$ 13,808,671
Other assets	3,279,162	4,043,308	3,463,535	3,544,902	6,742,697	7,588,210
Capital assets	34,117,202	34,114,745	5,896,574	5,983,288	40,013,776	40,098,033
	51,674,400	50,994,845	10,300,973	10,500,069	61,975,373	61,494,914
Deferred outflows of resources	1,379,937	1,461,239	-	-	1,379,937	1,461,239
Current liabilities	3,065,931	3,416,807	77,435	91,048	3,143,366	3,507,855
Non-current liabilities						
Due within one year	479,610	480,922	105,034	102,296	584,644	583,218
Due after one year	5,526,333	5,559,218	3,828,985	3,941,220	9,355,318	9,500,438
	9,071,874	9,456,947	4,011,454	4,134,564	13,083,328	13,591,511
Deferred inflows of resources	499,997	261,741	-	-	499,997	261,741
Net position:						
Net Investment capital assets	32,958,042	32,884,663	1,962,555	1,939,772	34,920,597	34,824,435
Restricted	4,300,421	4,915,345	-	-	4,300,421	4,915,345
Unrestricted	6,224,003	4,937,388	4,326,964	4,425,733	10,550,967	9,363,121
	\$ 43,482,466	\$ 42,737,396	\$ 6,289,519	\$ 6,365,505	\$ 49,771,985	\$ 49,102,901
Restricted net position:						
Expendable:						
Restricted investment funds	\$ 2,403,485	\$ 3,035,760	\$ -	\$ -	\$ 2,403,485	\$ 3,035,760
Restricted donation funds	347,474	337,968	-	-	347,474	337,968
Enabling legislation funds	60,324	70,994	-	-	60,324	70,994
Community projects	1,055,913	1,061,053	-	-	1,055,913	1,061,053
Encumbrances	36,583	-	-	-	36,583	-
Permanent funds residual	52,982	61,740	-	-	52,982	61,740
	3,956,761	4,567,515	-	-	3,956,761	4,567,515
Non-expendable:						
Prepays and inventory	24,388	28,558	-	-	24,388	28,558
Permanent funds principal	319,272	319,272	-	-	319,272	319,272
	343,660	347,830	-	-	343,660	347,830
	\$ 4,300,421	\$ 4,915,345	\$ -	\$ -	\$ 4,300,421	\$ 4,915,345

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2020

**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	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 1,259,616	\$ 1,372,338	\$ 188,424	\$ 192,840	\$ 1,448,040	\$ 1,565,178
Operating grants	10,747,164	8,155,097	-	-	10,747,164	8,155,097
Capital grants	-	83,543	-	-	-	83,543
General revenues						
Property tax revenues	19,935,422	19,158,123	-	-	19,935,422	19,158,123
State tax relief revenues	18,740	19,505	-	-	18,740	19,505
Other state revenues	206,614	206,511	-	-	206,614	206,511
Investment fair value change	-42,193	231,196	-	-	-42,193	231,196
Interest and dividends	175,536	165,532	3,419	2,380	178,955	167,912
Miscellaneous	750,802	266,221	14,562	12,127	765,364	278,348
Transfers	10,000	-	-10,000	-	-	-
Debt principal forgiveness	100,922	-	-	-	100,922	-
Loss on disposal-transfer of capital assets	-180,851	-	-	-	-180,851	-
Total revenues	<u>32,981,772</u>	<u>29,658,066</u>	<u>196,405</u>	<u>207,347</u>	<u>33,178,177</u>	<u>29,865,413</u>
Expenses						
General government	1,348,722	1,349,226	-	-	1,348,722	1,349,226
Public safety	893,609	842,042	-	-	893,609	842,042
Public works	1,656,722	1,900,095	-	-	1,656,722	1,900,095
Education	21,581,348	21,382,448	-	-	21,581,348	21,382,448
Education - on behalf	3,796,506	1,204,072	-	-	3,796,506	1,204,072
Health & social	977,098	916,379	-	-	977,098	916,379
Community preservation	231,469	277,363	-	-	231,469	277,363
Unclassified and program	1,160,974	494,307	-	-	1,160,974	494,307
Infrastructure depreciation	551,036	524,013	-	-	551,036	524,013
Debt service Interest	39,218	53,430	86,557	164,998	125,775	218,428
Sewer	-	-	185,834	190,459	185,834	190,459
Total expenses	<u>32,236,702</u>	<u>28,943,375</u>	<u>272,391</u>	<u>355,457</u>	<u>32,509,093</u>	<u>29,298,832</u>
Change in net position	745,070	714,691	-75,986	-148,110	669,084	566,581
Net position - July 1	<u>42,737,396</u>	<u>42,022,705</u>	<u>6,365,505</u>	<u>6,513,615</u>	<u>49,102,901</u>	<u>48,536,320</u>
Net position - June 30	<u>\$43,482,466</u>	<u>\$42,737,396</u>	<u>\$ 6,289,519</u>	<u>\$ 6,365,505</u>	<u>\$49,771,985</u>	<u>\$49,102,901</u>
Financed by general revenues:						
Total expenses	\$32,236,702	\$28,943,375	\$ 272,391	\$ 355,457	\$32,509,093	\$29,298,832
Less charges for services	-1,259,616	-1,372,338	-188,424	-192,840	-1,448,040	-1,565,178
Less operating grants	-10,747,164	-8,155,097	-	-	-10,747,164	-8,155,097
Less capital grants	-	-83,543	-	-	-	-83,543
	<u>\$20,229,922</u>	<u>\$19,332,397</u>	<u>\$ 83,967</u>	<u>\$ 162,617</u>	<u>\$20,313,889</u>	<u>\$19,495,014</u>

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2020

**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	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 2,228,189	\$ 2,228,189	\$ -	\$ -	\$ 2,228,189	\$ 2,228,189
Buildings and improvements	37,259,683	37,486,016	-	-	37,259,683	37,486,016
Vehicles	5,839,322	5,660,821	-	-	5,839,322	5,660,821
Equipment	2,022,640	1,792,872	-	-	2,022,640	1,792,872
Infrastructure	32,584,816	31,184,166	-	-	32,584,816	31,184,166
Sewage system	-	-	6,503,574	6,503,574	6,503,574	6,503,574
Construction in progress	218,394	120,609	-	-	218,394	120,609
Total historical value	<u>80,153,044</u>	<u>78,472,673</u>	<u>6,503,574</u>	<u>6,503,574</u>	<u>86,656,618</u>	<u>84,976,247</u>
Less accumulated depreciation	<u>-46,035,842</u>	<u>-44,357,928</u>	<u>-607,000</u>	<u>-520,286</u>	<u>-46,642,842</u>	<u>-44,878,214</u>
Total capital assets (net)	<u>\$ 34,117,202</u>	<u>\$ 34,114,745</u>	<u>\$ 5,896,574</u>	<u>\$ 5,983,288</u>	<u>\$ 40,013,776</u>	<u>\$ 40,098,033</u>

**Debt administration**

The debt of the town includes long-term bonds, notes and capital leases payable, accrued landfill post-closure care costs and accrued compensated absences (accumulated vacation and sick time) in accordance with the established personnel policies of the Town and Board of Education and pension contributions payable, 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	
	2020	2019	2020	2019	2020	2019
Outstanding payables:						
Portion due within one year	\$ 479,610	\$ 475,291	\$ 105,034	\$ 102,296	\$ 584,644	\$ 577,587
Portion due after one year	679,550	754,791	3,828,985	3,941,220	4,508,535	4,696,011
Other liabilities:						
Accrued compensated absences						
School employees	55,727	52,592	-	-	55,727	52,592
Town employees	51,628	38,376	-	-	51,628	38,376
Accrued landfill post-closure	-	5,631	-	-	-	5,631
Net pension liability	1,697,224	2,096,705	-	-	1,697,224	2,096,705
Total OPEB liability	<u>3,042,204</u>	<u>2,616,754</u>	<u>-</u>	<u>-</u>	<u>3,042,204</u>	<u>2,616,754</u>
Total debt	<u>\$ 6,005,943</u>	<u>\$ 6,040,140</u>	<u>\$ 3,934,019</u>	<u>\$ 4,043,516</u>	<u>\$ 9,939,962</u>	<u>\$ 10,083,656</u>

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2020

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 \$13,875,998 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 \$12,770,444, an increase of \$1,105,554 or approximately 8.66%. This increase is due to the positive results of the general fund of \$757,848, the negative results of the Trumbull investment funds of (\$632,275), the positive results of the town capital funds of \$732,654, the negative results of the small cities program funds of (\$5,140) and the positive results of the non-major governmental funds of \$252,467. 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 \$33,150,039 for the current fiscal year. This compares to the prior fiscal year balance of \$29,570,419. This represents an increase of \$3,579,620 or approximately 12.11%. This is due to a number of increases in revenue categories such as property tax revenues which increased by \$917,915 and miscellaneous income which increased by \$482,649 due in large part to a \$500,000 donation received from the Adams Town Memorial Fund as a contribution to the library expansion and renovation project as well as a \$500,000 promissory note which was also received in relation to this project. Intergovernmental education on-behalf revenue and expenditures increased by \$2,592,434 for the actuarial determined State on-behalf revenue which relates to the pension and OPEB benefits of the Teachers Retirement System. Intergovernmental other revenues increased by \$122,502 due in part to Fema storm assistance revenues received while tuition revenue decreased by (\$7,463) and charges for services decreased by (\$105,259) due in part to the current pandemic.
- The total expenditures of the Town's governmental funds were \$32,554,485 for the current fiscal year. This compares to the prior fiscal year balance of \$29,849,272. This represents an increase of \$2,705,213 or approximately 9.06%. This is due to a number of increases in fund expenditures such as the Trumbull investments fund which increased by \$599,800 relating to the current fiscal year transfer of the portion of the fund relating to the Trumbull Jr. House to the Lebanon Historical Society as approved at town meeting on October 28, 2019. In addition, the general fund expenditures increased by \$2,500,019 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 an excess of \$757,848 for the current fiscal year in comparison to an excess of \$381,073 for the prior fiscal year. This current fiscal year excess 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 \$786,273 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 \$138,723 over the budgeted amount, state education revenue was \$317,210 over the budgeted amount and other state revenue was \$162,904 over the budgeted amount which was due in large part to Fema storm assistance revenue being applied to the general fund in the amount of \$159,291 relating to costs incurred in the general fund. Actual program expenditures of the general fund were \$810,177 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 \$300,003, the medical life and dental insurance account being under-expended by \$74,427 and the snow removal account being under-expended by \$53,460.
- In the current fiscal year, the inhabitants of the Town approved the use of \$423,000 of its unassigned general fund balance through a special town meeting relating to school improvement funds in the amount of \$100,000, a fuel tank at the high school in the amount of \$75,000, cost and implementation of a new soccer field in the amount of \$200,000, the replacement of dugouts in the amount of \$40,000 and engineering costs for a new field in the amount of \$8,000. The Board of Finance approved the use of \$140,000 in accordance with executive orders issued by the Governor for the creation of a Covid-19 emergency relief fund. The Board of Finance also approved the transfer of \$295,292 which represented a portion of the remaining unspent education budget 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, 2020

**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**

On January 30, 2020, the World Health Organization declared the Covid-19 coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to Covid-19. While there were no significant changes to the budget preparation process due to the Covid-19 pandemic, there were several changes to the budget approval process. Budget related meetings during May and June were held via Zoom teleconferencing. The Board of Finance operating under an executive order from the Governor approved the 2021 fiscal year budget and mil rate on May 19, 2020 via a Zoom meeting without holding an annual town meeting. General fund appropriations totaled \$25,662,864 in the approved 2021 fiscal year budget. This represented a decrease of approximately 2.08% from the approved 2020 fiscal year budget amount of \$26,209,109. The mill rate approved for the 2021 fiscal year was 28.2. This represented a decrease of approximately 4.10% from the approved 2020 fiscal year mill rate of 29.4.

Given the uncertainty of the financial constraints that may be placed on the Town during the 2021 fiscal year, the Town does anticipate that additional state and or federal funding will be available during the 2021 fiscal year directly related to the reimbursement of Covid-19 related expenditures. During the current fiscal year, the Town received federal funding in relation to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as passed by the federal government. A portion of these CARES Act funds were passed through to state governments and made available to local governments through a reimbursement request program. Reimbursement requests were made for actual expenditures incurred from March of 2020 through June 30, 2020. The program was changed by the state to an allocation basis for expenditures incurred from July 1, 2020 through December 31, 2020. It is anticipated that additional funds will be made available related to COVID 19 expenditures incurred after December 31, 2020.

The Town believes that it has steadily maintained a sufficient unrestricted net position and unassigned fund balance to sustain the governmental activities and operations for an estimated two month period of time despite any current affects related to the Covid-19 pandemic. The Town hopes to see this trend continuing through the upcoming fiscal year based on the above mentioned items and into future fiscal years.

**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, 2020

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Volunteer fire department
<b>Assets:</b>				
Current assets:				
Cash	\$ 2,520,210	\$ 100	\$ 2,520,310	\$ 146,907
Investments	10,882,287	680,895	11,563,182	679,107
Accounts receivable	837,790	259,869	1,097,659	33,941
Tax acquired property	13,361	-	13,361	-
Inventory & prepaid items	24,388	-	24,388	1,289
Total current assets	14,278,036	940,864	15,218,900	861,244
Capital assets				
Non-depreciable	2,446,583	-	2,446,583	-
Depreciable (net)	31,670,619	5,896,574	37,567,193	195,500
Total capital assets	34,117,202	5,896,574	40,013,776	195,500
Other assets				
Restricted cash	573,713	-	573,713	-
Restricted investments	2,762,214	-	2,762,214	-
Long-term accounts receivable	137,657	2,297,232	2,434,889	-
Notes receivable	971,881	-	971,881	-
Internal balances	-1,166,303	1,166,303	-	-
Total other assets	3,279,162	3,463,535	6,742,697	-
Total Assets	51,674,400	10,300,973	61,975,373	1,056,744
<b>Deferred outflows of resources</b>				
Changes related to Pensions and OPEB	1,379,937	-	1,379,937	-
<b>Liabilities:</b>				
Accounts payable	858,540	7,710	866,250	11,553
Accrued hourly payroll	70,888	613	71,501	-
Other liabilities	146,906	44,460	191,366	-
Due to other funds	2,203	-	2,203	-
Unearned revenues	87,394	24,652	112,046	-
Bond anticipation note payable	1,900,000	-	1,900,000	-
Noncurrent liabilities:				
Portion due within one year	479,610	105,034	584,644	-
Portion due after one year	5,526,333	3,828,985	9,355,318	-
Total liabilities	9,071,874	4,011,454	13,083,328	11,553
<b>Deferred inflows of resources</b>				
Changes related to pensions and OPEB	499,997	-	499,997	-
<b>Net Position:</b>				
Net Investment in capital assets	32,958,042	1,962,555	34,920,597	195,500
Restricted				
Expendable	3,956,761	-	3,956,761	-
Non-expendable	343,660	-	343,660	1,289
Unrestricted	6,224,003	4,326,964	10,550,967	848,402
Total net position	\$ 43,482,466	\$ 6,289,519	\$ 49,771,985	\$ 1,045,191

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
Statement of activities  
For the year ended June 30, 2020

	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ -1,348,722	\$ 128,955	\$ -	\$ -
Public safety	-893,609	132,785	3,050	-
Public works	-1,656,722	93,644	509,941	-
Education	-21,581,348	853,240	6,294,526	-
Education - on behalf	-3,796,506	-	3,796,506	-
Health & social	-977,098	33,446	79,075	-
Community preservation	-231,469	17,546	26,841	-
Unclassified and program	-1,160,974	-	37,225	-
Capital outlay	-	-	-	-
Depreciation				
General infrastructure	-551,036	-	-	-
Debt service				
Interest	-39,218	-	-	-
Total governmental activities	<u>-32,236,702</u>	<u>1,259,616</u>	<u>10,747,164</u>	<u>-</u>
<b>Business-type activities:</b>				
WPCA operating fund	-99,120	111,799	-	-
WPCA benefit assessments fund	-173,271	76,625	-	-
Total business-type activities	<u>-272,391</u>	<u>188,424</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ -32,509,093</u>	<u>\$ 1,448,040</u>	<u>\$ 10,747,164</u>	<u>\$ -</u>
<b>Component unit:</b>				
Volunteer fire department	<u>\$ -392,005</u>	<u>\$ 174,131</u>	<u>\$ 226,302</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, 2020

	Net (expenses) revenues and changes in net position			
	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Volunteer fire department
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ -1,219,767	\$ -	\$ -1,219,767	\$ -
Public safety	-757,774	-	-757,774	-
Public works	-1,053,137	-	-1,053,137	-
Education	-14,433,582	-	-14,433,582	-
Education - on behalf	-	-	-	-
Health & social	-864,577	-	-864,577	-
Community preservation	-187,082	-	-187,082	-
Unclassified and program	-1,123,749	-	-1,123,749	-
Capital outlay	-	-	-	-
Depreciation				
General infrastructure	-551,036	-	-551,036	-
Debt service				
Interest	-39,218	-	-39,218	-
Total governmental activities	<u>-20,229,922</u>	<u>-</u>	<u>-20,229,922</u>	<u>-</u>
<b>Business-type activities:</b>				
WPCA operating fund	-	12,679	12,679	-
WPCA benefit assessments fund	-	-96,646	-96,646	-
Total business-type activities	<u>-</u>	<u>-83,967</u>	<u>-83,967</u>	<u>-</u>
Total primary government	<u>-20,229,922</u>	<u>-83,967</u>	<u>-20,313,889</u>	<u>-</u>
<b>Component unit:</b>				
Volunteer fire department	-	-	-	8,428
<b>General revenues:</b>				
Property tax revenues	19,935,422	-	19,935,422	-
State property tax relief revenues	18,740	-	18,740	-
Other unclassified state revenues	206,614	-	206,614	-
Net change in fair value of investments	-42,193	-	-42,193	14,013
Interest and dividends	175,536	3,419	178,955	26,750
Miscellaneous	750,802	14,562	765,364	32,149
Transfers	10,000	-10,000	-	-
Debt principal forgiveness	100,922	-	100,922	-
Loss on disposal-transfer of capital assets	-180,851	-	-180,851	-
Total general revenues	<u>20,974,992</u>	<u>7,981</u>	<u>20,982,973</u>	<u>72,912</u>
Change in net position	745,070	-75,986	669,084	81,340
<b>Net position - July 1</b>	<u>42,737,396</u>	<u>6,365,505</u>	<u>49,102,901</u>	<u>963,851</u>
<b>Net position - June 30</b>	<u>\$ 43,482,466</u>	<u>\$ 6,289,519</u>	<u>\$ 49,771,985</u>	<u>\$ 1,045,191</u>

See the accompanying notes to the basic financial statements.



**Town of Lebanon, Connecticut**  
Balance sheet - Governmental funds  
June 30, 2020

	General fund	Trumbull investment funds	Town capital funds	Small cities program funds	Non-major governmental funds	Totals
<b>Assets</b>						
Cash	\$ 2,115,639	\$ -	\$ 371	\$ 84,032	\$ 774,282	\$ 2,974,324
Investments	7,937,101	2,403,485	2,930,224	-	373,691	13,644,501
Receivables (net of allowance)						
Property taxes	539,374	-	-	-	-	539,374
Intergovernmental	153,975	-	-	-	130,261	284,236
Other	11,773	-	-	-	2,407	14,180
Notes receivable	-	-	-	971,881	-	971,881
Tax acquired property	13,361	-	-	-	-	13,361
Inventory	-	-	-	-	18,013	18,013
Prepaid items	4,625	-	-	-	1,750	6,375
Due from proprietary funds	15,986	-	-	-	-	15,986
Due from private purpose trusts	-	-	-	-	-	-
Due from other funds	1,408,351	-	1,693,421	-	1,203,454	4,305,226
Total assets	<u>\$ 12,200,185</u>	<u>\$ 2,403,485</u>	<u>\$ 4,624,016</u>	<u>\$ 1,055,913</u>	<u>\$ 2,503,858</u>	<u>\$ 22,787,457</u>
<b>Liabilities</b>						
Accounts payable	\$ 512,792	\$ -	\$ 221,091	\$ -	\$ 121,496	\$ 855,379
Accrued hourly payroll	65,691	-	-	-	5,197	70,888
Other liabilities	139,415	-	-	-	900	140,315
Unearned revenues	15,012	-	-	-	-	15,012
Bond anticipation note	-	-	1,900,000	-	-	1,900,000
Due to proprietary funds	1,166,303	-	-	-	-	1,166,303
Due to private purpose trusts	2,203	-	-	-	-	2,203
Due to other funds	2,895,754	-	810,440	-	599,032	4,305,226
Total liabilities	<u>4,797,170</u>	<u>-</u>	<u>2,931,531</u>	<u>-</u>	<u>726,625</u>	<u>8,455,326</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - Property taxes	456,133	-	-	-	-	456,133
<b>Fund balances</b>						
Nonspendable	4,625	-	-	-	339,035	343,660
Restricted	-	2,403,485	-	1,055,918	533,162	3,992,565
Committed	932,131	-	2,516,991	-	678,984	4,128,106
Assigned	-	-	-	-	228,638	228,638
Unassigned	6,010,126	-	-824,506	-5	-2,586	5,183,029
Total fund balances	<u>6,946,882</u>	<u>2,403,485</u>	<u>1,692,485</u>	<u>1,055,913</u>	<u>1,777,233</u>	<u>13,875,998</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,200,185</u>	<u>\$ 2,403,485</u>	<u>\$ 4,624,016</u>	<u>\$ 1,055,913</u>	<u>\$ 2,503,858</u>	<u>\$ 22,787,457</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, 2020

Fund balances of governmental funds as shown on Statement C		\$ 13,875,998
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	80,153,044	
Less accumulated depreciation	-46,035,842	34,117,202
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:		456,133
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:		-72,382
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	946,617	
Deferred outflows of resources related to OPEB	433,320	
Deferred inflows of resources related to pensions	-259,225	
Deferred inflows of resources related to OPEB	-240,772	879,940
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	-6,591	
Bond payable	-380,000	
Capital lease payable	-380,082	
Promissory note payable	-399,078	
Accrued compensated balances	-107,355	
Net pension liability	-1,697,224	
Total OPEB liability	-3,042,204	-6,012,534
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:		137,657
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:		100,452
Net position of governmental activities as shown on Statement A		\$ 43,482,466

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, 2020

	General fund	Trumbull investment funds	Town capital funds	Small cities program funds	Non-major governmental funds	Totals
<b>Revenues</b>						
Property tax revenues	\$ 20,016,389	\$ -	\$ -	\$ -	\$ -	\$ 20,016,389
Intergovernmental - education	5,064,585	-	-	-	1,178,827	6,243,412
Intergovernmental - on behalf	3,796,506	-	-	-	-	3,796,506
Intergovernmental - tax relief	18,740	-	-	-	-	18,740
Intergovernmental - other	649,597	-	62,920	37,225	144,185	893,927
Tuition	718,590	-	-	-	-	718,590
Charges for services	363,182	-	-	-	177,844	541,026
Net change in investment fair value	-	-32,440	-	-	-9,753	-42,193
Interest and dividends	54,893	90,898	15,801	-	13,530	175,122
Miscellaneous	109,406	-	511,562	30,000	137,552	788,520
Total revenues	30,791,888	58,458	590,283	67,225	1,642,185	33,150,039
<b>Expenditures</b>						
Current:						
General government	963,898	-	40,085	-	68,218	1,072,201
Public safety	630,117	-	-	-	4,479	634,596
Public works	1,281,846	-	41,176	-	7,088	1,330,110
Education	19,225,930	-	72,259	-	1,353,623	20,651,812
Education - on behalf	3,796,506	-	-	-	-	3,796,506
Health & social	198,436	-	2,160	-	687,253	887,849
Community preservation	145,598	-	40,800	-	45,071	231,469
Unclassified and program	645,996	599,800	-	72,365	11,244	1,329,405
Capital outlay	-	-	2,050,048	-	55,829	2,105,877
Debt service:						
Principle	380,000	-	90,000	-	-	470,000
Interest	21,660	-	23,000	-	-	44,660
Total expenditures	27,289,987	599,800	2,359,528	72,365	2,232,805	32,554,485
Excess (deficiency) of revenues over (under) expenditures	3,501,901	-541,342	-1,769,245	-5,140	-590,620	595,554
Other financing sources (uses)						
Promissory note proceeds	-	-	500,000	-	-	500,000
Transfers in	440	-	2,001,899	-	844,146	2,846,485
Transfers out	-2,744,493	-90,933	-	-	-1,059	-2,836,485
Total other financing sources (uses)	-2,744,053	-90,933	2,501,899	-	843,087	510,000
Net change in fund balance	757,848	-632,275	732,654	-5,140	252,467	1,105,554
<b>Fund balances - July 1</b>	6,189,034	3,035,760	959,831	1,061,053	1,524,766	12,770,444
<b>Fund balances - June 30</b>	\$ 6,946,882	\$ 2,403,485	\$ 1,692,485	\$ 1,055,913	\$ 1,777,233	\$ 13,875,998

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, 2020

Net changes in governmental fund balances as shown on Statement D		\$ 1,105,554
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	2,177,681	
Current year depreciation expense on capital assets	-1,994,373	
Current year net loss on the disposal and transfer of capital assets	-180,851	2,457
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:		-87,027
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:		-17,785
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	-99,639	
Amortization of and changes in deferred inflows for pensions and OPEB	-238,256	-337,895
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	-167,721	
Current year employer pension contributions	186,058	18,337
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	5,442	
Bond, capital lease and promissory note payable principal decreases	570,922	
Promissory note proceeds	-500,000	
Accrued compensated balances increase	-16,387	
Accrued landfill post-closure costs decrease	5,631	
Net pension liability decrease	399,481	
Total OPEB liability increase	-425,450	39,639
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:		6,060
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:		15,730
Change in net position of governmental activities as shown on Statement B		\$ 745,070

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, 2020

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Revenues</b>					
Property tax revenues	\$ 19,877,666	\$ -	\$ 19,877,666	\$ 20,016,389	\$ 138,723
Intergovernmental - education	4,747,375	-	4,747,375	5,064,585	317,210
Intergovernmental - tax relief	14,807	-	14,807	18,740	3,933
Intergovernmental - other	486,693	-	486,693	649,597	162,904
Tuition	622,857	-	622,857	718,590	95,733
Charges for services	356,411	-	356,411	363,182	6,771
Interest and dividends	18,000	-	18,000	54,893	36,893
Miscellaneous	85,300	-	85,300	109,406	24,106
Total revenues	<u>26,209,109</u>	<u>-</u>	<u>26,209,109</u>	<u>26,995,382</u>	<u>786,273</u>
<b>Expenditures</b>					
General government:					
Legal counsel	40,000	10,821	50,821	50,821	-
Selectmen	153,499	-	153,499	143,203	10,296
Elections	34,019	-	34,019	30,830	3,189
Probate court	2,429	-	2,429	2,362	67
Board of finance	3,350	-	3,350	463	2,887
Finance office	157,011	-	157,011	116,127	40,884
Tax collector	80,145	-	80,145	67,814	12,331
Board of assessment appeals	1,275	-	1,275	542	733
Town clerk	102,043	850	102,893	101,111	1,782
Assessor	78,075	-	78,075	78,055	20
Auditor	30,000	-	30,000	20,500	9,500
Town report	1,000	-	1,000	850	150
Computer service	130,715	30,760	161,475	151,555	9,920
Town hall	86,175	-	86,175	74,163	12,012
Insurance	128,498	-	128,498	125,502	2,996
Renters rebate	10,000	-	10,000	-	10,000
	<u>1,038,234</u>	<u>42,431</u>	<u>1,080,665</u>	<u>963,898</u>	<u>116,767</u>
Public safety:					
Police services	356,415	-	356,415	345,341	11,074
Lebanon volunteer fire department	175,000	-	175,000	175,000	-
Fire marshal	22,506	-	22,506	21,597	909
Burning official	3,553	1,045	4,598	4,598	-
Building department	63,393	-	63,393	54,108	9,285
Fire safety complex	40,361	-	40,361	29,473	10,888
Tree warden	185	-	185	-	185
	<u>661,413</u>	<u>1,045</u>	<u>662,458</u>	<u>630,117</u>	<u>32,341</u>
Public works:					
Department of public works	764,000	28,398	792,398	758,855	33,543
Buildings and grounds	149,757	-	149,757	131,792	17,965
Snow removal	240,737	-	240,737	187,277	53,460
Street lights	2,744	-	2,744	2,084	660
Solid waste facility	190,000	-	190,000	187,851	2,149
Water pollution control	4,721	-	4,721	939	3,782
Cemetery commission	15,272	-	15,272	13,048	2,224
	<u>1,367,231</u>	<u>28,398</u>	<u>1,395,629</u>	<u>1,281,846</u>	<u>113,783</u>
Education	19,562,516	-	19,562,516	19,262,513	300,003

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, 2020

	Original budget	Budget revisions	Final budget	Actual	Variance
Health & social:					
Health department	\$ 47,651	\$ -	\$ 47,651	\$ 47,651	\$ -
Human services	22,746	-	22,746	22,734	12
Wcmh Paramedic program	35,234	-	35,234	26,152	9,082
United services	5,116	-	5,116	5,116	-
Dispatch switch board	21,086	-	21,086	20,625	461
Special events	1,023	-	1,023	753	270
Senior center operations	82,090	-	82,090	75,405	6,685
	<u>214,946</u>	<u>-</u>	<u>214,946</u>	<u>198,436</u>	<u>16,510</u>
Community preservation:					
Planning and zoning	154,346	-	154,346	140,197	14,149
Zoning board of appeals	4,060	-	4,060	545	3,515
Economic development commission	2,046	-	2,046	1,205	841
Inland wetlands	3,700	-	3,700	3,395	305
Conservation commission	256	-	256	256	-
	<u>164,408</u>	<u>-</u>	<u>164,408</u>	<u>145,598</u>	<u>18,810</u>
Unclassified and program:					
Social security	131,067	-	131,067	112,348	18,719
Medical life dental insurance	425,656	-	425,656	351,229	74,427
Pension plan	207,610	-	207,610	176,845	30,765
Unemployment compensation	5,500	-	5,500	5,574	-74
Contingency	160,000	-71,874	88,126	-	88,126
	<u>929,833</u>	<u>-71,874</u>	<u>857,959</u>	<u>645,996</u>	<u>211,963</u>
Debt service:					
Principal	380,000	-	380,000	380,000	-
Interest	21,660	-	21,660	21,660	-
	<u>401,660</u>	<u>-</u>	<u>401,660</u>	<u>401,660</u>	<u>-</u>
Total expenditures	<u>24,340,241</u>	<u>-</u>	<u>24,340,241</u>	<u>23,530,064</u>	<u>810,177</u>
Excess of revenues over (under) expenditures	<u>1,868,868</u>	<u>-</u>	<u>1,868,868</u>	<u>3,465,318</u>	<u>1,596,450</u>
Other financing sources (uses)					
Utilization of unassigned fund balance	-	858,292	858,292	-	-858,292
Utilization of committed fund balance	-	17,333	17,333	-	-17,333
Transfers in	-	-	-	440	440
Transfers out	-1,868,868	-875,625	-2,744,493	-2,744,493	-
Total other financing sources (uses)	<u>-1,868,868</u>	<u>-</u>	<u>-1,868,868</u>	<u>-2,744,053</u>	<u>-875,185</u>
Change in fund balance	-	-	-	721,265	721,265
Current year encumbrances				36,583	
Prior year encumbrances				-	
Non-budgeted State on-behalf revenue				3,796,506	
Non-budgeted State on-behalf expenditure				<u>-3,796,506</u>	
Net change in fund balance				757,848	
<b>Fund balances - July 1</b>				<u>6,189,034</u>	
<b>Fund Balance - June 30</b>				<u><u>\$ 6,946,882</u></u>	

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
Statement of net position  
Proprietary funds  
June 30, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund	Total	Dental fund
<b>Assets:</b>				
Current assets:				
Cash	\$ 100	\$ -	\$ 100	\$ 119,599
Investments	-	680,895	680,895	-
Accounts receivables	17,496	965	18,461	-
Current portion of benefit assessment notes	-	178,219	178,219	-
Delinquent benefit assessment notes	-	42,000	42,000	-
Delinquent borrowed interest receivable	-	21,189	21,189	-
Total assets	<u>17,596</u>	<u>923,268</u>	<u>940,864</u>	<u>119,599</u>
Capital assets				
Non-depreciable	-	-	-	-
Depreciable (net)	-	5,896,574	5,896,574	-
Total capital assets	<u>-</u>	<u>5,896,574</u>	<u>5,896,574</u>	<u>-</u>
Other assets				
Non-current portion of benefit assessment notes	-	2,297,232	2,297,232	-
Internal balances	459,307	706,996	1,166,303	-
Total other assets	<u>459,307</u>	<u>3,004,228</u>	<u>3,463,535</u>	<u>-</u>
Total Assets	<u>\$ 476,903</u>	<u>\$ 9,824,070</u>	<u>\$ 10,300,973</u>	<u>\$ 119,599</u>
<b>Liabilities:</b>				
Accounts payable	\$ 7,710	\$ -	\$ 7,710	\$ 3,161
Accrued hourly payroll	613	-	613	-
Other liabilities	-	44,460	44,460	-
Unearned revenues	24,652	-	24,652	-
Due to other funds	-	-	-	15,986
Long-term debt				
Portion due within one year	-	105,034	105,034	-
Portion due after one year	-	3,828,985	3,828,985	-
Total liabilities	<u>32,975</u>	<u>3,978,479</u>	<u>4,011,454</u>	<u>19,147</u>
<b>Net Position:</b>				
Net investment in capital assets	-	1,962,555	1,962,555	-
Restricted				
Expendable	-	-	-	100,452
Non-expendable	-	-	-	-
Unrestricted	443,928	3,883,036	4,326,964	-
Total net position	<u>443,928</u>	<u>5,845,591</u>	<u>6,289,519</u>	<u>100,452</u>
Total liabilities and net position	<u>\$ 476,903</u>	<u>\$ 9,824,070</u>	<u>\$ 10,300,973</u>	<u>\$ 119,599</u>

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, 2020

	Business-type activities		Total	Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund		Dental fund
<b>Operating revenues:</b>				
Benefits assessment	\$ -	\$ 16,683	\$ 16,683	\$ -
Borrowed interest assessment	-	59,942	59,942	-
Charges for services	111,799	-	111,799	182,314
Other fees	5,605	8,782	14,387	-
Other operating revenues	175	-	175	-
Total operating revenues	<u>117,579</u>	<u>85,407</u>	<u>202,986</u>	<u>182,314</u>
<b>Operating expenses:</b>				
Personal services	20,191	-	20,191	-
Contractual services	-	-	-	166,998
Operation and maintenance	76,582	-	76,582	-
Depreciation	-	86,714	86,714	-
Administrative costs	2,347	-	2,347	-
Total operating expenses	<u>99,120</u>	<u>86,714</u>	<u>185,834</u>	<u>166,998</u>
Total operating income (loss)	<u>18,459</u>	<u>-1,307</u>	<u>17,152</u>	<u>15,316</u>
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	-	3,419	3,419	414
Fiscal charges	-	-	-	-
Interest expense	-	-86,557	-86,557	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-83,138</u>	<u>-83,138</u>	<u>414</u>
Total Income (loss)	<u>18,459</u>	<u>-84,445</u>	<u>-65,986</u>	<u>15,730</u>
<b>Contributions and transfers:</b>				
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-10,000	-	-10,000	-
Total contributions and transfers	<u>-10,000</u>	<u>-</u>	<u>-10,000</u>	<u>-</u>
Change in net position	8,459	-84,445	-75,986	15,730
Net position - July 1	<u>435,469</u>	<u>5,930,036</u>	<u>6,365,505</u>	<u>84,722</u>
Net position - June 30	<u>\$ 443,928</u>	<u>\$ 5,845,591</u>	<u>\$ 6,289,519</u>	<u>\$ 100,452</u>

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, 2020

	Business-type activities			Governmental activities
	Enterprise funds			Internal service fund
	WPCA operating fund	WPCA assessment fund	Total	Dental fund
<b>Cash flows from operating activities:</b>				
Receipts from employees and town	\$ -	\$ -	\$ -	\$ 163,170
Receipts from customers and users	121,658	335,090	456,748	-
Payments for goods and services	-83,691	-	-83,691	-166,190
Payments to employees	-19,578	-	-19,578	-
Other items	175	-	175	-
Utilization of general fund cash account	-8,564	-131,706	-140,270	-
Net cash from operating activities	<u>10,000</u>	<u>203,384</u>	<u>213,384</u>	<u>-3,020</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to or from other funds	-10,000	-109,497	-119,497	-
Interest paid	-	-93,887	-93,887	-
Net cash from noncapital financial activities	<u>-10,000</u>	<u>-203,384</u>	<u>-213,384</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal payments of long-term debt	-	-	-	-
Interest payments of long-term debt	-	-	-	-
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Investment additions	-	-	-	-
Interest and other receipts	-	3,419	3,419	414
Net cash from investing activities	<u>-</u>	<u>3,419</u>	<u>3,419</u>	<u>414</u>
Change in cash and cash equivalents	-	3,419	3,419	-2,606
<b>Cash and cash equivalents - July 1</b>	<u>100</u>	<u>677,476</u>	<u>677,576</u>	<u>122,205</u>
<b>Cash and cash equivalents - June 30</b>	<u>\$ 100</u>	<u>\$ 680,895</u>	<u>\$ 680,995</u>	<u>\$ 119,599</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>				
Operating income (loss)	\$ 18,459	\$ -1,307	\$ 17,152	\$ 15,316
Adjustments:				
Depreciation	-	86,714	86,714	-
Changes in operating assets and liabilities				
(Increase) decrease in internal balances	-8,564	-131,705	-140,269	-20,464
(Increase) decrease in accounts receivable	6,388	249,682	256,070	1,319
Increase (decrease) in accounts payable	-4,762	-	-4,762	-
Increase (decrease) in accrued payroll	613	-	613	809
Increase (decrease) in unearned revenue	-2,134	-	-2,134	-
Net cash from operating activities	<u>\$ 10,000</u>	<u>\$ 203,384</u>	<u>\$ 213,384</u>	<u>\$ -3,020</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, 2020

	Private purpose trusts	Agency funds	Total
<b>Assets:</b>			
Cash	\$ 13,636	\$ 115,765	\$ 129,401
Investments	69,048	11,126	80,174
Receivables	-	-	-
Due from other funds	2,203	-	2,203
Total assets	<u>\$ 84,887</u>	<u>\$ 126,891</u>	<u>\$ 211,778</u>
<b>Liabilities:</b>			
Accounts payable	\$ 500	\$ -	\$ 500
Unearned revenues	-	-	-
Due to student groups	-	101,002	101,002
Due to other groups	-	25,889	25,889
Due to other funds	-	-	-
Total liabilities	<u>500</u>	<u>126,891</u>	<u>127,391</u>
<b>Net position:</b>			
Restricted			
Expendable	84,387	-	84,387
Non-expendable	-	-	-
Unrestricted	-	-	-
Total net position	<u>84,387</u>	<u>-</u>	<u>84,387</u>
Total liabilities and net position	<u>\$ 84,887</u>	<u>\$ 126,891</u>	<u>\$ 211,778</u>
<b>Additions</b>			
Property tax revenues	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Interest and dividends	659	-	659
Net change in investment fair value	-414	-	-414
Miscellaneous	35,491	-	35,491
Total additions	<u>35,736</u>	<u>-</u>	<u>35,736</u>
<b>Deductions</b>			
Salary and wages	-	-	-
Program operating costs	24,081	-	24,081
Capital expenditures	-	-	-
Total deductions	<u>24,081</u>	<u>-</u>	<u>24,081</u>
<b>Transfers</b>			
Transfers in	725	-	725
Transfers out	-725	-	-725
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	11,655	-	11,655
Net position - July 1	<u>72,732</u>	<u>-</u>	<u>72,732</u>
Net position - June 30	<u>\$ 84,387</u>	<u>\$ -</u>	<u>\$ 84,387</u>

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2020

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. 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 \$9,862 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 donor. 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.

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**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 being charged 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.

**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 agency capacity for others and therefore cannot be used to support the programs of the Town. The fiduciary funds of the Town consist of private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds and on behalf of the library and cemeteries in similar funds. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. There is no requirement that any portion of these resources be preserved as capital. Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist 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 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. Agency funds - Agency funds represent resources held in a purely custodial capacity for individuals, private organizations, or other governments.

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 1R 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 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 private-purpose trust funds and agency 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. Money market accounts and certificates of deposit may be classified as investments regardless of maturity in order to more accurately reflect how the Town's cash balances are being used for the benefit of the Town. 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 permanent and private purpose trust 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 6, 2019 on the grand list as of October 1, 2018, for the real, motor vehicle and personal property located in the Town at a rate of 29.4 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2019, and January 1, 2020. Supplemental motor vehicle taxes were due on January 1, 2020. 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 current fiscal year accounts receivable balance of \$837,790 is made up of general property taxes receivable of \$539,374, state, federal and other grant receivables of \$131,923, tuition billing receivables of \$134,478, municipal building services fees of \$17,705 and other miscellaneous receivables of \$14,310. The long-term accounts receivable balance of \$137,657 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 notes receivable balance of \$971,881 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 1<sup>st</sup> and October 1<sup>st</sup> 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, a benefit assessment was levied on a property located along the District in the amount of \$16,683. Current fiscal year assessment principal collections totaled approximately \$256,371 leaving a current and long-term receivable amount due of \$2,517,451. Current fiscal year borrowed interest collections totaled approximately \$69,937 including currently billed amounts and previously billed amounts leaving a outstanding receivable of \$21,189. Current fiscal year user fee collections totaled approximately \$118,187 including currently billed amounts and previously billed amounts leaving a outstanding receivable of \$17,496.

**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 \$18,013 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 also capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. 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 and business-type and private purpose trust 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 \$87,394. This balance is made up of \$72,382 which represents unspent state, federal and other grant program balances which will be used in upcoming fiscal years, \$14,262 which represents an amount returned by a vendor for a prior fiscal years material purchase not fully utilized and \$750 representing 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 \$24,652 which 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. The current fiscal year unearned revenue balance of the governmental activities as shown on the balance sheet totaled \$15,012 and is made up of the above mentioned vendor returned amount and advance upcoming fiscal year payment due.

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 outflow may include differences between expected and actual experience, changes in assumptions and changes in the proportionate share of contributions, which would be deferred and amortized over the average expected remaining service lives of active and inactive members in the pension plan. They may also include the net difference between projected and actual earnings on pension plan investments, which would be deferred and amortized over a five-year period. 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 \$1,379,937. This balance is made up of current fiscal year pension contributions made by the town in the amount of \$186,058 and the actuarial determined pension differences between expected and actual experience of \$184,824, changes of assumptions of \$448,260, changes in the proportionate share of \$58,382, the net difference between projected and actual earnings on pension plan investments of \$69,093 and the actuarial determined OPEB changes of assumptions of \$433,320.

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 and changes in the proportionate share of contributions, which would be deferred and amortized over the average expected remaining service lives of active and inactive members in the pension plan. They may also include the net difference between projected and actual earnings on pension plan investments, which would be deferred and amortized over a five-year period. 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 \$499,997. This balance is made up of the actuarial determined pension differences between expected and actual experience of \$152,975, changes in the proportionate share of \$106,250 and the actuarial determined OPEB difference between expected and actual experience of \$179,480 and changes of assumptions of \$61,292. The governmental funds of the Town currently report on the balance sheet 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 this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The current fiscal year deferred inflow of resources balance relating to these property taxes receivable is \$456,133.

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**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 \$146,906 as shown on the statement of net position is made up of tax refunds issued but not yet paid of \$49,048, 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, accrued debt service interest of \$6,591 and other miscellaneous items of \$901. All of these items are also included on the balance sheet with the exception of accrued debt service interest. The business-type activities other liabilities balance of \$44,460 is also accrued debt service interest.

**P. Long-term obligations and related costs**

Long-term debt and other long-term obligations are reported as liabilities on the governmental-wide statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. The unamortized portion is presented as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Q. 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, and expenditures of an individual governmental or enterprise (if present) fund are at least 10% of the corresponding totals for all funds of the governmental or enterprise (if present) fund type and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 5% of the corresponding totals for all governmental and enterprise (if present) funds combined.
- c. Any other individual governmental or enterprise (if present) 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 78 through 83 of the financial statements.

- d. Trumbull investments fund - This fund is used to account for three 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, the Adams community center and the Jonathan Trumbull Jr. house before it was transferred.
- 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.

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**R. 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 funds 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 local funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the funding agreement with the Town and cannot be used for any other specified purposes. In addition, the Town has created a special revenue fund to account for and report the proceeds of funds collected by the town clerks office as mandated by the State of Connecticut in relation to historic document preservation fees and locip surcharge assessment fees. 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 amount of \$932,131 relates to an amount of up to \$1,000,000 which was approved at a special town meeting relating to storm damage repairs though only \$17,333 was utilized during the current fiscal year.
- 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 of the general fund at the end of the current fiscal year.
- 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.

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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	\$ 4,625	\$ -	\$ -	\$ -	\$ 19,763	\$ 24,388
Permanent funds principal	-	-	-	-	319,272	319,272
	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,035</u>	<u>343,660</u>
Restricted:						
Town grants	-	-	-	-	41,703	41,703
Education grants	-	-	-	-	30,679	30,679
Trumbull donations funds	-	2,403,485	-	-	245,100	2,648,585
Other town donation funds	-	-	-	-	102,374	102,374
Housing rehab income fund	-	-	-	1,055,918	-	1,055,918
Enabling legislation funds	-	-	-	-	60,324	60,324
Permanent funds non-principal	-	-	-	-	52,982	52,982
	<u>-</u>	<u>2,403,485</u>	<u>-</u>	<u>1,055,918</u>	<u>533,162</u>	<u>3,992,565</u>
Committed:						
Town construction projects	-	-	988,952	-	-	988,952
Capital nonrecurring balances	-	-	1,076,099	-	-	1,076,099
School capital fund	-	-	451,940	-	-	451,940
Lebanon public library	-	-	-	-	216,804	216,804
Lebanon recreation commission	-	-	-	-	23,069	23,069
Adams community center	-	-	-	-	85,101	85,101
Town improvement program	-	-	-	-	168,236	168,236
Senior vans program	-	-	-	-	73,213	73,213
Covid-19 emergency relief fund	-	-	-	-	87,780	87,780
Lake Williams project	-	-	-	-	24,781	24,781
Approved storm damage funds	932,131	-	-	-	-	932,131
	<u>932,131</u>	<u>-</u>	<u>2,516,991</u>	<u>-</u>	<u>678,984</u>	<u>4,128,106</u>
Assigned:						
Dog fund	-	-	-	-	6,395	6,395
Town donation and grant funds	-	-	-	-	19,121	19,121
Summer dance festival	-	-	-	-	13,973	13,973
Cemetery lot funds	-	-	-	-	10,548	10,548
Historic building funds	-	-	-	-	10,892	10,892
Education programs	-	-	-	-	63,638	63,638
Education activity accounts	-	-	-	-	104,071	104,071
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,638</u>	<u>228,638</u>
Unassigned:						
General fund	6,010,126	-	-	-	-	6,010,126
Town construction projects	-	-	-796,256	-	-	-796,256
Capital non-recurring balances	-	-	-28,250	-	-	-28,250
Education and other programs	-	-	-	-5	-22	-27
Permanent funds principal	-	-	-	-	-2,564	-2,564
	<u>6,010,126</u>	<u>-</u>	<u>-824,506</u>	<u>-5</u>	<u>-2,586</u>	<u>5,183,029</u>
<b>Total fund balances</b>	<b>\$ 6,946,882</b>	<b>\$ 2,403,485</b>	<b>\$ 1,692,485</b>	<b>\$ 1,055,913</b>	<b>\$ 1,777,233</b>	<b>\$ 13,875,998</b>

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**S. 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 permanent funds classify scholarship allocations made to the high school student activity account into this departmental expenditure category.

**T. 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, 2020 was \$36,583 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.

**U. 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. The current fiscal year budget was adopted by the inhabitants of the Town on May 6, 2019.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 30,791,888	\$ -27,289,987	\$ -2,744,053	\$ 757,848
Current fiscal year encumbrances	-	-36,583	-	-36,583
Prior fiscal year encumbrances	-	-	-	-
State on-behalf benefits related to pensions	-4,185,420	4,185,420	-	-
State on-behalf benefits related to OPEB	388,914	-388,914	-	-
Budgetary basis - Statement E	<u>\$ 26,995,382</u>	<u>\$ -23,530,064</u>	<u>\$ -2,744,053</u>	<u>\$ 721,265</u>

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**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 \$2,762,214 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, Adams community center and the Jonathan Trumbull Jr. house before it was transferred to the Lebanon Historical Society during the current fiscal year. A portion of this restricted investments balance in the amount of \$2,403,485 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 \$358,729 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	\$ 84,032
Unearned state, federal, and other grant program balances	72,382
Principal balance of non-major permanent funds	9,501
Restricted donation funds	347,474
Enabling legislation program funds	60,324
	\$ 573,713

**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 \$13,835,953 which is shown in the financial statements as cash balances of \$3,223,423 and investment balances of \$10,612,530 which represent money market accounts, certificates of deposit and other higher yielding accounts. The corresponding bank balances of these accounts at various financial institutions totaled \$14,424,572 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 \$13,674,572 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.

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**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 \$245,859 which is shown in the financial statements as cash balances of \$146,907 and investment balances of \$98,952 which represent money market accounts, certificates of deposit and other higher yielding accounts. The corresponding bank balances of these accounts at one financial institution totaled \$253,037 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 \$3,037 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, 2020.

Type	Fair value	Maturities in years				Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	More than 10 years	S & P
<b>Governmental &amp; business type:</b>						
CT short term investment fund	\$ 1,006,067	\$ 1,006,067	\$ -	\$ -	\$ -	AAAm
Preferred stocks	8,232	8,232	-	-	-	not rated
Exchange traded funds	338,618	338,618	-	-	-	not rated
Unit trusts	579	579	-	-	-	not rated
Money market and certificates	10,567,526	10,567,526	-	-	-	not rated
Municipal bonds	53,770	-	5,520	48,250	-	AAA
Municipal bonds	17,361	-	-	17,361	-	AA+
Municipal bonds	74,252	-	-	74,252	-	AA
Municipal bonds	10,893	-	-	10,893	-	BBB+
Corporate bonds	26,861	20,436	-	6,425	-	AA- to AA+
Corporate bonds	86,461	30,437	56,024	-	-	A- to A+
Corporate bonds	87,544	5,015	67,855	14,674	-	BBB+
	<u>12,278,164</u>	<u>\$ 11,976,910</u>	<u>\$ 129,399</u>	<u>\$ 171,855</u>	<u>\$ -</u>	
Stock equities	1,542,485					
Mutual fund equities	504,747					
	<u>\$ 14,325,396</u>					
<b>Fiduciary funds:</b>						
Money market and certificates	\$ 64,234	<u>\$ 64,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	not rated
Mutual fund equities	15,940					
	<u>\$ 80,174</u>					

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.



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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.

Investments	Fair value	Fair value measurement		
		Level 1	Level 2	Level 3
<b>Governmental &amp; business type:</b>				
CT short term investment fund	\$ 1,006,067	\$ 1,006,067	\$ -	\$ -
Preferred stocks	8,232	8,232	-	-
Exchange traded funds	338,618	338,618	-	-
Unit trusts	579	579	-	-
Money market and certificates	10,567,526	10,567,526	-	-
Municipal bonds	156,276	156,276	-	-
Corporate bonds	200,866	200,866	-	-
Stock equities	1,542,485	1,542,485	-	-
Mutual fund equities	504,747	504,747	-	-
	<u>\$ 14,325,396</u>	<u>\$ 14,325,396</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fiduciary funds:</b>				
Money market and certificates	\$ 64,234	\$ 64,234	\$ -	\$ -
Mutual fund equities	15,940	15,940	-	-
	<u>\$ 80,174</u>	<u>\$ 80,174</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, 2020.

Type	Fair value	Maturities in years				Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	More than 10 years	
Money market and certificates	\$ 98,995	\$ 98,995	\$ -	\$ -	\$ -	not rated
Stock equities	14,842					
Mutual fund equities & unit trusts	565,270					
	<u>\$ 679,107</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, 2020.

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**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 and private purpose trust fund balances which are shown as internal balances on the Statement of net position when present.

	Receivable due from	Payable due to
<b>General fund:</b>		
Town capital funds	\$ 810,440	\$ 1,693,421
Non-major special revenue funds	597,365	1,161,244
Non-major capital project funds	-	24,781
Non-major permanent funds	546	16,308
	1,408,351	2,895,754
Proprietary enterprise funds	-	1,166,303
Proprietary internal service funds	15,986	-
Private purpose trust funds	-	2,203
	\$ 1,424,337	\$ 4,064,260
<b>Town capital funds:</b>		
General fund	\$ 1,693,421	\$ 810,440

**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 at the annual town meeting, subsequent special town meetings and by the Board of Finance in accordance with current fiscal year executive orders as issued by the Governor. The Board of Finance voted to approve the concept of transferring a portion of the remaining unspent education budget to the school capital fund in accordance with State legislature section 10-248a resulting in a current fiscal year approved transfer from the general fund in the amount of \$295,292. 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
<b>General fund:</b>		
Town capital funds	\$ -	\$ -1,991,899
Non-major special revenue funds	-	-752,594
Non-major permanent funds	440	-
	\$ 440	\$ -2,744,493
<b>Trumbull investment funds:</b>		
Non-major special revenue funds	\$ -	\$ -90,933
<b>Town capital funds:</b>		
General fund	\$ 1,991,899	\$ -
Proprietary enterprise funds	10,000	-
	\$ 2,001,899	\$ -

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**Note 5 - Capital assets**

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2020. 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 07/01/19	Additions	Retirements	Balance 06/30/20
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 2,228,189	\$ -	\$ -	\$ 2,228,189
Construction in progress	120,609	97,785	-	218,394
Total capital assets not being depreciated	<u>2,348,798</u>	<u>97,785</u>	<u>-</u>	<u>2,446,583</u>
Capital assets being depreciated:				
Buildings and improvements	37,486,016	207,878	-434,211	37,259,683
Vehicles	5,660,821	233,605	-55,104	5,839,322
Equipment	1,792,872	237,763	-7,995	2,022,640
Infrastructure	31,184,166	1,400,650	-	32,584,816
Total capital assets being depreciated	<u>76,123,875</u>	<u>2,079,896</u>	<u>-497,310</u>	<u>77,706,461</u>
Less accumulated depreciation for:				
Building and improvements	-18,540,590	-938,162	262,269	-19,216,483
Vehicles	-3,194,132	-350,374	46,195	-3,498,311
Equipment	-1,223,975	-154,801	7,995	-1,370,781
Infrastructure	-21,399,231	-551,036	-	-21,950,267
Total accumulated depreciation	<u>-44,357,928</u>	<u>-1,994,373</u>	<u>316,459</u>	<u>-46,035,842</u>
Total capital assets being depreciated (net)	<u>31,765,947</u>	<u>85,523</u>	<u>-180,851</u>	<u>31,670,619</u>
Total capital assets (net)	<u>\$ 34,114,745</u>	<u>\$ 183,308</u>	<u>\$ -180,851</u>	<u>\$ 34,117,202</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 - \$11,880, public safety - \$259,013, public works - \$156,662, health & social - \$88,581, education - \$927,201 and general infrastructure - \$551,036 for a total current fiscal year depreciation expense amount of \$1,994,373.

	Balance 07/01/19	Additions	Retirements	Balance 06/30/20
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Lebanon Amston Lake Sewage System	\$ 6,503,574	\$ -	\$ -	\$ 6,503,574
Less accumulated depreciation	-520,286	-	-86,714	-607,000
Total capital assets being depreciated (net)	<u>\$ 5,983,288</u>	<u>\$ -</u>	<u>\$ -86,714</u>	<u>\$ 5,896,574</u>

	Balance 07/01/19	Additions	Retirements	Balance 06/30/20
<b>Component unit:</b>				
Capital assets being depreciated:				
Buildings, vehicles and equipment	\$ 456,789	\$ 24,901	\$ -5,500	\$ 476,190
Less accumulated depreciation	-260,366	5,500	-25,824	-280,690
Total capital assets being depreciated (net)	<u>\$ 196,423</u>	<u>\$ 30,401</u>	<u>\$ -31,324</u>	<u>\$ 195,500</u>

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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 07/1/19	Additions	Reductions	Balance 06/30/20	Amount due within one year
<b>Governmental activities:</b>					
Outstanding payables:					
\$5,750,000 bond payable	\$ 760,000	\$ -	\$ -380,000	\$ 380,000	\$ 380,000
\$495,000 capital lease payable	470,082	-	-90,000	380,082	99,610
\$500,000 promissory note payable	-	500,000	-100,922	399,078	-
Total outstanding payables	<u>1,230,082</u>	<u>500,000</u>	<u>-570,922</u>	<u>1,159,160</u>	<u>479,610</u>
Other liabilities:					
Accrued comp. absences - school	52,592	3,135	-	55,727	-
Accrued comp. absences - town	38,376	13,252	-	51,628	-
Accrued landfill post-closure costs	5,631	-	-5,631	-	-
Net pension liability	2,096,705	-	-399,481	1,697,224	-
Total OPEB liability	<u>2,616,754</u>	<u>425,450</u>	<u>-</u>	<u>3,042,204</u>	<u>-</u>
Total other liabilities	<u>4,810,058</u>	<u>441,837</u>	<u>-405,112</u>	<u>4,846,783</u>	<u>-</u>
Total long-term liabilities	<u>\$ 6,040,140</u>	<u>\$ 941,837</u>	<u>\$ -976,034</u>	<u>\$ 6,005,943</u>	<u>\$ 479,610</u>
<b>Business-type activities:</b>					
Outstanding payables:					
\$5,105,000 bond payable	<u>\$ 4,043,516</u>	<u>\$ -</u>	<u>\$ -109,497</u>	<u>\$ 3,934,019</u>	<u>\$ 105,034</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%.

\$ 380,000

\$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, \$100,922 of principal and \$3,898 of accrued interest was forgiven by the note holder.

399,078  
\$ 779,078

**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%.

\$ 3,934,019

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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 own for the fiscal years ending June 30.:

	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 380,000	\$ 7,220	\$ 387,220	\$ 105,034	\$ 98,350	\$ 203,384
2022	-	-	-	107,659	95,725	203,384
2023	-	-	-	110,351	93,033	203,384
2024	-	-	-	113,110	90,274	203,384
2025	399,078	22,270	421,348	115,937	87,447	203,384
2026 - 2030	-	-	-	624,640	392,280	1,016,920
2031 - 2035	-	-	-	706,723	310,197	1,016,920
2036 - 2040	-	-	-	799,592	217,328	1,016,920
2041 - 2045	-	-	-	904,665	112,255	1,016,920
2046 - 2050	-	-	-	346,308	12,448	358,756
	<u>\$ 779,078</u>	<u>\$ 29,490</u>	<u>\$ 808,568</u>	<u>\$ 3,943,019</u>	<u>\$ 1,509,337</u>	<u>\$ 5,443,356</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, 2020 was \$57,945. The total monthly payments on this lease over the next five fiscal years are equal to approximately \$408,887. The amount of these payments representing interest is equal to approximately \$28,805 leaving the net present value of future minimum lease payments equaling \$380,082.

**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, 2020, school accumulated sick balances totaled approximately \$332,486. 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, 2020 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.

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**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 \$2,600,000 was paid in full with interest at 2.45% on July 11, 2019 and replaced with the current fiscal year outstanding bond anticipation note payable in the amount of \$1,900,000 due July 10, 2020 with interest at 2.45%. Both of these notes have and are being used to finance costs related to the town 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 \$138,547. This interest expense was increased by current fiscal year accrued interest amounts of \$54,949, decreased by the reversal of prior fiscal year accrued interest amounts of (\$63,823) and decreased by current fiscal year interest forgiveness of (\$3,898) in the government-wide financial statements for a total recorded interest expense amount of \$125,775. For the governmental activities in the fund financial statements, \$21,660 was shown as a general fund interest expenditure amount and \$23,000 was shown as a Town capital funds interest expenditure amount for a total recorded interest expenditure amount of \$44,660. For the governmental activities in the government-wide financial statements, \$44,660 was incurred as debt service interest expense. This interest amount was increased by current fiscal year accrued interest amounts of \$10,489, decreased by the reversal of prior fiscal year accrued interest amounts of (\$12,033) and decreased by current fiscal year interest forgiveness of (\$3,898) for a total recorded interest expense amount of \$39,218. For the business-type activities in the government-wide financial statements, \$93,887 was incurred as debt service interest expense. This interest amount was increased by current fiscal year accrued interest amount of \$44,460 and decreased by the reversal of prior fiscal year accrued interest amount of (\$51,790) for a total recorded interest expense amount of \$86,557.

**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, 2020 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	\$ 80,153,044	\$ 6,503,574	\$ 86,656,618	\$ 476,190
Less accumulated depreciation	-46,035,842	-607,000	-46,642,842	-280,690
Book value of capital assets	34,117,202	5,896,574	40,013,776	195,500
Less capital assets related debt	-1,159,160	-3,934,019	-5,093,179	-
	\$ 32,958,042	\$ 1,962,555	\$ 34,920,597	\$ 195,500

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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 partially forgivable 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, 2020, the following balances represent the loan fund described above.

Cash and restricted cash	\$ 84,032
Notes receivable (net of allowance)	971,881
Restricted net position and restricted fund balance	-1,055,913
	\$ -

**Note 11 - Deficit fund balances**

In accordance with GAAP, all deficit fund balances and their nature must be disclosed. As of June 30, 2020, the town capital funds major fund included one individual project cost center with a deficit fund balance. The town bridges project fund 244 had a unassigned deficit fund balance of (\$796,256). The town bridges 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. In addition, one individual project within the capital non-recurring fund 220 had an unassigned deficit fund balance of (\$28,250). This deficit related to the individual account being used for the monthly capital lease payments for a fire truck purchase during the prior fiscal year. During the current fiscal year, the total annual lease payments amount was appropriated into this fund from the general fund though an additional amount for this beginning balance deficit was not included. This amount will be included in an upcoming fiscal year. As of June 30, 2020, the small cities program fund 2015 grant agreement incurred a bank account inactivity fee charge resulting in a (\$5) deficit fund balance. As of June 30, 2020, the town non-major special revenue funds included one individual school grant 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. As of June 30, 2020, the town non-major permanent funds included three individual funds which had unassigned deficit fund balances. The Flora Williams scholarship fund had an unassigned deficit fund balance of (\$1,491), the Elizabeth Grant scholarship fund had an unassigned deficit fund balance of (\$802) and the Royal O Woodard scholarship fund had an unassigned deficit balance of (\$271) all three 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 the 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, 2020 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, 2020, the Town recognized on-behalf pension revenue and expense of \$4,185,420 and on-behalf OPEB revenue and expense of a negative (\$388,914) for these benefits provided by the State of Connecticut for a total of \$3,796,506. These on-behalf amounts were determined based on the most recent actuarial valuation as of June 30, 2018. 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 \$3,796,506 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 \$3,796,506 have been included on Statement B. There is no effect on the net position balance at the end of the fiscal year.

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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](http://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 service, or 15 years of active aggregate service, or 25 years of aggregate 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 aggregate 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 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 firemen and policemen, 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 (including workers' compensation benefits) 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. 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 5% of their compensation. Employees covered by social security are required to contribute 2.25% of their compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.



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

At June 30, 2020, the Town is reporting a liability of \$1,697,224 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net pension liability was calculated based upon the Town's pro rata share of the 2019 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, 2019, the Town's proportion was .459851 percent which was a decrease from the prior fiscal year proportion amount of .548217 percent.

For the year ended June 30, 2019, the Town's actuarial determined pension expense as a percentage of the total plan pension expense was \$488,890. At June 30, 2020, 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	\$ 184,824	\$ -152,975
Changes of assumptions	448,260	-
Changes in proportional share of employer	58,382	-106,250
Net difference between projected and actual earnings on Plan investments	69,093	-
	760,559	-259,225
Contributions subsequent to the measurement date	186,058	-
Total	\$ 946,617	\$ -259,225

The \$186,058 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, 2021. 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:

2021	\$ 219,060
2022	152,540
2023	178,112
2024	-48,378
	\$ 501,334

**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. The actuarial assumptions used in the June 30, 2018 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.

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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, 2019 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	<u>100.0%</u>	

**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	<u>\$ 2,418,548</u>	<u>\$ 1,697,224</u>	<u>\$ 1,089,687</u>

**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, 2019 available at [www.ct.gov](http://www.ct.gov).

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

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**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](http://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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2020, the Town recognized pension revenue and expense of \$4,185,420 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	34,078,497
Total	<u>\$ 34,078,497</u>

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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	3.25% 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 RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

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. The geometric rates of expected return shown in the following table are nominal returns net of investment expenses.

Asset class	Expected return	Target allocation	Standard deviation
Public equity - U.S. equity	8.1%	20.0%	17.0%
Public equity - International developed equity	8.5%	11.0%	19.0%
Public equity - Emerging markets equity	10.4%	9.0%	24.0%
Fixed income - Core fixed income	4.6%	16.0%	7.0%
Fixed income - Inflation linked bonds	3.6%	5.0%	7.0%
Fixed income - High yield	6.5%	6.0%	11.0%
Fixed income - Emerging market debt	5.2%	5.0%	11.0%
Private equity	9.8%	10.0%	23.0%
Real estate	7.0%	10.0%	15.0%
Alternative investments - Real assets	8.2%	4.0%	17.0%
Alternative investments - Hedge funds	5.4%	3.0%	7.0%
Liquidity fund	2.9%	1.0%	1.0%

**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 State contributions will be made at the actuarially determined contribution rates in the 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.

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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](http://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.

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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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability. For the year ended June 30, 2020, the Town recognized OPEB revenue and expense of a negative (\$388,914) 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	5,314,734
Total	\$ 5,314,734

**Actuarial assumptions and other inputs** - The total OPEB 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%	
Real wage growth	0.75%	
Wage inflation	3.25%	
Salary increases	3.25% - 6.50%, including inflation	
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation	
Discount rate	3.50% as of June 30, 2019 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date	
Healthcare cost trend rates: Pre-medicare	5.95% for 2018, decreasing to an ultimate rate of 4.75% by 2025	
Medicare	5.00% for 2018, decreasing to an ultimate rate of 4.75% by 2028	
Mortality rates	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.	

**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 evaluation 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%	0.41%	2.31%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		3.00%	

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**Discount rate** - The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 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 3.25%.
- 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.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 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](http://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 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 premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health 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. 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 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 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.

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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, 2018, the date of the last actuarial valuation.

	Participant count
Active plan members	134
Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	0
	142

**Total OPEB liability** - The Town's total OPEB liability was \$3,042,204 as of June 30, 2020. The July 1, 2018 actuarial valuation directly calculated the July 1, 2018 liability. The July 1, 2018 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2020. The liability as of June 30, 2020 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, 2020 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, 2018 as adjusted for June 30, 2020 reporting
Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Amortization period	30 years on an open basis, as a level dollar amount
Asset valuation method	Not applicable as this is an unfunded plan
<b>Actuarial assumptions</b>	
Inflation	2.60%
Discount rate	2.21% as of June 30, 2020 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2020.
Rate of compensation increase	2.60%
Healthcare cost trend rates	7.00% for 2018, decreasing .50% per year, to an ultimate rate of 4.60% for 2023 and later
Mortality rates	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018

**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, 2020:

	Total OPEB liability
Balance as of June 30, 2019	\$ 2,616,754
Changes for the year:	
Service cost	50,453
Interest	91,815
Differences between expected and actual experience	-13,615
Changes of benefit terms	-
Changes of assumptions	400,482
Benefit payments	-103,685
Net changes	425,450
Balance as of June 30, 2020	\$ 3,042,204



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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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current discount rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 3,414,700	\$ 3,042,204	\$ 2,726,855

**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 (6.00% decreasing to 3.60%)	Current trend rates (7.00% decreasing to 4.60%)	1% Increase (8.00% decreasing to 5.60%)
Total OPEB liability	\$ 2,726,445	\$ 3,042,204	\$ 3,421,840

**OPEB expense and Deferred outflows and inflows of resources related to OPEB** - For the year ended June 30, 2020, the Town's actuarial determined OPEB expense was a positive \$131,451. At June 30, 2020, 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	\$ -	\$ -179,480
Changes of assumptions	433,320	-61,292
Total	\$ 433,320	\$ -240,772

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:

2021	\$ 4,689
2022	4,689
2023	4,689
2024	4,689
2025	14,457
Thereafter	159,335
	\$ 192,548

**Note 17 - Subsequent events**

The Town has evaluated subsequent events through February 19, 2021, the date to which the financial statements were available to be issued. The Town entered into a bond anticipation note agreement dated July 9, 2020 to provide interim funding for the town bridges project. The amount of the note is \$2,000,000 with a maturity date of July 8, 2021 and interest at a rate of 1.49%.

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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 first lease agreement for the town is for a period of five years through February of 2022 with monthly payments of \$246 which equals annual payments of \$2,952. The second lease agreement for the town is for a period of five years through February of 2023 with monthly payments of \$236 which equals annual payments of \$2,832. The third lease agreement for the town is for a period of five years through July of 2020 with monthly payments of \$210 which equals annual payments of \$2,520. 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, 2021 at an annual cost of \$50,900. The Board entered into three year refuse and recycling agreements through June 30, 2021 relating to each of the three schools at a combined annual base cost of \$25,092. 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. Under the fourth one year renewal period, the monthly management fee is \$555 for ten months at a total cost of \$5,555 and a monthly administrative fee of \$2,226 for ten months at a total cost of \$22,226 through June 30, 2021. The Board entered into a one year facilities management system, system support services and temperature control agreement through June 30, 2020 at a cost of \$17,568. This contract renews on a year after year basis until terminated and was renewed through June 30, 2021 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 one year mowing and grounds maintenance of town buildings and property contract through December 1, 2020 at a cost of \$16,000. The Town entered into a two year cemetery maintenance contract through January 1, 2021 at annual costs of \$18,500 and \$19,000. The Town entered into a nine month mowing and trimming contract for athletic fields through December 1, 2020 at a base cost of \$9,812. The town clerks office entered into a three year hosted services contract through August 31, 2022 with monthly payments of \$1,215 at annual costs 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, 2021 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 \$1.99 for a contract allocation of 96,200 gallons or \$191,438. Diesel fuel will be purchase at a rate of \$1.9935 for a contract allocation of 45,000 gallons or \$89,707. Gasoline will be purchased at a rate of \$1.7795 for a contract allocation of 12,000 gallons or \$21,354. 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 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 \$15,500 being billed as of June 30, 2020.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2020

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.

The Town currently has an agreement with a vendor to provide certain services in relation to the Water Pollution Control Authority. Invoices for these services are submitted on a monthly basis. As of June 30, 2020, eight invoices have been submitted that were not paid in full by the Town. These invoices are for periods ranging from December of 2018 through June of 2020 and total \$19,426. Five invoices which have been submitted subsequent to the end of the current fiscal year through November of 2020 were also not paid in full by the Town in an additional total amount of \$32,230. An agreement regarding the status of these unpaid balances has not yet been reached between the Town and the vendor.

The Town participates in numerous Federal and State 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, 2020 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 or recognized grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable.

**Note 19 - COVID-19 pandemic**

On January 30, 2020, the World Health Organization declared the COVID-19 coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19. The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated by the Town. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health insurance costs, changes in interest rates and future federal and state fiscal relief.

**Note 20 - Recently issued accounting standards not yet effective**

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, 2019. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which delayed the effective date of this statement by one year. The Town has not yet determined the impact that this statement might have on its financial statements.

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 the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one and a half years. The Town has not yet determined the impact that this statement might have on its financial statements.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2020

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 should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. 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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. 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 different effective date ranging from being effective on issuance to being for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed each of the effective dates of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

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 the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. which delayed the effective date of this statement by one year. 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 the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

**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)

	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	<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>\$ 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>\$ 1,308,427</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>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>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, 2018 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 186,058	\$ 167,721	\$ 163,855	\$ 151,426	\$ 142,281	\$ 147,937
Contributions in relation to the contractually required contribution	<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>
Town's covered-employee payroll	<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>14.22%</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)

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

**Notes to schedule:**Changes in benefit terms and assumptions:

There were no changes to benefit terms. The discount rate was decreased from 8.00% to 6.90% as was the investment rate of return. The expected rate of inflation was decreased from 2.75% to 2.50%

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

Inflation	2.50%
Salary increases	3.25% 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 RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

**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)

	2020	2019	2018
Town's proportion of the net OPEB liability	<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>5,314,734</u>	<u>5,252,871</u>	<u>5,942,421</u>
Total	<u>\$ 5,314,734</u>	<u>\$ 5,252,871</u>	<u>\$ 5,942,421</u>
Town's covered-employee payroll	<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>
Plan fiduciary net position as a percentage of the total pension liability	<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. The discount rate decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased from 2.75% to 2.50% and the Real Wage Growth assumption was increased from .50% to .75%.

Methods and assumptions used in calculations of actuarial determined contributions:

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

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	3.50% as of June 30, 2019 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date
Healthcare cost trend rates: Pre-medicare	5.95% for 2018, decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018, decreasing to an ultimate rate of 4.75% by 2028
Mortality rates:	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.



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

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

	Non-major special revenue funds	Non-major capital project fund	Non-major permanent funds	Totals
<b>Assets</b>				
Cash	\$ 766,718	\$ -	\$ 7,564	\$ 774,282
Investments	14,962	-	358,729	373,691
Receivables	132,668	-	-	132,668
Inventory and prepaids	19,763	-	-	19,763
Due from other funds	1,162,365	24,781	16,308	1,203,454
Total assets	<u>2,096,476</u>	<u>24,781</u>	<u>382,601</u>	<u>2,503,858</u>
<b>Liabilities</b>				
Accrued liabilities	115,449	-	11,244	126,693
Other liabilities	900	-	-	900
Due to other funds	597,365	-	1,667	599,032
Total liabilities	<u>713,714</u>	<u>-</u>	<u>12,911</u>	<u>726,625</u>
<b>Fund balance</b>				
Nonspendable	19,763	-	319,272	339,035
Restricted	480,180	-	52,982	533,162
Committed	654,203	24,781	-	678,984
Assigned	228,638	-	-	228,638
Unassigned	-22	-	-2,564	-2,586
Total fund balance	<u>1,382,762</u>	<u>24,781</u>	<u>369,690</u>	<u>1,777,233</u>
Total liabilities and fund balance	<u>\$ 2,096,476</u>	<u>\$ 24,781</u>	<u>\$ 382,601</u>	<u>\$ 2,503,858</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ 1,323,012	\$ -	\$ -	\$ 1,323,012
Interest and investment earnings	1,448	-	2,329	3,777
Charges for services	177,844	-	-	177,844
Miscellaneous	133,577	3,975	-	137,552
Total revenues	<u>1,635,881</u>	<u>3,975</u>	<u>2,329</u>	<u>1,642,185</u>
<b>Expenditures</b>				
Salary and wages	731,973	-	-	731,973
Program operating costs	1,422,769	10,990	11,244	1,445,003
Capital expenditures	55,829	-	-	55,829
Total expenditures	<u>2,210,571</u>	<u>10,990</u>	<u>11,244</u>	<u>2,232,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-574,690</u>	<u>-7,015</u>	<u>-8,915</u>	<u>-590,620</u>
<b>Other financing sources (uses)</b>				
Transfers in	844,146	-	-	844,146
Transfers out	-	-	-1,059	-1,059
Total other financing sources (uses)	<u>844,146</u>	<u>-</u>	<u>-1,059</u>	<u>843,087</u>
Net change in fund balance	269,456	-7,015	-9,974	252,467
<b>Fund balance - July 1</b>	<u>1,113,306</u>	<u>31,796</u>	<u>379,664</u>	<u>1,524,766</u>
<b>Fund balance - June 30</b>	<u>\$ 1,382,762</u>	<u>\$ 24,781</u>	<u>\$ 369,690</u>	<u>\$ 1,777,233</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, 2020

	Lebanon public library fund - 213	Krause library donation fund - 213	Lebanon recreation commission fund - 206	Jonathan Trumbull Jr. house fund - 215	Adams community center fund - 204
<b>Assets</b>					
Cash	\$ -	\$ -	\$ 13,616	\$ 6,514	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	231,408	368	14,018	-	85,329
Total assets	231,408	368	27,634	6,514	85,329
<b>Liabilities</b>					
Accrued liabilities	13,704	-	4,565	-	228
Other liabilities	900	-	-	-	-
Due to other funds	-	-	-	6,501	-
Total liabilities	14,604	-	4,565	6,501	228
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	368	-	-	-
Committed	216,804	-	23,069	-	85,101
Assigned	-	-	-	-	-
Unassigned	-	-	-	13	-
Total fund balance	216,804	368	23,069	13	85,101
Total liabilities and fund balance	\$ 231,408	\$ 368	\$ 27,634	\$ 6,514	\$ 85,329
<b>Revenues</b>					
Intergovernmental revenues	\$ 1,507	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	6	576	-
Charges for services	-	-	27,277	-	1,650
Miscellaneous	5,173	-	-	-	-
Total revenues	6,680	-	27,283	576	1,650
<b>Expenditures</b>					
Wages and benefits	235,174	-	38,761	5,895	-
Program operating costs	78,934	2,866	43,404	39,350	13,001
Capital expenditures	-	-	2,383	-	-
Total expenditures	314,108	2,866	84,548	45,245	13,001
Excess (deficiency) of revenues over (under) expenditures	-307,428	-2,866	-57,265	-44,669	-11,351
<b>Other financing sources (uses)</b>					
Transfers in	349,228	-	62,388	11,394	27,435
Transfers out	-	-	-	-	-
Total other financing sources (uses)	349,228	-	62,388	11,394	27,435
Net change in fund balance	41,800	-2,866	5,123	-33,275	16,084
<b>Fund balance - July 1</b>	175,004	3,234	17,946	33,288	69,017
<b>Fund balance - June 30</b>	\$ 216,804	\$ 368	\$ 23,069	\$ 13	\$ 85,101

**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, 2020

	Town improvement program fund - 208	Bright idea grant fund - 208	Senior vans program fund - 221	Lathrop senior vans donation fund - 231	Lebanon dog fund fund - 205
<b>Assets</b>					
Cash	\$ -	\$ -	\$ 155	\$ -	\$ -
Investments	-	-	-	2,992	-
Receivables	1,939	-	468	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	171,371	2,803	72,743	413	6,586
Total assets	<u>173,310</u>	<u>2,803</u>	<u>73,366</u>	<u>3,405</u>	<u>6,586</u>
<b>Liabilities</b>					
Accrued liabilities	5,074	-	153	-	191
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>5,074</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>191</u>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	2,803	-	-	-
Committed	168,236	-	73,213	-	-
Assigned	-	-	-	3,405	6,395
Unassigned	-	-	-	-	-
Total fund balance	<u>168,236</u>	<u>2,803</u>	<u>73,213</u>	<u>3,405</u>	<u>6,395</u>
Total liabilities and fund balance	<u>\$ 173,310</u>	<u>\$ 2,803</u>	<u>\$ 73,366</u>	<u>\$ 3,405</u>	<u>\$ 6,586</u>
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ -	\$ 21,731	\$ -	\$ -
Interest and investment earnings	-	-	-	19	-
Charges for services	-	-	1,904	-	2,615
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>23,635</u>	<u>19</u>	<u>2,615</u>
<b>Expenditures</b>					
Wages and benefits	-	-	49,687	-	-
Program operating costs	51,251	-	22,611	-	23,713
Capital expenditures	46,246	-	-	-	-
Total expenditures	<u>97,497</u>	<u>-</u>	<u>72,298</u>	<u>-</u>	<u>23,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-97,497</u>	<u>-</u>	<u>-48,663</u>	<u>19</u>	<u>-21,098</u>
<b>Other financing sources (uses)</b>					
Transfers in	160,000	-	70,000	-	18,658
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>160,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>18,658</u>
Net change in fund balance	62,503	-	21,337	19	-2,440
<b>Fund balance - July 1</b>	<u>105,733</u>	<u>2,803</u>	<u>51,876</u>	<u>3,386</u>	<u>8,835</u>
<b>Fund balance - June 30</b>	<u>\$ 168,236</u>	<u>\$ 2,803</u>	<u>\$ 73,213</u>	<u>\$ 3,405</u>	<u>\$ 6,395</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, 2020

	Trumbull donations fund - 218	School lunch program n/a	Town clerk historic document fees account - 2214	Town clerk mers document fees account - 2214	Town clerk locip surcharge account - 2215
<b>Assets</b>					
Cash	\$ -	\$ 39,681	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	74,294	-	-	-
Inventory and prepaids	-	18,013	-	-	-
Due from other funds	246,479	889	30,336	8,000	21,988
Total assets	246,479	132,877	30,336	8,000	21,988
<b>Liabilities</b>					
Accrued liabilities	1,379	51,226	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,379	51,226	-	-	-
<b>Fund balance</b>					
Nonspendable	-	18,013	-	-	-
Restricted	245,100	-	30,336	8,000	21,988
Committed	-	-	-	-	-
Assigned	-	63,638	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	245,100	81,651	30,336	8,000	21,988
Total liabilities and fund balance	\$ 246,479	\$ 132,877	\$ 30,336	\$ 8,000	\$ 21,988
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ 252,264	\$ 5,500	\$ -	\$ -
Interest and investment earnings	-	5	-	-	-
Charges for services	-	134,650	2,774	1,700	2,724
Miscellaneous	12,000	889	-	-	-
Total revenues	12,000	387,808	8,274	1,700	2,724
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	17,124	344,276	5,500	-	17,868
Capital expenditures	-	-	-	-	-
Total expenditures	17,124	344,276	5,500	-	17,868
Excess (deficiency) of revenues over (under) expenditures	-5,124	43,532	2,774	1,700	-15,144
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-5,124	43,532	2,774	1,700	-15,144
<b>Fund balance - July 1</b>	250,224	38,119	27,562	6,300	37,132
<b>Fund balance - June 30</b>	\$ 245,100	\$ 81,651	\$ 30,336	\$ 8,000	\$ 21,988

**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, 2020

	Unimproved town roads grant fund - 207	Agriculture viability grant account - 2217	Emergency management fund - 228	Connecticut fair plan grant account - 4374	Warm hearts donations program fund - 209
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	40,504	-	2,589	-	94,710
Total assets	40,504	-	2,589	-	94,710
<b>Liabilities</b>					
Accrued liabilities	1,604	-	350	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,604	-	350	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	38,900	-	-	-	94,710
Committed	-	-	-	-	-
Assigned	-	-	2,239	-	-
Unassigned	-	-	-	-	-
Total fund balance	38,900	-	2,239	-	94,710
Total liabilities and fund balance	\$ 40,504	\$ -	\$ 2,589	\$ -	\$ 94,710
<b>Revenues</b>					
Intergovernmental revenues	\$ 38,269	\$ 13,470	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	500	18,298
Total revenues	38,269	13,470	-	500	18,298
<b>Expenditures</b>					
Wages and benefits	-	-	3,138	-	-
Program operating costs	7,088	13,470	841	500	6,499
Capital expenditures	-	-	-	-	-
Total expenditures	7,088	13,470	3,979	500	6,499
Excess (deficiency) of revenues over (under) expenditures	31,181	-	-3,979	-	11,799
<b>Other financing sources (uses)</b>					
Transfers in	-	-	5,043	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	5,043	-	-
Net change in fund balance	31,181	-	1,064	-	11,799
<b>Fund balance - July 1</b>	7,719	-	1,175	-	82,911
<b>Fund balance - June 30</b>	\$ 38,900	\$ -	\$ 2,239	\$ -	\$ 94,710

**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, 2020

	Covid-19 emergency donations fund - 209	Covid-19 emergency town relief fund - 248	Covid-19 State CRF grant fund - 248	Lathrop senior center donation fund - 231	Miscellaneous donations fund - 230
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 220
Investments	-	-	-	11,970	-
Receivables	-	-	55,837	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	6,332	108,665	-	1,507	1,354
Total assets	6,332	108,665	55,837	13,477	1,574
<b>Liabilities</b>					
Accrued liabilities	469	20,885	12,609	-	141
Other liabilities	-	-	-	-	-
Due to other funds	-	-	43,228	-	-
Total liabilities	469	20,885	55,837	-	141
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	5,863	-	-	-	1,433
Committed	-	87,780	-	-	-
Assigned	-	-	-	13,477	-
Unassigned	-	-	-	-	-
Total fund balance	5,863	87,780	-	13,477	1,433
Total liabilities and fund balance	\$ 6,332	\$ 108,665	\$ 55,837	\$ 13,477	\$ 1,574
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ -	\$ 55,837	\$ -	\$ 7,871
Interest and investment earnings	-	-	-	77	-
Charges for services	-	-	-	-	-
Miscellaneous	9,565	-	-	-	1,845
Total revenues	9,565	-	55,837	77	9,716
<b>Expenditures</b>					
Wages and benefits	-	4,649	-	-	-
Program operating costs	3,702	47,571	48,637	-	9,243
Capital expenditures	-	-	7,200	-	-
Total expenditures	3,702	52,220	55,837	-	9,243
Excess (deficiency) of revenues over (under) expenditures	5,863	-52,220	-	77	473
<b>Other financing sources (uses)</b>					
Transfers in	-	140,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	140,000	-	-	-
Net change in fund balance	5,863	87,780	-	77	473
<b>Fund balance - July 1</b>	-	-	-	13,400	960
<b>Fund balance - June 30</b>	\$ 5,863	\$ 87,780	\$ -	\$ 13,477	\$ 1,433

**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, 2020

	Summer dance fest fund - 216	Cemetery lot sales fund - 203	Historic buildings fund - 201	Special ed excess costs grant fund - 001	School educational grants fund - 002
<b>Assets</b>					
Cash	\$ -	\$ 40,964	\$ 10,892	\$ -	\$ 550,605
Investments	-	-	-	-	-
Receivables	-	-	-	-	130
Inventory and prepaids	1,750	-	-	-	-
Due from other funds	13,973	-	-	-	-
Total assets	15,723	40,964	10,892	-	550,735
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	2,871
Other liabilities	-	-	-	-	-
Due to other funds	-	30,416	-	-	517,220
Total liabilities	-	30,416	-	-	520,091
<b>Fund balance</b>					
Nonspendable	1,750	-	-	-	-
Restricted	-	-	-	-	30,679
Committed	-	-	-	-	-
Assigned	13,973	10,548	10,892	-	-
Unassigned	-	-	-	-	-35
Total fund balance	15,723	10,548	10,892	-	30,644
Total liabilities and fund balance	\$ 15,723	\$ 40,964	\$ 10,892	\$ -	\$ 550,735
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 496,532	\$ 430,031
Interest and investment earnings	-	604	161	-	-
Charges for services	-	2,550	-	-	-
Miscellaneous	5,930	-	-	-	37,718
Total revenues	5,930	3,154	161	496,532	467,749
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	394,669
Program operating costs	9,480	1,162	-	496,532	86,476
Capital expenditures	-	-	-	-	-
Total expenditures	9,480	1,162	-	496,532	481,145
Excess (deficiency) of revenues over (under) expenditures	-3,550	1,992	161	-	-13,396
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-3,550	1,992	161	-	-13,396
<b>Fund balance - July 1</b>	19,273	8,556	10,731	-	44,040
<b>Fund balance - June 30</b>	\$ 15,723	\$ 10,548	\$ 10,892	\$ -	\$ 30,644



**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, 2020

	LES activity accounts fund - 900	LMS activity accounts fund - 900	LHS activity accounts fund - 900	Totals
<b>Assets</b>				
Cash	\$ 22,599	\$ 43,147	\$ 38,325	\$ 766,718
Investments	-	-	-	14,962
Receivables	-	-	-	132,668
Inventory and prepaids	-	-	-	19,763
Due from other funds	-	-	-	1,162,365
Total assets	<u>22,599</u>	<u>43,147</u>	<u>38,325</u>	<u>2,096,476</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	115,449
Other liabilities	-	-	-	900
Due to other funds	-	-	-	597,365
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>713,714</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	19,763
Restricted	-	-	-	480,180
Committed	-	-	-	654,203
Assigned	22,599	43,147	38,325	228,638
Unassigned	-	-	-	-22
Total fund balance	<u>22,599</u>	<u>43,147</u>	<u>38,325</u>	<u>1,382,762</u>
Total liabilities and fund balance	<u>\$ 22,599</u>	<u>\$ 43,147</u>	<u>\$ 38,325</u>	<u>\$ 2,096,476</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 1,323,012
Interest and investment earnings	-	-	-	1,448
Charges for services	-	-	-	177,844
Miscellaneous	9,422	6,570	25,667	133,577
Total revenues	<u>9,422</u>	<u>6,570</u>	<u>25,667</u>	<u>1,635,881</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	731,973
Program operating costs	7,919	4,698	19,053	1,422,769
Capital expenditures	-	-	-	55,829
Total expenditures	<u>7,919</u>	<u>4,698</u>	<u>19,053</u>	<u>2,210,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,503</u>	<u>1,872</u>	<u>6,614</u>	<u>-574,690</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	844,146
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>844,146</u>
Net change in fund balance	1,503	1,872	6,614	269,456
<b>Fund balance - July 1</b>	<u>21,096</u>	<u>41,275</u>	<u>31,711</u>	<u>1,113,306</u>
<b>Fund balance - June 30</b>	<u>\$ 22,599</u>	<u>\$ 43,147</u>	<u>\$ 38,325</u>	<u>\$ 1,382,762</u>

**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, 2020

	Cummings scholarship fund - 231	George Lyman scholarship fund - 231	Cemetery perpetual care fund - 231	Helen Rodgers scholarship fund - 231	Waterman Wilson library fund - 231
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	225,562	48,885	12,067	11,015	10,673
Receivables	-	-	-	-	-
Inventory and prepaids	-	-	-	-	-
Due from other funds	8,215	1,780	-	404	-
Total assets	<u>233,777</u>	<u>50,665</u>	<u>12,067</u>	<u>11,419</u>	<u>10,673</u>
<b>Liabilities</b>					
Accrued liabilities	7,598	1,646	-	500	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	546	-	1,121
Total liabilities	<u>7,598</u>	<u>1,646</u>	<u>546</u>	<u>500</u>	<u>1,121</u>
<b>Fund balance</b>					
Nonspendable	197,045	42,705	10,541	10,000	8,360
Restricted	29,134	6,314	980	919	1,192
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>226,179</u>	<u>49,019</u>	<u>11,521</u>	<u>10,919</u>	<u>9,552</u>
Total liabilities and fund balance	<u>\$ 233,777</u>	<u>\$ 50,665</u>	<u>\$ 12,067</u>	<u>\$ 11,419</u>	<u>\$ 10,673</u>
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	1,456	315	77	75	69
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,456</u>	<u>315</u>	<u>77</u>	<u>75</u>	<u>69</u>
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	7,598	1,646	-	500	-
Capital expenditures	-	-	-	-	-
Total expenditures	<u>7,598</u>	<u>1,646</u>	<u>-</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-6,142</u>	<u>-1,331</u>	<u>77</u>	<u>-425</u>	<u>69</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-399	-	-353
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-399</u>	<u>-</u>	<u>-353</u>
Net change in fund balance	-6,142	-1,331	-322	-425	-284
<b>Fund balance - July 1</b>	<u>232,321</u>	<u>50,350</u>	<u>11,843</u>	<u>11,344</u>	<u>9,836</u>
<b>Fund balance - June 30</b>	<u>\$ 226,179</u>	<u>\$ 49,019</u>	<u>\$ 11,521</u>	<u>\$ 10,919</u>	<u>\$ 9,552</u>

**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, 2020

	Flora Williams library fund - 231	Town deposit fund fund - 240	Lebanon school prizes fund - 231	Royal O. Woodard scholarship fund - 231
<b>Assets</b>				
Cash	\$ -	\$ 6,564	\$ -	\$ -
Investments	8,013	-	7,326	6,053
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	-	1,487	226
Total assets	<u>8,013</u>	<u>6,564</u>	<u>8,813</u>	<u>6,279</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	500
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
<b>Fund balance</b>				
Nonspendable	7,000	6,564	6,400	6,050
Restricted	1,013	-	2,413	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-271
Total fund balance	<u>8,013</u>	<u>6,564</u>	<u>8,813</u>	<u>5,779</u>
Total liabilities and fund balance	<u>\$ 8,013</u>	<u>\$ 6,564</u>	<u>\$ 8,813</u>	<u>\$ 6,279</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	52	3	47	48
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>52</u>	<u>3</u>	<u>47</u>	<u>48</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	500
Capital expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52</u>	<u>3</u>	<u>47</u>	<u>-452</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-265	-3	-	-
Total other financing sources (uses)	<u>-265</u>	<u>-3</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-213	-	47	-452
<b>Fund balance - July 1</b>	<u>8,226</u>	<u>6,564</u>	<u>8,766</u>	<u>6,231</u>
<b>Fund balance - June 30</b>	<u>\$ 8,013</u>	<u>\$ 6,564</u>	<u>\$ 8,813</u>	<u>\$ 5,779</u>

**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, 2020

	Dorothy Hinckley scholarship fund - 240	Elizabeth Grant scholarship fund - 231	Flora Williams scholarship fund - 231	Local school fund fund - 240
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	6,142	3,836	965	-
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	147	44	1,937
Total assets	<u>6,142</u>	<u>3,983</u>	<u>1,009</u>	<u>1,937</u>
<b>Liabilities</b>				
Accrued liabilities	-	500	500	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	5,000	4,285	2,000	1,937
Restricted	1,142	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-802	-1,491	-
Total fund balance	<u>6,142</u>	<u>3,483</u>	<u>509</u>	<u>1,937</u>
Total liabilities and fund balance	<u>\$ 6,142</u>	<u>\$ 3,983</u>	<u>\$ 1,009</u>	<u>\$ 1,937</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	13	36	19	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>13</u>	<u>36</u>	<u>19</u>	<u>-</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	500	500	-
Capital expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13</u>	<u>-464</u>	<u>-481</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	13	-464	-481	-
<b>Fund balance - July 1</b>	<u>6,129</u>	<u>3,947</u>	<u>990</u>	<u>1,937</u>
<b>Fund balance - June 30</b>	<u>\$ 6,142</u>	<u>\$ 3,483</u>	<u>\$ 509</u>	<u>\$ 1,937</u>

**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, 2020

	Vernon Boothby library fund - 240	William Taylor cemetery fund - 231	Oliver & Lucille Manning fund - 231	Totals
<b>Assets</b>				
Cash	\$ 1,000	\$ -	\$ -	\$ 7,564
Investments	-	1,145	17,047	358,729
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	-	2,068	16,308
Total assets	<u>1,000</u>	<u>1,145</u>	<u>19,115</u>	<u>382,601</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	11,244
Other liabilities	-	-	-	-
Due to other funds	-	-	-	1,667
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,911</u>
<b>Fund balance</b>				
Nonspendable	1,000	1,000	9,385	319,272
Restricted	-	145	9,730	52,982
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-2,564
Total fund balance	<u>1,000</u>	<u>1,145</u>	<u>19,115</u>	<u>369,690</u>
Total liabilities and fund balance	<u>\$ 1,000</u>	<u>\$ 1,145</u>	<u>\$ 19,115</u>	<u>\$ 382,601</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	1	8	110	2,329
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1</u>	<u>8</u>	<u>110</u>	<u>2,329</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	11,244
Capital expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>8</u>	<u>110</u>	<u>-8,915</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-1	-38	-	-1,059
Total other financing sources (uses)	<u>-1</u>	<u>-38</u>	<u>-</u>	<u>-1,059</u>
Net change in fund balance	-	-30	110	-9,974
<b>Fund balance - July 1</b>	<u>1,000</u>	<u>1,175</u>	<u>19,005</u>	<u>379,664</u>
<b>Fund balance - June 30</b>	<u>\$ 1,000</u>	<u>\$ 1,145</u>	<u>\$ 19,115</u>	<u>\$ 369,690</u>

**Town of Lebanon, Connecticut**  
Combining Statement of fiduciary net position and Statement  
of changes in fiduciary net position - Private purpose trusts  
As of and for the year ended June 30, 2020

	Jared Hinckley scholarship fund - 241	Mary Chase fund fund - 231	Kalmon Kurcinik scholarship fund - 241	Flegert Ausberger library fund - 231
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	46,457	9,190	6,578	2,928
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	1,356	-	508
Total assets	<u>46,457</u>	<u>10,546</u>	<u>6,578</u>	<u>3,436</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position</b>				
Restricted				
Expendable	46,457	10,546	6,578	3,436
Non-expendable	-	-	-	-
Unrestricted	-	-	-	-
Total net position	<u>46,457</u>	<u>10,546</u>	<u>6,578</u>	<u>3,436</u>
Total liabilities and net position	<u>\$ 46,457</u>	<u>\$ 10,546</u>	<u>\$ 6,578</u>	<u>\$ 3,436</u>
<b>Additions:</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	115	59	14	19
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>115</u>	<u>59</u>	<u>14</u>	<u>19</u>
<b>Deductions:</b>				
Wages and benefits	-	-	-	-
Program operating costs	1,001	-	-	-
Capital expenditures	-	-	-	-
Total deductions	<u>1,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	-886	59	14	19
Net position - July 1	<u>47,343</u>	<u>10,487</u>	<u>6,564</u>	<u>3,417</u>
Net position - June 30	<u>\$ 46,457</u>	<u>\$ 10,546</u>	<u>\$ 6,578</u>	<u>\$ 3,436</u>

**Town of Lebanon, Connecticut**  
Combining Statement of fiduciary net position and Statement  
of changes in fiduciary net position - Private purpose trusts  
As of and for the year ended June 30, 2020

	EL Reichard nursing scholarship fund - 231	Town school prizes fund - 231	Richard Woyasz scholarship fund - 241	Robert L. Hanover scholarship fund - 241
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	1,774	2,048	-	73
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	37	302	-	-
Total assets	1,811	2,350	-	73
<b>Liabilities</b>				
Accrued liabilities	500	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	500	-	-	-
<b>Net position</b>				
Restricted				
Expendable	1,311	2,350	-	73
Non-expendable	-	-	-	-
Unrestricted	-	-	-	-
Total net position	1,311	2,350	-	73
Total liabilities and net position	\$ 1,811	\$ 2,350	\$ -	\$ 73
<b>Additions:</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	23	13	2	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	23	13	2	-
<b>Deductions:</b>				
Wages and benefits	-	-	-	-
Program operating costs	500	-	-	-
Capital expenditures	-	-	-	-
Total deductions	500	-	-	-
<b>Transfers</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-725	-
Total transfers	-	-	-725	-
Change in net position	-477	13	-723	-
Net position - July 1	1,788	2,337	723	73
Net position - June 30	\$ 1,311	\$ 2,350	\$ -	\$ 73

**Town of Lebanon, Connecticut**  
Combining Statement of fiduciary net position and Statement  
of changes in fiduciary net position - Private purpose trusts  
As of and for the year ended June 30, 2020

	LMS student activity scholarship accounts	LHS student activity scholarship accounts	Totals
<b>Assets</b>			
Cash	\$ 797	\$ 12,839	\$ 13,636
Investments	-	-	69,048
Receivables	-	-	-
Inventory and prepaids	-	-	-
Due from other funds	-	-	2,203
Total assets	<u>797</u>	<u>12,839</u>	<u>84,887</u>
<b>Liabilities</b>			
Accrued liabilities	-	-	500
Other liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>500</u>
<b>Net position</b>			
Restricted			
Expendable	797	12,839	84,387
Non-expendable	-	-	-
Unrestricted	-	-	-
Total net position	<u>797</u>	<u>12,839</u>	<u>84,387</u>
Total liabilities and net position	<u>\$ 797</u>	<u>\$ 12,839</u>	<u>\$ 84,887</u>
<b>Additions:</b>			
Intergovernmental revenues	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	245
Charges for services	-	-	-
Miscellaneous	72	35,419	35,491
Total additions	<u>72</u>	<u>35,419</u>	<u>35,736</u>
<b>Deductions:</b>			
Wages and benefits	-	-	-
Program operating costs	-	22,580	24,081
Capital expenditures	-	-	-
Total deductions	<u>-</u>	<u>22,580</u>	<u>24,081</u>
<b>Transfers</b>			
Transfers in	725	-	725
Transfers out	-	-	-725
Total transfers	<u>725</u>	<u>-</u>	<u>-</u>
Change in net position	797	12,839	11,655
Net position - July 1	<u>-</u>	<u>-</u>	<u>72,732</u>
Net position - June 30	<u>\$ 797</u>	<u>\$ 12,839</u>	<u>\$ 84,387</u>



**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, 2020

	Jonathan Trumbull Jr. library fund fund - 231	Adams community center fund fund - 231	Jonathan Trumbull Jr. house fund fund - 231	Totals
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	1,577,489	825,996	-	2,403,485
Receivables	-	-	-	-
Inventory and prepaids	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>1,577,489</u>	<u>825,996</u>	<u>-</u>	<u>2,403,485</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	1,577,489	825,996	-	2,403,485
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1,577,489</u>	<u>825,996</u>	<u>-</u>	<u>2,403,485</u>
Total liabilities and fund balance	<u>\$ 1,577,489</u>	<u>\$ 825,996</u>	<u>\$ -</u>	<u>\$ 2,403,485</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	10,181	5,332	42,945	58,458
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>10,181</u>	<u>5,332</u>	<u>42,945</u>	<u>58,458</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	-
Capital expenditures	-	-	599,800	599,800
Total expenditures	<u>-</u>	<u>-</u>	<u>599,800</u>	<u>599,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,181</u>	<u>5,332</u>	<u>-556,855</u>	<u>-541,342</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-52,204	-27,335	-11,394	-90,933
Total other financing sources (uses)	<u>-52,204</u>	<u>-27,335</u>	<u>-11,394</u>	<u>-90,933</u>
Net change in fund balance	-42,023	-22,003	-568,249	-632,275
<b>Fund balance - July 1</b>	<u>1,619,512</u>	<u>847,999</u>	<u>568,249</u>	<u>3,035,760</u>
<b>Fund balance - June 30</b>	<u>\$ 1,577,489</u>	<u>\$ 825,996</u>	<u>\$ -</u>	<u>\$ 2,403,485</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, 2020

	Capital & nonrecurring fund - 220	Town library project fund - 243	Town bridges project fund - 244
<b>Assets</b>			
Cash	\$ 371	\$ -	\$ -
Investments	-	1,006,067	1,924,157
Receivables	-	-	-
Inventory and prepaids	-	-	-
Due from other funds	1,224,439	17,042	-
Total assets	<u>1,224,810</u>	<u>1,023,109</u>	<u>1,924,157</u>
<b>Liabilities</b>			
Accrued liabilities	176,961	34,157	9,973
Other liabilities	-	-	1,900,000
Due to other funds	-	-	810,440
Total liabilities	<u>176,961</u>	<u>34,157</u>	<u>2,720,413</u>
<b>Fund balance</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	1,076,099	988,952	-
Assigned	-	-	-
Unassigned	-28,250	-	-796,256
Total fund balance	<u>1,047,849</u>	<u>988,952</u>	<u>-796,256</u>
Total liabilities and fund balance	<u>\$ 1,224,810</u>	<u>\$ 1,023,109</u>	<u>\$ 1,924,157</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 62,920	\$ -	\$ -
Interest and investment earnings	-	6,067	9,734
Miscellaneous	11,562	500,000	-
Total revenues	<u>74,482</u>	<u>506,067</u>	<u>9,734</u>
<b>Expenditures</b>			
Wages and benefits	-	-	-
Program operating costs	269,072	-	-
Capital expenditures	1,219,149	52,562	696,014
Total expenditures	<u>1,488,221</u>	<u>52,562</u>	<u>696,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-1,413,739</u>	<u>453,505</u>	<u>-686,280</u>
<b>Other financing sources (uses)</b>			
Promissory note proceeds	-	500,000	-
Transfers in	1,446,607	-	260,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>1,446,607</u>	<u>500,000</u>	<u>260,000</u>
Net change in fund balance	32,868	953,505	-426,280
<b>Fund balance - July 1</b>	<u>1,014,981</u>	<u>35,447</u>	<u>-369,976</u>
<b>Fund balance - June 30</b>	<u>\$ 1,047,849</u>	<u>\$ 988,952</u>	<u>\$ -796,256</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, 2020

	School capital fund - 245	Town green quieting title project fund - 246	Totals
<b>Assets</b>			
Cash	\$ -	\$ -	\$ 371
Investments	-	-	2,930,224
Receivables	-	-	-
Inventory and prepaids	-	-	-
Due from other funds	451,940	-	1,693,421
Total assets	<u>451,940</u>	<u>-</u>	<u>4,624,016</u>
<b>Liabilities</b>			
Accrued liabilities	-	-	221,091
Other liabilities	-	-	1,900,000
Due to other funds	-	-	810,440
Total liabilities	<u>-</u>	<u>-</u>	<u>2,931,531</u>
<b>Fund balance</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	451,940	-	2,516,991
Assigned	-	-	-
Unassigned	-	-	-824,506
Total fund balance	<u>451,940</u>	<u>-</u>	<u>1,692,485</u>
Total liabilities and fund balance	<u>\$ 451,940</u>	<u>\$ -</u>	<u>\$ 4,624,016</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ -	\$ -	\$ 62,920
Interest and investment earnings	-	-	15,801
Miscellaneous	-	-	511,562
Total revenues	<u>-</u>	<u>-</u>	<u>590,283</u>
<b>Expenditures</b>			
Wages and benefits	-	-	-
Program operating costs	6,721	33,687	309,480
Capital expenditures	82,323	-	2,050,048
Total expenditures	<u>89,044</u>	<u>33,687</u>	<u>2,359,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-89,044</u>	<u>-33,687</u>	<u>-1,769,245</u>
<b>Other financing sources (uses)</b>			
Promissory note proceeds	-	-	500,000
Transfers in	295,292	-	2,001,899
Transfers out	-	-	-
Total other financing sources (uses)	<u>295,292</u>	<u>-</u>	<u>2,501,899</u>
Net change in fund balance	206,248	-33,687	732,654
<b>Fund balance - July 1</b>	<u>245,692</u>	<u>33,687</u>	<u>959,831</u>
<b>Fund balance - June 30</b>	<u>\$ 451,940</u>	<u>\$ -</u>	<u>\$ 1,692,485</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, 2020

	Fund balance 07/01/19	Annual appropriation	Revenues	Expenditures	Transfers	Fund balance 06/30/20
<b>General government:</b>						
Revaluation	\$ 329	\$ -329	\$ -	\$ -	\$ -	\$ -
<b>Public safety:</b>						
Police car	5,192	-5,192	-	-	-	-
Fire apparatus reserve	18,613	-18,613	-	-	-	-
Emergency services reserve	38,154	-	9,862	-	-	48,016
Lvfd 10,000 gallon water tank	20,000	-20,000	-	-	-	-
Fire truck lease purchase	-28,250	113,000	-	-113,000	-	-28,250
Fire safety passage doors	2,000	-	-	-	-	2,000
	<u>55,709</u>	<u>69,195</u>	<u>9,862</u>	<u>-113,000</u>	<u>-</u>	<u>21,766</u>
<b>Public works:</b>						
Paving	501,906	500,000	-	-741,479	-	260,427
Oliver road bridge repairs	3,675	-	-	-	-	3,675
2020 Freightliner plow truck	-	200,000	-	-195,598	-	4,402
Truck leasing	25,894	-25,894	-	-	-	-
Truck leasing	6,050	-	-	-	-	6,050
Public works building comm.	21,262	-	-	-	-	21,262
CAT 420F2 backhoe	1,196	-	-	-	-	1,196
Two Ford F-350s	307	-	-	-	-	307
Town tree maintenance	35,000	-	-	-12,558	-	22,442
2018 highway truck and plow	8,827	-8,827	-	-	-	-
2019 highway truck and plow	3,360	-3,360	-	-	-	-
2018 highway pickup and plow	3,914	-3,913	-	-	-1	-
Wood and brush chipper	597	-598	-	-	1	-
Fema rain storm repairs:						
Project 75924 - General roads	-63,200	-	62,920	280	-	-
Project 79737 - Randall road	2,425	8,465	-	-10,890	-	-
Project 79739 - Smith road	2,541	8,868	-	-11,409	-	-
Project 79742 - Washouts	12,025	-	-	-	-	12,025
Project 79750 - Culverts	46,209	-	-	-	-	46,209
Public works jet truck	-	-	-	-600	10,000	9,400
Cemetery repairs	7,970	-	-	-	-	7,970
Cemetery road development	7,471	-	-	-6,398	-	1,073
Communication infrastructure	6,900	-	1,700	-5,000	-	3,600
	<u>634,329</u>	<u>674,741</u>	<u>64,620</u>	<u>-983,652</u>	<u>10,000</u>	<u>400,038</u>
<b>Health &amp; social:</b>						
Tyler field well	10,000	-	-	-9,085	-	915
Aspinall property - Field 2	-	8,000	-	-2,160	-	5,840
Aspinall property - Dugouts	-	40,000	-	-40,000	-	-
Aspinall soccer fields	-	200,000	-	-4,724	-	195,276
Library renovations	1,340	-	-	-	-	1,340
	<u>11,340</u>	<u>248,000</u>	<u>-</u>	<u>-55,969</u>	<u>-</u>	<u>203,371</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, 2020

	Fund balance 07/01/19	Annual appropriation	Revenues	Expenditures	Transfers	Fund balance 06/30/20
<b>Community preservation:</b>						
Open space	\$ 279,770	\$ 50,000	\$ -	\$ -	\$ -130,000	\$ 199,770
Land preservation costs	-	-	-	-10,800	100,000	89,200
Preservation of public access	-	-	-	-30,000	30,000	-
	<u>279,770</u>	<u>50,000</u>	<u>-</u>	<u>-40,800</u>	<u>-</u>	<u>288,970</u>
<b>Education:</b>						
School improvement plan	-	200,000	-	-142,431	-	57,569
LMS fuel tank	-	75,000	-	-16,887	-	58,113
Technology	18,125	90,000	-	-95,515	-	12,610
Athletic facilities	15,379	30,000	-	-39,967	-	5,412
	<u>33,504</u>	<u>395,000</u>	<u>-</u>	<u>-294,800</u>	<u>-</u>	<u>133,704</u>
<b>Totals:</b>	<u>\$ 1,014,981</u>	<u>\$ 1,436,607</u>	<u>\$ 74,482</u>	<u>\$ -1,488,221</u>	<u>\$ 10,000</u>	<u>\$ 1,047,849</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, 2020

	Small cities grant FY 2015 fund - 242	Small cities grant FY 2017 fund - 242	Small cities program income fund - 219	Totals
<b>Assets</b>				
Cash	\$ -5	\$ -	\$ 84,037	\$ 84,032
Investments	-	-	-	-
Receivables	-	-	971,881	971,881
Inventory and prepaids	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>-5</u>	<u>-</u>	<u>1,055,918</u>	<u>1,055,913</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	-	-	1,055,918	1,055,918
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-5	-	-	-5
Total fund balance	<u>-5</u>	<u>-</u>	<u>1,055,918</u>	<u>1,055,913</u>
Total liabilities and fund balance	<u>\$ -5</u>	<u>\$ -</u>	<u>\$ 1,055,918</u>	<u>\$ 1,055,913</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 37,225	\$ -	\$ 37,225
Interest and investment earnings	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	30,000	30,000
Total revenues	<u>-</u>	<u>37,225</u>	<u>30,000</u>	<u>67,225</u>
<b>Expenditures</b>				
Salary and wages	-	-	-	-
Program operating costs	5	37,225	35,135	72,365
Capital expenditures	-	-	-	-
Total expenditures	<u>5</u>	<u>37,225</u>	<u>35,135</u>	<u>72,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-5</u>	<u>-</u>	<u>-5,135</u>	<u>-5,140</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-5	-	-5,135	-5,140
<b>Fund balance - July 1</b>	<u>-</u>	<u>-</u>	<u>1,061,053</u>	<u>1,061,053</u>
<b>Fund balance - June 30</b>	<u>\$ -5</u>	<u>\$ -</u>	<u>\$ 1,055,918</u>	<u>\$ 1,055,913</u>

**Town of Lebanon, Connecticut**  
 Schedule of property taxes levied,  
 collections, and outstanding balances  
 For the year ended June 30, 2020

Grand list	Uncollected taxes 06/30/19	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2018	\$ -	\$ 19,797,121	\$ 13,936	\$ -52,935	\$ 19,758,122
2017	421,869	-	389	-4,527	417,731
2016	157,118	-	-	-582	156,536
2015	33,579	-	-	-	33,579
2014	15,715	-	-	-	15,715
2013	4,531	-	92	-	4,623
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>\$ 638,224</u>	<u>\$ 19,797,121</u>	<u>\$ 14,417</u>	<u>\$ -58,044</u>	<u>\$ 20,391,718</u>

**Town of Lebanon, Connecticut**  
 Schedule of property taxes levied,  
 collections, and outstanding balances  
 For the year ended June 30, 2020

Grand list	Collections during the fiscal year				Total	Adjustments	Uncollected taxes 06/30/20
	Taxes	Interest	Lien fees				
2018	\$ 19,405,122	\$ 78,381	\$ 4,517	\$ 19,488,020	\$ -	\$ 353,000	
2017	311,387	58,192	2,860	372,439	-	106,344	
2016	89,521	27,771	962	118,254	-25,383	41,632	
2015	16,466	3,508	216	20,190	-	17,113	
2014	3,374	2,006	72	5,452	-	12,341	
2013	1,091	801	66	1,958	-	3,532	
2012	-	-	-	-	-	1,576	
2011	-	-	-	-	-	1,549	
2010	-	-	-	-	-	247	
2009	-	-	-	-	-	421	
2008	-	-	-	-	-	405	
2007	-	-	-	-	-	292	
2006	-	-	-	-	-	527	
2005	-	-	-	-	-	202	
2004	-	-	-	-	-	193	
	<u>\$ 19,826,961</u>	<u>\$ 170,659</u>	<u>\$ 8,693</u>	<u>\$ 20,006,313</u>	<u>\$ -25,383</u>	<u>\$ 539,374</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.

\$ 19,797,121	Current year taxes levied from page 84
170,659	Tax interest collections during the current fiscal year from above
8,693	Tax lien fee collections during the current fiscal year from above
21,899	Suspense collections during the current fiscal year
-25,383	Account balance adjustments as items transferred to suspense from above
-43,627	The net lawful corrections made during the current fiscal year from page 84
<u>87,027</u>	The unearned tax revenue adjustment made as described in item number 2 on page 17
<u>\$ 20,016,389</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 \$11,068 was collected on principle suspense tax balances owed and \$10,831 of interest and lien fees were collected on principle suspense tax balances owed. In addition, \$0 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, 2020

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 20,006,313
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>\$ 20,006,313</u></u>

<b>Debt limitation:</b>	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 45,014,204	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	90,028,408	-	-	-	-
3 3/4 times base	-	-	75,023,674	-	-	-
3 1/4 times base	-	-	-	65,020,517	-	-
3 times base	-	-	-	-	60,018,939	-
7 times base	-	-	-	-	-	140,044,191
Total debt limitation	<u>45,014,204</u>	<u>90,028,408</u>	<u>75,023,674</u>	<u>65,020,517</u>	<u>60,018,939</u>	<u>140,044,191</u>
 <b>Indebtedness:</b>						
General obligation bonds:						
2005 issue	91,200	288,800	-	-	-	380,000
2013 issue	-	-	3,934,019	-	-	3,934,019
Notes payable	399,078	-	-	-	-	399,078
Capital leases payable	380,082	-	-	-	-	380,082
Authorized but unissued debt	7,018,220	-	-	-	-	7,018,220
Total indebtedness	<u>7,888,580</u>	<u>288,800</u>	<u>3,934,019</u>	<u>-</u>	<u>-</u>	<u>12,111,399</u>
Debt limitation in excess of outstanding authorized debt	<u><u>\$ 37,125,624</u></u>	<u><u>\$ 89,739,608</u></u>	<u><u>\$ 71,089,655</u></u>	<u><u>\$ 65,020,517</u></u>	<u><u>\$ 60,018,939</u></u>	<u><u>\$ 127,932,792</u></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 \$1,811,054 and state revenue received in the amount of \$285,726 have been applied to the project and thus reduced the approved amount to be bonded down to an amount of \$2,143,220. The town library renovation and expansion project was approved to be bonded in the amount of \$5,875,000. 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 \$4,875,000.

# *Stephen T. Hopkins, CPA, PC*

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## Auditing, Accounting, and Consulting Services

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214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

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, 2020. 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, 2020.

## **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, 2020, 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 19, 2021, 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 19, 2021

**Town of Lebanon, Connecticut**  
Schedule of expenditures of federal awards  
For the year ended June 30, 2020

Federal grantor Pass-through entity Program or cluster title	Federal CFDA number	Pass-through entity identifying number	Total federal expenditures
<b>U.S. Department of Agriculture</b>			
State of Connecticut Department of Education			
Child nutrition cluster:			
School breakfast program	10.553	12060-SDE64370-20508	\$ 20,292
National school lunch program	10.555	12060-SDE64370-20560	92,988
National school lunch program	10.555	12060-SDE64370-20560	24,342
COVID-19 School lunch program	10.555	12060-SDE64370-29572	78,255
COVID-19 School breakfast program	10.555	12060-SDE64370-29576	41,376
			<u>257,253</u>
<b>U.S. Department of Housing and Urban Development</b>			
State of Connecticut Department of Housing			
Community development block grant/State's program			
Housing rehabilitation loan program	14.228	12060-DOH46930-20730	<u>37,225</u>
<b>U.S. Department of the Treasury</b>			
State of Connecticut Office of Policy and Management			
COVID-19 Coronavirus relief fund	21.019	12060-OPM20600-29561	<u>55,837</u>
<b>U.S. Department of Education</b>			
State of Connecticut Department of Education			
Title I - Grants to local educational agencies	84.010	12060-SDE64370-20679-2019	20,000
Title I - Grants to local educational agencies	84.010	12060-SDE64370-20679-2020	56,982
			<u>76,982</u>
Special Education Cluster (IDEA):			
Section 611 - Special education grants to states	84.027	12060-SDE64370-20977-2019	5,005
Section 611 - Special education grants to states	84.027	12060-SDE64370-20977-2020	189,272
Section 619 - Special education preschool grants	84.173	12060-SDE64370-20983-2019	195
Section 619 - Special education preschool grants	84.173	12060-SDE64370-20983-2020	9,668
			<u>204,140</u>
Title II - Improving teacher quality state grants	84.367	12060-SDE64370-20858-2019	<u>18,368</u>
Title IV - Student support and academic enrichment grant	84.424	12060-SDE64370-22854-2019	110
Title IV - Student support and academic enrichment grant	84.424	12060-SDE64370-22854-2020	1,500
			<u>1,610</u>
State of Connecticut Department of Education			
Eastconn			
Career and technical education - Basic grants to states	84.048	12060-SDE64370-20742-2020	<u>5,689</u>
<b>U.S. Department of Homeland Security</b>			
State of Connecticut Department of Emergency Services & Public Protection			
Disaster grants - public assistance	97.036	12060-DPS32990-22520	<u>299,633</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 956,737</u></u>

**Town of Lebanon, Connecticut**  
Notes to Schedule of expenditures of federal awards  
June 30, 2020

**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, 2020. 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 \$24,342 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, 2020.

**Note F - Prior loan and loan guarantees (loans)**

The Town of Lebanon, Connecticut has the following loan balance outstanding at June 30, 2020. 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.

Program title	Federal CFDA number	Loan amount outstanding
Community facility loans	10.760	\$ 3,934,019

# Stephen T. Hopkins, CPA, PC

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## Auditing, Accounting, and Consulting Services

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214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

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, 2020, 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 19, 2021.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we considered to be significant deficiencies.

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 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. We do consider the deficiency described in the accompanying schedule of findings and questioned costs and labeled as item number 2020-01 to be a material weakness.

A significant deficiency is a deficiency, or 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. We do consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. These significant deficiencies are noted in the aforementioned schedule as item numbers 2020-02 through 2020-07.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no reportable instances of noncompliance or other matters 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 result 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 J. Hopkins, CPA, PC*

Scarborough, Maine  
February 19, 2021

**Town of Lebanon, Connecticut**  
 Schedule of findings and questioned costs  
 For the year ended June 30, 2020

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>
97.036	Disaster grants - public assistance
21.019	COVID-19 Coronavirus relief fund
14.228	Community development block grant

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 seven findings relating to the financial statements which are required to be reported in accordance with GAGAS. These seven 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 2020-01 through 2020-07. We do consider the significant deficiency labeled as item number 2020-01 to be a material weakness.

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, 2019. Therefore, no schedule has been included.



**Town of Lebanon, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2020

**2020-01 - Primary government - 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 32 different funds within its accounting software system to account for the activity and balances of the town. Within 29 of these funds there are non-cash other assets, liabilities and 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 68 adjustments were proposed and within the other funds a total of 98 adjustments were proposed to either correct or adjust balances or activity 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 manner. 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 first half of the fiscal year by staffing turnover in the finance office and during the second half of 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, 2020

**2020-02 - Primary government - Preparation and review of monthly bank account reconciliations - 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 and context:

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 school checking account were prepared, initialed and dated by the preparer in a relatively timely manner with the exception of the months of July - September which were not prepared until varying dates in December. The completed reconciliations, however, were not initialed and dated by the reviewer in a timely manner as the review of the reconciliations for the months of July - April were all dated on June 27, 2020. The reconciliation for the month of June had not yet been initialed and dated by the reviewer when they were reviewed as part of the audit. The reconciliations prepared and provided for review as part of the audit for the town checking account and the town deposit account were not prepared in a timely manner, were not initialed and dated by the preparer and were not reviewed in a timely manner. The reconciliations for the months of July - August were initialed and dated by the preparer with varying dates in October. The reconciliations for the months of September - April were not initialed and dated by the preparer and included system print dates of varying dates in June. The reconciliations for the months of May - June were not initialed and dated by the preparer and included system print dates in July. The completed reconciliations, however, were not initialed and dated by the reviewer in a timely manner as the review of the reconciliations for all of the completed months were all dated on August 2, 2020. We do consider these conditions to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

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 the 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, cause and recommendation:

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. It would appear that the town reconciliation process may have been affected during the first half of the fiscal year by staffing turnover in the finance office and during the second half of the fiscal year by the current pandemic. These same circumstances may have also affected the timeliness of the reviews.

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.

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 any effect that staffing turnover may have had on the reconciliation process has been alleviated and 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, 2020

**2020-03 - Primary government - Preparation and review of monthly bank account reconciliations - 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:

Each of the three school locations within the town have a main checking account to process the expenditures and deposits of the student activities which are not accounted for through the school general fund. These activities are made up of fiduciary, non-fiduciary and scholarship transactions. Account reconciliations were prepared at these three locations for these three main checking accounts during the current fiscal year comparing the actual bank statement balances to the recorded cash account balances as shown on the school trial balances. These reconciliations are designed to be signed and dated as being prepared by the individual processing the transactions and then they are designed to be signed and dated as being reviewed by the location principle. The reconciliations prepared and provided for review as part of the audit for one of these locations were signed and dated when prepared but they were not consistently prepared in a timely manner. The months of July, May and June were prepared in a relatively timely manner. The months of August - April were all prepared, signed and dated on July 24, 2020 which would not appear to be in a timely manner. All of the prepared reconciliations at this location were signed as being reviewed though the date of the review was not included on any of the reconciliations and therefore it could not be determined if any of the reviews were performed in a timely manner. In addition, it was determined that the reviews of the reconciliations prepared at another of the locations were not consistently being dated so that a determination could be made as to whether the reconciliation was being reviewed in a timely manner. Only three of the twelve monthly reconciliation reviews at this location were dated when reviewed. 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 schools at any reasonable point in time. If the 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, cause and recommendation:

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. We were unable to determine the reason that the bank reconciliations at one of the locations were not being prepared in a timely manner during the first half of the fiscal year though the reconciliation process may have been affected during the second half of the fiscal year by the current pandemic. We were unable to determine the reason why the reconciliations were not consistently being dated when they were reviewed.

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 forwarded to the location principle for review which would also be signed and dated 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 the recommendations as described above. We believe that a more timely and complete process will be implemented during the upcoming fiscal year at each location as may be necessary.

**Town of Lebanon, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2020

**2020-04 - Primary government - Cash disbursements - 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:

During the current fiscal year audit, a number of expenditures relating to the town general and other funds 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 by an appropriate department individual. There did not appear to be an adequate system of internal controls in place to ensure that only invoices and backup documentation containing the initials or signature of the individual approving the expenditure by an appropriate department individual were being processed. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Twenty-six of the one hundred and fifty current fiscal year expenditure items that were reviewed as part of the audit did not contain any initials or signatures of an approving individual on the actual invoice or backup documentation. A number of the expenditure items that were reviewed contained typed initials of an approving individual, email approvals were attached to a number of expenditure items that did not include a reference to a specific invoice number or amount which was being approved and a number of expenditure items appeared to include the approving initials of an individual from a department other than the department for which the expenditure item related. The finance office approved an invoice for an environmental spill cleanup and bridge construction related items that would seemingly more appropriately be approved by the public works department as well as fire department reimbursements and legal invoices that have in the past been approved by the selectmen's office. A review of a legal invoice that was intended only to include Covid-19 related expenditures and as such was submitted for reimbursement under the State CRF program seemed to include at least two items which didn't appear to be Covid-19 related in the amount of \$1,605. 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. There could also be other expenditure items approved by individuals from a department other than the department for which the expenditure items relate.

Effect and cause:

Without the initials or signature of the individual approving the payment of expenditure items actually being included on the invoice or backup documentation or expenditure items being approved by individuals from departments other than the departments for which the expenditure items relate, 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. It would appear that the cash disbursements approval process may have been affected during the first half of the fiscal year by new staffing in the finance office and during the second half of the fiscal year by the current pandemic.

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 signature on the invoice or backup documentation approving the expenditure. In addition, we recommend that the town develop an adequate system of controls to ensure that expenditure items of specific departments only be approved by the responsible individuals within those departments.

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 actual invoice or backup documentation item by the responsible individuals within those departments.

**Town of Lebanon, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2020

**2020-05 - 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 one 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. This location 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:

All twenty-five of the 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. Three of the fifteen 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. One of the ten 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 these 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 only on the cover sheet.

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, 2020

**2020-06 - Primary government - 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 71 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 three of these six permanent fund trusts have been overspent in the aggregate amount of (\$2,564) 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 (\$2,564) 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, 2020

**2020-07 - Discretely presented component unit - The timely preparation and review of monthly bank 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:

The Department has four main checking accounts, an investment account and three savings related accounts. Account reconciliations were prepared for these eight accounts during the current fiscal year comparing the actual statement balances to the recorded account balances as shown on the trial balance. During prior fiscal years, the bookkeeper would prepare, sign and date the reconciliations and submit them to the president of the Department to review, sign and date. Reconciliations prepared for the fiscal year were provided by the Department for review as part of the audit. A review of the seven bank account statements and reconciliations for the fiscal year revealed that none of the reconciliations provided were signed and dated by the individual preparing them with the exception of the June reconciliations for five of the accounts. The reconciliations provided for four of the accounts did appear to have been prepared in a timely manner based only on the included system generated print date. In addition, a review of the seven bank account statements and reconciliations for the fiscal year revealed that none of the reconciliations provided were signed and dated by and individual performing a review. A review of the provided investment account statements and reconciliations revealed that three of the reconciliations were signed by the preparer, seven of the reconciliations were dated by the preparer and two of the reconciliations were signed and dated by the reviewer. We do consider these conditions to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

One of the main reasons for preparing bank and investment 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 account statements. Items which do not match up between the trial balance and the account statement are referred to as reconciling items. The purpose of having the preparer and reviewer sign and date the reconciliations is to provide a reasonable level of assurance that there is an adequate segregation of duties. 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 Department at any reasonable point in time. If the bank and investment 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, cause and recommendations:

Without monthly bank and investment reconciliations consistently containing the appropriate documentation regarding by whom and when they were prepared and reviewed, it is difficult to provide that a reasonable level of assurance was present that an accurate financial picture of the assets of the Department 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 Department’s specific objectives are being achieved or that its’ specific assets are being safeguarded. The Department indicated that it had forwarded its original bank and investment statements and reconciliations to the finance office of the Town during October of 2020. The finance office of the Town only had the investment account statements and reconciliations available to be reviewed as part of the audit. We were unable to determine if all of the original statements and reconciliations had been forwarded to the finance office and therefore copies of the bank statements and reconciliations were provided by the Department to be reviewed as part of the audit during January of 2021.

We recommend that an adequate system of internal controls be developed and followed to ensure that all bank and investment account reconciliations are signed and dated when prepared and reviewed and that both are performed in a timely manner. We also recommend that a set of procedures be developed between the Department and the Town in relation to the forwarding and receipting of information related to the annual audit.

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 Department does currently have an adequate system of internal controls in place that will ensure that all bank and investment account reconciliations are signed and dated when prepared and reviewed and that both are performed in a timely manner.

# Stephen T. Hopkins, CPA, PC

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## 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, 2020. 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, 2020.



## **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, 2020, 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 19, 2021, 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 Town of Lebanon, Connecticut's 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 19, 2021

**Town of Lebanon, Connecticut**  
Schedule of expenditures of state financial assistance  
For the year ended June 30, 2020

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
<b><u>Office of Policy and Management:</u></b>		
Payment in lieu of taxes (PILOT) on state owned property	11000-OPM20600-17004	\$ 14,807
Disabled program	11000-OPM20600-17011	581
Property tax relief for veterans	11000-OPM20600-17024	3,352
Municipal purposes and projects	12052-OPM20600-43587	30,427
<b><u>Department of Education:</u></b>		
Talent development	11000-SDE64370-12552	1,543
Child nutrition program state match	11000-SDE64370-16211	3,701
Healthy food initiative	11000-SDE64370-16212	7,050
Vocational Agriculture	11000-SDE64370-17017	295,148
Adult education	11000-SDE64370-17030	8,163
School breakfast program	11000-SDE64370-17046	8,601
<b><u>Office of Early Childhood:</u></b>		
Early care and education	11000-OEC64845-16274	113,400
School readiness quality enhancement	11000-OEC64845-16158	3,881
<b><u>Connecticut State Library:</u></b>		
Connecticard payments	11000-CSL66051-17010	1,507
Historic documents preservation grant	12060-CSL66094-35150	5,500
<b><u>Department of Transportation:</u></b>		
Bus operations	12001-DOT57931-12175	21,731
Town aid road grants - Municipal	12052-DOT57131-43455	143,865
Town aid road grants - STO	13033-DOT57131-43459	143,865
<b><u>Department of Agriculture:</u></b>		
Agricultural viability	12060-DAG42710-90456	21,340
<b><u>Other Departments and miscellaneous awards:</u></b>		
Non-budgeted operating appropriations	34001-JUD95162-40001	3,050
FAD - Temporary holding account	34003-DAS64370-42350	382
Environmental quality fees	11000-DEP43930-12501	80
Recreation and natural heritage trust	17161-DEP43153-43656	80
Other expenses	11000-DRS16410-10020	60
Other expenses	11000-DSS60439-10020	20
Total State Financial Assistance before exempt programs		<u>\$ 832,134</u>

**Town of Lebanon, Connecticut**  
Schedule of expenditures of state financial assistance (continued)  
For the year ended June 30, 2020

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
Exempt Programs		
<b><u>Department of Education:</u></b>		
Education equalization grants program 82010	11000-SDE64370-17041	\$ 4,769,437
Special education excess costs	11000-SDE64370-17047	496,532
<b><u>Office of Policy and Management:</u></b>		
Mashantucket Pequot Grant	12009-OPM20600-17005	13,139
Municipal stabilization grant	11000-OPM20600-17104	162,740
Total exempt programs		5,441,848
Total expenditures of State Financial Assistance		\$ 6,273,982

**Town of Lebanon, Connecticut**  
Notes to Schedule of expenditures of state financial assistance  
For the year ended June 30, 2020

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, 2020. 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.

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, whereas, 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.

**Town of Lebanon, Connecticut**  
 Schedule of findings and questioned costs  
 For the year ended June 30, 2020

**I. Summary of Audit Results**

**Financial Statements:**

Type of auditor's report issued:	<u>Unmodified</u>		
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

**State Financial Assistance:**

Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>		
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 Section 4-236-24 of the Regulations to the State Single Audit Act?	<u>        </u>	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 \$832,134, 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 one Type B program 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. Three of the Town's four Type A programs were determined to be high-risk and therefore were audited as major programs. The one Type B program of the Town for which a risk assessment was required was not determined to be high-risk and therefore was not audited as a major program. The total non-exempt state financial assistance expended by the Town for the current audit period was \$832,134. The programs tested as major and shown below represent approximately 70% of the total non-exempt state financial assistance expended.

<u>State grantor and program</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
Vocational Agriculture	11000-SDE64370-17017	\$ 295,148
Town aid road grants - Municipal	12052-DOT57131-43455	143,865
Town aid road grants - STO	13033-DOT57131-43459	143,865
		<u>\$ 582,878</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, 2020

**II. Financial Statement Findings**

- We issued our report, dated February 19, 2021, 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 seven significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs labeled as item numbers 2020-01 through 2020-07 starting on page 94. We do consider the significant deficiency labeled as item number 2020-01 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. 2019-01**

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 2020-01.

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

**Finding No. 2019-02**

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 2020-05.

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

**Finding No. 2019-03**

Condition - The principal balance within two of these 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 2020-06.

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, 2019.