

TOWN OF MONTVILLE, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2020

**TOWN OF MONTVILLE, CONNECTICUT
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JUNE 30, 2020**

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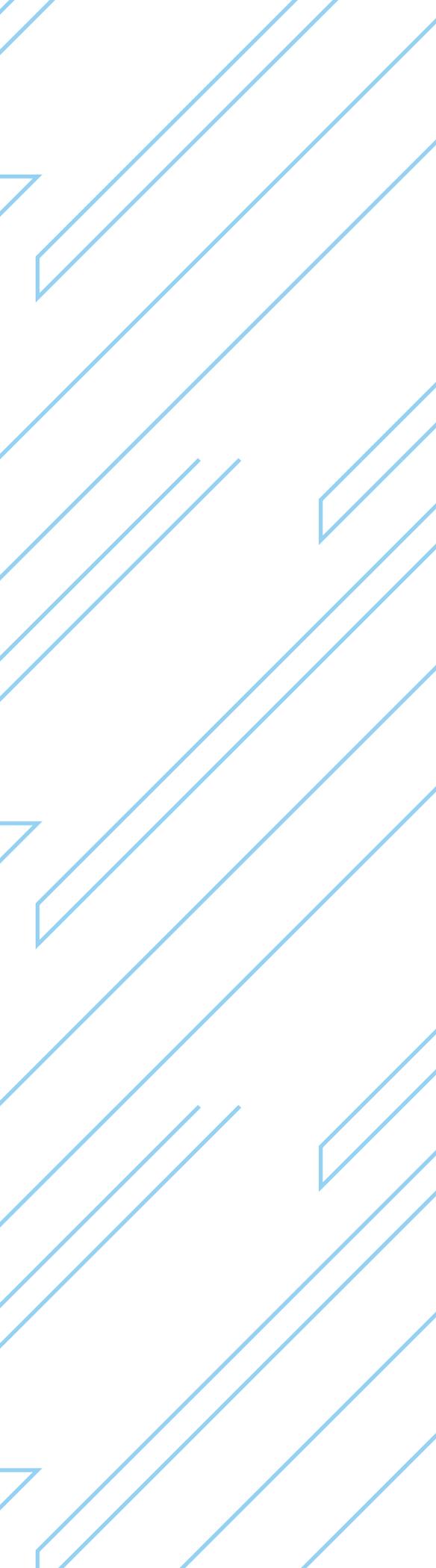
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Financial Section

Independent Auditors' Report

To the Town Council
Town of Montville, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Montville, 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 Montville, Connecticut'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 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Montville, Connecticut, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustments

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2020, the Town of Montville, Connecticut, restated beginning net position of governmental activities, business-type activities and Sewer Department to correct the impact of omitting pension plan contributions subsequent to the plan measurement date. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2020, the Town of Montville, Connecticut, restated beginning net position of business-type activities and the Sewer Department in order to correct the effect of prior year allowance overstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2020 on our consideration of the Town of Montville, 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 Montville, 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 Montville, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 12, 2020

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The management of the Town of Montville, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$140,946,042 (net position). Of this amount, \$18,083,552 represents unrestricted net position. Of this amount, \$11,110,563 represents the unrestricted net position attributed to the operations of the Town's Sewer and Water Departments (business-type activities) and \$6,972,989 represents the unrestricted net position attributed to the Town's governmental activities.
- The Town's total net position increased by \$2,022,449 during the current fiscal year, which consisted of a current year increase of \$3,300,963 relating to the Town's governmental activities and a decrease of \$1,278,514 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,504,966, a current year increase of \$490,289 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$11,158,161 or 16.6% of general fund expenditures and transfers out.
- Overall Town debt, consisting of bonds, notes and capital leases payable, decreased by \$4,486,164 or 14.8% in comparison to the prior year. This decrease was due to current year scheduled payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows/inflows of resources, and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, health and welfare, recreation and leisure and education. The business-type activities of the Town include sewer and water activities.

The government-wide financial statements can be found on Exhibit I and II of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonded Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibit III and IV of this report.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on Exhibits V, VI and VII of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibit VIII and IX of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and other supplementary information which can be found on pages 61 through 80 of this report, respectively.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Montville, Connecticut, assets and deferred outflows exceeded liabilities and deferred inflows of resources exceeded by \$140,946,042 at the close of the fiscal year.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

**NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Current and other assets	\$ 24,719,554	\$ 23,539,979	\$ 13,557,598	\$ 13,236,832	\$ 38,277,152	\$ 36,776,811
Capital assets, net of accumulated depreciation	98,525,693	97,351,627	48,820,168	50,161,786	147,345,861	147,513,413
Total assets	<u>123,245,247</u>	<u>120,891,606</u>	<u>62,377,766</u>	<u>63,398,618</u>	<u>185,623,013</u>	<u>184,290,224</u>
Deferred outflows of resources	<u>9,039,302</u>	<u>10,921,485</u>	<u>1,100,110</u>	<u>1,380,439</u>	<u>10,139,412</u>	<u>12,301,924</u>
Current and other liabilities	8,032,886	2,943,659	642,438	571,686	8,675,324	3,515,345
Long-term liabilities outstanding	39,879,331	49,021,078	3,902,859	4,217,155	43,782,190	53,238,233
Total liabilities	<u>47,912,217</u>	<u>51,964,737</u>	<u>4,545,297</u>	<u>4,788,841</u>	<u>52,457,514</u>	<u>56,753,578</u>
Deferred inflows of resources	<u>2,137,992</u>	<u>914,977</u>	<u>220,877</u>	<u></u>	<u>2,358,869</u>	<u>914,977</u>
Net Position:						
Net investments in capital assets	75,261,351	70,938,629	47,601,139	48,143,590	122,862,490	119,082,219
Restricted	-	987,456	-	-	-	987,456
Unrestricted	<u>6,972,989</u>	<u>7,007,292</u>	<u>11,110,563</u>	<u>11,846,626</u>	<u>18,083,552</u>	<u>18,853,918</u>
Total Net Position	<u>\$ 82,234,340</u>	<u>\$ 78,933,377</u>	<u>\$ 58,711,702</u>	<u>\$ 59,990,216</u>	<u>\$ 140,946,042</u>	<u>\$ 138,923,593</u>

As of June 30, 2020, 87.1% of the Town's net position reflects its net investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the Town's net position is considered unrestricted.

Overall, net position increased by \$2,022,449 in comparison with the prior year.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Changes in Net Position

Changes in net position for the years ended June 30, 2020 and 2019 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2019 to conform with the current year presentation.

**CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,187,116	\$ 4,261,342	\$ 6,099,731	\$ 6,408,401	\$ 10,286,847	\$ 10,669,743
Operating grants and contributions	23,851,977	18,256,324		793,557	23,851,977	19,049,881
Capital grants and contributions	1,405,925	2,352,286	299,176		1,705,101	2,352,286
General revenues:						
Property taxes	41,763,499	40,842,759			41,763,499	40,842,759
Grants not restricted to specific programs	3,148,730	2,589,233			3,148,730	2,589,233
Unrestricted investment earnings	286,465	387,720	93,525	107,801	379,990	495,521
Miscellaneous revenue	117,565				117,565	-
Total revenues	<u>74,761,277</u>	<u>68,689,664</u>	<u>6,492,432</u>	<u>7,309,759</u>	<u>81,253,709</u>	<u>75,999,423</u>
Expenses:						
General government	8,541,957	8,151,813			8,541,957	8,151,813
Public safety	6,530,008	5,457,707			6,530,008	5,457,707
Public works	4,497,053	5,096,291			4,497,053	5,096,291
Health and welfare	362,235	399,986			362,235	399,986
Recreation and leisure	487,698	461,673			487,698	461,673
Education	50,305,236	45,466,566			50,305,236	45,466,566
Interest and fiscal charges	736,127	805,108			736,127	805,108
Sewer department			6,190,713	4,801,032	6,190,713	4,801,032
Water department			1,580,233	1,496,081	1,580,233	1,496,081
Total expenses	<u>71,460,314</u>	<u>65,839,144</u>	<u>7,770,946</u>	<u>6,297,113</u>	<u>79,231,260</u>	<u>72,136,257</u>
Change in net position	3,300,963	2,850,520	(1,278,514)	1,012,646	2,022,449	3,863,166
Net Position at Beginning of Year	78,933,377	74,615,857	59,990,216	58,510,740	138,923,593	133,126,597
Restatement		1,467,000		466,830		1,933,830
Net Position at End of Year	<u>\$ 82,234,340</u>	<u>\$ 78,933,377</u>	<u>\$ 58,711,702</u>	<u>\$ 59,990,216</u>	<u>\$ 140,946,042</u>	<u>\$ 138,923,593</u>

Governmental Activities

Governmental activities increased the Town's net position by a current year change of \$3,300,963. The increase is primarily attributable to an increase in grants and tax revenue along with an increase in capital assets.

Business-Type Activities

Business-type activities decreased the Town's net position by a current year change of \$1,278,514. The current year decrease is primarily attributable to an increase in expenditures for chemical and an increase in pension costs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,504,966.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,158,161. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.6% of general fund expenditures and transfers out.

The overall fund balance of the Town's General Fund increased by \$1,867,343 during the current fiscal year, which was primarily due to normal fund activity offset by grant and tax revenue increases. There was also a decrease in overall expenditures due to COVID-19.

Bonded Projects Fund

There was no change in the fund balance of the Bonded Projects Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,392,653. Expenditures were \$1,079,071 less than budgeted and total budgetary revenues were \$752,320 more than expected. The revenue surplus was primarily due to an increase in tax and state grant revenue, the sale of town property and charges for services from police private duty. During the year ended June 30, 2020, the Town Council approved additional appropriations of \$513,275 from fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2020 totaled \$147,345,861 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, distribution and collection systems, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$167,552. Major capital asset events during the current fiscal year included the following:

- Outlays for improvements to relocate Black Ash Road totaling \$653,961
- Outlays for the reconstruction of Butlertown Road totaling \$281,600
- Outlays for the purchase of the new Chesterfield Fire Pumper Truck totaling \$373,619

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

**CAPITAL ASSETS (Net of Depreciation)
FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,348,971	\$ 2,301,950	\$ 1,127,031	\$ 1,127,031	\$ 3,476,002	\$ 3,428,981
Construction in progress	3,031,904	4,061,917	1,111,251	793,557	4,143,155	4,855,474
Land improvements	2,730,509	1,534,254			2,730,509	1,534,254
Buildings and improvements	70,431,145	71,465,281	10,848,662	11,405,152	81,279,807	82,870,433
Distribution and collection system			29,477,115	30,678,128	29,477,115	30,678,128
Machinery and equipment	6,577,573	6,163,926	6,256,109	6,157,918	12,833,682	12,321,844
Infrastructure	13,405,591	11,824,299			13,405,591	11,824,299
Total	\$ 98,525,693	\$ 97,351,627	\$ 48,820,168	\$ 50,161,786	\$ 147,345,861	\$ 147,513,413

Additional information on the Town's capital assets can be found in Note 1 and Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had total debt, consisting of bonds, notes and capital leases payable, outstanding of \$25,848,982. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$4,486,164 or 14.8% during the current fiscal year. This decrease was due to current year scheduled repayments.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

**OUTSTANDING DEBT
FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 23,380,000	\$ 27,369,000	\$ 990,000	\$ 1,080,000	\$ 24,370,000	\$ 28,449,000
Note payable			181,184	192,215	181,184	192,215
Capital lease obligations	1,249,953	1,623,443	47,845	70,488	1,297,798	1,693,931
Total	\$ 24,629,953	\$ 28,992,443	\$ 1,219,029	\$ 1,342,703	\$ 25,848,982	\$ 30,335,146

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

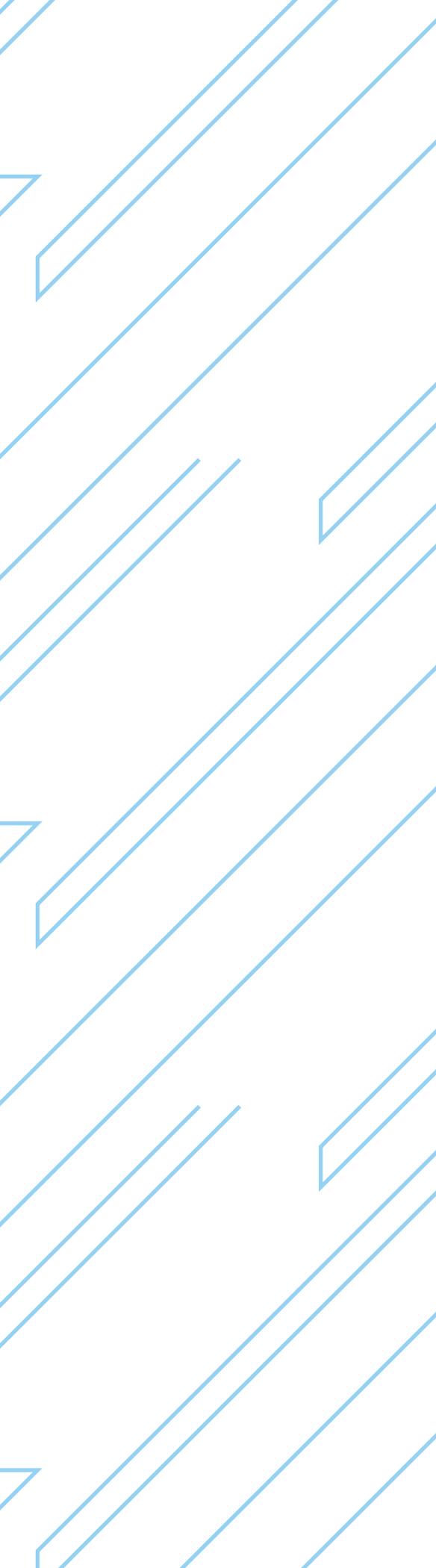
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2021, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The Town's fiscal year 2021 General Fund budget was approved on May 11, 2020. The fiscal year 2021 budget contemplated expenditures of \$62,870,699 an increase of \$1,258,331 or 2.0%, over the original fiscal year 2020 budgeted expenditures. The approved mill rate for the fiscal year 2021 budget is 32.38, a decrease of .13 or -.4% over the fiscal year 2020 mill rate of 32.51. No use of fund balance was designated for balancing the fiscal year 2021 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Town of Montville, 310 Norwich-New London Tpke., Uncasville, Connecticut 06382.



Basic Financial Statements

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 20,965,039	\$ 12,162,236	\$ 33,127,275
Receivables:			
Property taxes, net	1,560,016		1,560,016
User charges, net	15,759	1,520,174	1,535,933
Loans	295,983		295,983
Intergovernmental	1,637,765		1,637,765
Other receivables	114,607		114,607
Internal balances	124,812	(124,812)	-
Inventories	5,573		5,573
Total current assets	<u>24,719,554</u>	<u>13,557,598</u>	<u>38,277,152</u>
Noncurrent Assets:			
Capital assets, nondepreciable	5,380,875	2,238,282	7,619,157
Capital assets, net of accumulated depreciation	<u>93,144,818</u>	<u>46,581,886</u>	<u>139,726,704</u>
Total noncurrent assets	<u>98,525,693</u>	<u>48,820,168</u>	<u>147,345,861</u>
Total assets	<u>123,245,247</u>	<u>62,377,766</u>	<u>185,623,013</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	876,667		876,667
Deferred outflows related to pension	7,872,188	1,100,110	8,972,298
Deferred outflows related to OPEB	290,447		290,447
Total deferred outflows of resources	<u>9,039,302</u>	<u>1,100,110</u>	<u>10,139,412</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	1,569,522	471,320	2,040,842
Accrued payroll and related liabilities	638,561	15,771	654,332
Accrued interest payable	291,370	11,610	302,980
Unearned revenue	576,313		576,313
Current maturities of long-term obligations	4,957,120	143,737	5,100,857
Total current liabilities	<u>8,032,886</u>	<u>642,438</u>	<u>8,675,324</u>
Noncurrent liabilities:			
Due in more than one year	<u>39,879,331</u>	<u>3,902,859</u>	<u>43,782,190</u>
Total liabilities	<u>47,912,217</u>	<u>4,545,297</u>	<u>52,457,514</u>
Deferred Inflows of Resources:			
Advance tax collections	63,080		63,080
Deferred inflows related to pension	1,729,149	220,877	1,950,026
Deferred inflows related to OPEB	<u>345,763</u>		<u>345,763</u>
Total deferred inflows of resources	<u>2,137,992</u>	<u>220,877</u>	<u>2,358,869</u>
Net Position:			
Net investment in capital assets	75,261,351	47,601,139	122,862,490
Unrestricted	<u>6,972,989</u>	<u>11,110,563</u>	<u>18,083,552</u>
Total Net Position	<u>\$ 82,234,340</u>	<u>\$ 58,711,702</u>	<u>\$ 140,946,042</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 8,541,957	\$ 1,157,210	\$ 18,854	\$	\$ (7,365,893)	\$	\$ (7,365,893)
Public safety	6,530,008	1,227,507	4,979		(5,297,522)		(5,297,522)
Public works	4,497,053	575,259		1,405,925	(2,515,869)		(2,515,869)
Health and welfare	362,235	78,646	133,312		(150,277)		(150,277)
Parks and recreation	487,698	125,814			(361,884)		(361,884)
Education	50,305,236	1,022,680	23,694,832		(25,587,724)		(25,587,724)
Interest and fiscal charges	736,127				(736,127)		(736,127)
Total governmental activities	<u>71,460,314</u>	<u>4,187,116</u>	<u>23,851,977</u>	<u>1,405,925</u>	<u>(42,015,296)</u>	<u>-</u>	<u>(42,015,296)</u>
Business-type activities:							
Sewer department	6,190,713	4,984,112				(1,206,601)	(1,206,601)
Water department	1,580,233	1,115,619		299,176		(165,438)	(165,438)
Total business-type activities	<u>7,770,946</u>	<u>6,099,731</u>	<u>-</u>	<u>299,176</u>	<u>-</u>	<u>(1,372,039)</u>	<u>(1,372,039)</u>
Total Primary Government	<u>\$ 79,231,260</u>	<u>\$ 10,286,847</u>	<u>\$ 23,851,977</u>	<u>\$ 1,705,101</u>	<u>(42,015,296)</u>	<u>(1,372,039)</u>	<u>(43,387,335)</u>
General revenues:							
Property taxes					41,763,499		41,763,499
Grants and contributions not restricted to specific programs					3,148,730		3,148,730
Unrestricted investment earnings					286,465	93,525	379,990
Gain on sale of assets					117,565		117,565
Total general revenues and transfers					<u>45,316,259</u>	<u>93,525</u>	<u>45,409,784</u>
Change in net position					3,300,963	(1,278,514)	2,022,449
Net Position at Beginning of Year, as Restated					<u>78,933,377</u>	<u>59,990,216</u>	<u>138,923,593</u>
Net Position at End of Year					<u>\$ 82,234,340</u>	<u>\$ 58,711,702</u>	<u>\$ 140,946,042</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 17,102,542	\$	\$ 505,795	\$ 17,608,337
Receivables:				
Property taxes receivable, net	1,560,016			1,560,016
Assessment and interest	15,759			15,759
Loans			295,983	295,983
Intergovernmental		1,163,251	474,514	1,637,765
Other receivables	114,607			114,607
Due from other funds	1,551,444		3,930,950	5,482,394
Inventories			5,573	5,573
Total Assets	<u>\$ 20,344,368</u>	<u>\$ 1,163,251</u>	<u>\$ 5,212,815</u>	<u>\$ 26,720,434</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 969,346	\$	\$ 55,994	\$ 1,025,340
Accrued payroll and other liabilities	627,960		10,601	638,561
Due to other funds	3,930,950	966,201	374,265	5,271,416
Unearned revenue			576,313	576,313
Total liabilities	<u>5,528,256</u>	<u>966,201</u>	<u>1,017,173</u>	<u>7,511,630</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes and interest	1,461,748			1,461,748
Unavailable revenue - assessments and interest	15,759			15,759
Unavailable revenue - intergovernmental receivable		1,163,251		1,163,251
Advance tax collections	63,080			63,080
Total deferred inflows of resources	<u>1,540,587</u>	<u>1,163,251</u>	<u>-</u>	<u>2,703,838</u>
Fund balances:				
Nonspendable			5,573	5,573
Restricted	77,121		2,384,857	2,461,978
Committed	332,849		1,805,212	2,138,061
Assigned	1,707,394			1,707,394
Unassigned	11,158,161	(966,201)		10,191,960
Total fund balances	<u>13,275,525</u>	<u>(966,201)</u>	<u>4,195,642</u>	<u>16,504,966</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,344,368</u>	<u>\$ 1,163,251</u>	<u>\$ 5,212,815</u>	<u>\$ 26,720,434</u>

(Continued on next page)

TOWN OF MONTVILLE, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net
position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 16,504,966
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 142,538,734	
Less accumulated depreciation	(44,013,041)	
Net capital assets		98,525,693

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

Property tax receivables greater than 60 days	1,461,748
School construction intergovernmental receivable - accrual basis change	1,163,251
Water and sewer assessments - accrual basis change	15,759
Deferred outflows related to pensions	7,872,188
Deferred outflows related to OPEB	290,447

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

2,726,354

Long-term liabilities and deferred inflows of resources are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(23,380,000)
Capital lease payable	(1,249,953)
Deferred charge on refunding	876,667
Unamortized premium on bonds payable	(1,142,072)
Interest payable on bonds	(291,370)
Landfill post-closure costs	(76,000)
Contract payable - direct borrowings	(48,465)
Early retirement incentive	(163,650)
Total OPEB liability	(15,279,861)
Compensated absences	(1,706,213)
Net pension liability	(1,790,237)
Deferred inflows related to OPEB	(345,763)
Deferred inflows related to pensions	(1,729,149)

Net Position of Governmental Activities (Exhibit I)

\$ 82,234,340

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes, interest and lien fees	\$ 42,204,412	\$	\$	\$ 42,204,412
Intergovernmental revenues	22,488,516		3,250,928	25,739,444
Charges for services	4,192,817		436,458	4,629,275
Investment income	283,217		181	283,398
Other	8,332		55,981	64,313
Total revenues	<u>69,177,294</u>	<u>-</u>	<u>3,743,548</u>	<u>72,920,842</u>
Expenditures:				
Current:				
General government	8,237,886		24,125	8,262,011
Public safety	4,736,186		10,161	4,746,347
Public works	4,004,573		208,784	4,213,357
Health and welfare	223,016		108,545	331,561
Parks and recreation	294,133		65,244	359,377
Nonprofit organizations	74,300			74,300
Education	44,341,007		1,977,863	46,318,870
Debt service:				
Principal retirement	4,319,691			4,319,691
Interest and other charges	619,012		172,666	791,678
Capital outlay	273,881		2,739,480	3,013,361
Total expenditures	<u>67,123,685</u>	<u>-</u>	<u>5,306,868</u>	<u>72,430,553</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,053,609</u>	<u>-</u>	<u>(1,563,320)</u>	<u>490,289</u>
Other Financing Sources (Uses):				
Transfers out to other funds	(233,807)		233,807	-
Transfers in from other funds	47,541		(47,541)	-
Total other financing (uses)	<u>(186,266)</u>	<u>-</u>	<u>186,266</u>	<u>-</u>
Net Change in Fund Balances	1,867,343	-	(1,377,054)	490,289
Fund Balances at Beginning of Year	<u>11,408,182</u>	<u>(966,201)</u>	<u>5,572,696</u>	<u>16,014,677</u>
Fund Balances at End of Year	<u>\$ 13,275,525</u>	<u>\$ (966,201)</u>	<u>\$ 4,195,642</u>	<u>\$ 16,504,966</u>

(Continued on next page)

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 490,289
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	4,234,984
Depreciation expense	(2,662,945)
Disposition of capital assets	(397,973)

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

Property taxes receivable - accrual basis change	(440,913)
Assessments - accrual basis change	(18,841)
Changes in deferred outflows related to pensions	(1,951,175)
Changes in deferred outflows related to OPEB	211,716

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds and notes payable	3,989,000
Principal payments on capital leases	373,490
Principal payments on direct borrowings	116,280

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

Amortization of deferred charge on refunding	(142,724)
Amortization of premium	148,392
Accrued interest	48,085
Landfill post-closure costs	19,000
Early retirement incentives	8,347
Change in compensated absences	(467,793)
Change in net pension liability	(258,575)
Change in total OPEB liability	34,294
Changes in deferred inflows related to pensions	(1,180,009)
Change in deferred inflows related to OPEB	20,074

The net expense of the internal service funds is reported with governmental activities.	<u>1,127,960</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,300,963</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Enterprise Funds</u>			<u>Activities</u>
	<u>Major Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service Fund</u>
	<u>Department</u>	<u>Department</u>	<u>Funds</u>	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,826,476	\$ 1,335,760	\$ 12,162,236	\$ 3,356,702
Receivables:				
User charges, net	1,386,237	133,937	1,520,174	
Due from other funds		42,318	42,318	
Total current assets	<u>12,212,713</u>	<u>1,512,015</u>	<u>13,724,728</u>	<u>3,356,702</u>
Noncurrent assets:				
Capital assets, nondepreciable	2,197,982	40,300	2,238,282	
Capital assets, net of accumulated depreciation	36,552,161	10,029,725	46,581,886	
Total noncurrent assets	<u>38,750,143</u>	<u>10,070,025</u>	<u>48,820,168</u>	<u>-</u>
Total assets	<u>50,962,856</u>	<u>11,582,040</u>	<u>62,544,896</u>	<u>3,356,702</u>
Deferred outflows of resources:				
Deferred charge related to pension	1,100,110		1,100,110	
Total deferred outflows of resources	<u>1,100,110</u>	<u>-</u>	<u>1,100,110</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	393,773	77,547	471,320	
Accrued liabilities	15,771		15,771	
Accrued interest payable	11,610		11,610	
Due to other funds	154,693	12,437	167,130	86,166
Claims payable			-	544,182
Bonds, notes and loans payable	101,251		101,251	
Capital lease	23,486		23,486	
Compensated absences	19,000		19,000	
Total current liabilities	<u>719,584</u>	<u>89,984</u>	<u>809,568</u>	<u>630,348</u>
Noncurrent liabilities:				
Bonds, notes and loans payable and related liabilities	1,069,933		1,069,933	
Capital lease	24,359		24,359	
Compensated absences	73,946		73,946	
Connection fee payable		671,994	671,994	
Net pension liability	2,062,627		2,062,627	
Total noncurrent liabilities	<u>3,230,865</u>	<u>671,994</u>	<u>3,902,859</u>	<u>-</u>
Total liabilities	<u>3,950,449</u>	<u>761,978</u>	<u>4,712,427</u>	<u>630,348</u>
Deferred inflows of resources:				
Deferred charges related to pension	220,877		220,877	
Net Position:				
Investment in capital assets	37,531,114	10,070,025	47,601,139	-
Unrestricted	10,360,526	750,037	11,110,563	2,726,354
Total Net Position	<u>\$ 47,891,640</u>	<u>\$ 10,820,062</u>	<u>\$ 58,711,702</u>	<u>\$ 2,726,354</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Enterprise Funds</u>			<u>Activities</u>
	<u>Major Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service Fund</u>
	<u>Department</u>	<u>Department</u>	<u>Funds</u>	
Operating Revenues:				
Charges for services	\$ 4,984,112	\$ 1,115,619	\$ 6,099,731	\$ 6,797,626
Total operating revenues	<u>4,984,112</u>	<u>1,115,619</u>	<u>6,099,731</u>	<u>6,797,626</u>
Operating Expenses:				
Medical claims			-	5,391,306
Administration			-	281,427
Personnel services	838,271	84,642	922,913	
Supplies and administration	1,828,669	937,666	2,766,335	
Maintenance	272,721	12,285	285,006	
Energy and transportation	861,113	59,219	920,332	
Insurance and taxes	875,323	26,578	901,901	
Depreciation expense	1,478,075	307,569	1,785,644	
Total operating expenses	<u>6,154,172</u>	<u>1,427,959</u>	<u>7,582,131</u>	<u>5,672,733</u>
Operating Income (Loss)	<u>(1,170,060)</u>	<u>(312,340)</u>	<u>(1,482,400)</u>	<u>1,124,893</u>
Nonoperating Revenues (Expenses):				
Intergovernmental	299,176		299,176	
Loss on asset disposal	(152,274)		(152,274)	
Income on investments	84,457	9,068	93,525	3,067
Interest expense	(36,541)		(36,541)	
Total nonoperating expenses	<u>194,818</u>	<u>9,068</u>	<u>203,886</u>	<u>3,067</u>
Change in Net Position	(975,242)	(303,272)	(1,278,514)	1,127,960
Net Position at Beginning of Year, as Restated	<u>48,866,882</u>	<u>11,123,334</u>	<u>59,990,216</u>	<u>1,598,394</u>
Net Position at End of Year	<u>\$ 47,891,640</u>	<u>\$ 10,820,062</u>	<u>\$ 58,711,702</u>	<u>\$ 2,726,354</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Major Funds		Total	Internal Service Fund
Sewer Department	Water Department	Enterprise Funds		
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 4,932,871	\$ 1,100,351	\$ 6,033,222	\$ 6,931,153
Intergovernmental	86,265		86,265	
Payments to suppliers	(3,993,660)	(1,044,042)	(5,037,702)	(281,427)
Payments to employees	(383,211)	(84,642)	(467,853)	
Claims paid			-	(5,435,124)
Net cash provided by (used in) operating activities	<u>642,265</u>	<u>(28,333)</u>	<u>613,932</u>	<u>1,214,602</u>
Cash Flows from Noncapital Financing Activities:				
Interfund loans	<u>164,693</u>	<u>(29,881)</u>	<u>134,812</u>	<u>86,166</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment	(596,300)		(596,300)	
Capital grants	299,176		299,176	
Principal payments (bonds, notes and capital leases)	(125,396)		(125,396)	
Payments on connection fee payable		(3,500)	(3,500)	
Interest payments	<u>(38,900)</u>		<u>(38,900)</u>	
Net cash provided by (used in) capital and related financing activities	<u>(461,420)</u>	<u>(3,500)</u>	<u>(464,920)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Sale of investments	3,089,955		3,089,955	
Interest on investments	<u>84,457</u>	<u>9,068</u>	<u>93,525</u>	<u>3,067</u>
Net cash provided by (used in) investing activities	<u>3,174,412</u>	<u>9,068</u>	<u>3,183,480</u>	<u>3,067</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,519,950	(52,646)	3,467,304	1,303,835
Cash and Cash Equivalents at Beginning of Year	<u>7,306,526</u>	<u>1,388,406</u>	<u>8,694,932</u>	<u>2,052,867</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,826,476</u>	<u>\$ 1,335,760</u>	<u>\$ 12,162,236</u>	<u>\$ 3,356,702</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (1,170,060)	\$ (312,340)	\$ (1,482,400)	\$ 1,124,893
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,478,075	307,569	1,785,644	
Change in assets and liabilities:				
(Increase) decrease in user charges receivable	(51,241)	(15,268)	(66,509)	133,527
(Increase) decrease in intergovernmental receivable	86,265		86,265	
(Increase) decrease in deferred outflows related to pension	280,329		280,329	
Increase (decrease) in accounts payable	(155,834)	(8,294)	(164,128)	
Increase (decrease) in compensated absences	10,555		10,555	
Increase (decrease) in net pension liability	(56,701)		(56,701)	
(Increase) decrease in deferred inflows related to pension	220,877		220,877	
Increase (decrease) in claims payable			-	(43,818)
Total adjustments	<u>1,812,325</u>	<u>284,007</u>	<u>2,096,332</u>	<u>89,709</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 642,265</u>	<u>\$ (28,333)</u>	<u>\$ 613,932</u>	<u>\$ 1,214,602</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 181,682	\$ 472,964
Investments, at fair value:		
Mutual funds	<u>294,387</u>	<u> </u>
Total assets	476,069	<u>\$ 472,964</u>
Liabilities:		
Fiduciary deposits	<u> </u>	<u>\$ 472,964</u>
Total liabilities		
Net Position:		
Restricted for scholarships	<u>\$ 476,069</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Private-Purpose Trust Fund
	<hr/>
Additions:	
Investment earnings:	
Net change in fair value of investments	(9,092)
Interest	11,879
Total investment earnings	<hr/> 2,787
Less investment expenses:	
Investment management fees	175
Net investment earnings	<hr/> 2,612
 Deductions:	
Scholarships awarded	<hr/> 10,930
 Change in Net Position	 (8,318)
 Net Position at Beginning of Year	 <hr/> 484,387
 Net Position at End of Year	 \$ <u><u>476,069</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Montville, Connecticut, was settled in 1786 and covers 43.9 square miles located in the Southeastern part of Connecticut. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, health, social services, recreation, planning and zoning, education and other miscellaneous programs.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance part of the government's operations and, therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of the end of the current fiscal year). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source (within 60 days of the end of the current fiscal year). All other revenue items are considered to be measurable and available only when the cash is received.

The Town reports the following major governmental funds:

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

The *Bonded Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

The *Sewer Department* accounts for the activities of the Town's Sewer department operations.

The *Water Department* accounts for the activities of the Town's Water department operations.

Additionally, the Town reports the following fund types:

Internal Service Fund

This fund accounts for activities that provide goods or services to other funds, departments or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Fiduciary Fund Types

These funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The *Private-Purpose Trust Funds* are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private-purpose trust fund to account for activities of the School Scholarships Private Purpose Trust Fund.

The *Agency Funds* are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system. The performance bonds fund accounts for monies received to ensure that new home construction is performed per specifications.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds consist of charges to customers for services relating to sewer and water usage. Operating expenses of the Town's enterprise funds include the cost of operations and maintenance, administrative expenses and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, when purchased, such as certificates of deposit and investment pools.

Investments

All investments are stated at fair value.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

E. Receivables

Property Taxes

Property taxes are assessed as of October 1 and are levied the following July 1. Taxes are due and payable in equal installments on July 1 and January 1 following the date of the Grand List. Interest of 1-1/2% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$275,000 and \$250,000, respectively, as of June 30, 2020.

Assessments and Usage Charges

Upon completion of projects, water and sewer assessments are levied and assessed to the users each February. Usage charges are billed quarterly or monthly depending on the property type, beginning in January. Assessments and user charges are due and payable within thirty days, and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the WPCA has established an allowance for uncollectible sewer and water usage of \$13,170 and \$1,600, respectively, as of June 30, 2020.

F. Interfund Activities

Interfund activities are reported as follows:

Interfund Receivable and Payable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

G. Unearned Revenue

This liability represents resources that have been received but not yet earned.

H. Inventory

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

I. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, works of art and similar items are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	35 - 50
Building improvements	20
Distribution and collection systems	50 - 65
Infrastructure	30 - 50
Land improvements	30 - 50
Machinery and equipment	5 - 20

Capital outlay is reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

J. Compensated Absences

Under the terms of various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Town employees may not carry over any accumulated vacation time and may carry over a limited number of sick days to subsequent years. In the event of retirement, Town employees are reimbursed for accumulated vacation and sick days based on union contract. Board of Education employees may carry over a limited number of unused vacation days to the next fiscal year.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

All compensated absences are accrued when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e., due to resignation or retirement).

K. Net Pension Liability

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.

L. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed 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.

M. Deferred Outflows/Inflows of Resources

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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The Town reports deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense and OPEB expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, assessments, interest on assessments and intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued, including capital leases, 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. Principal payments and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Position and Fund Balance

Equity in the government-wide financial statements is defined as “net position.” Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The components of net position are detailed below:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets, net of unexpended proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position

These amounts are restricted to specific purposes when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net amount of the assets, liabilities and deferred inflows/outflows of resources which are not restricted for any project or other purpose. A deficit will require future funding.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance

These amounts are restricted to specific purposes when constraints are placed on the use of resources by external parties, such as debt covenants, grantors, contributors, or laws or regulations of other governments.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned Fund Balance

For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Council, who has been delegated to assign amounts by the Town Charter.

Unassigned Fund Balance

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund between 12% and 16% of the Town's General Fund budget. Two-thirds vote of the entire Town Council is required to decrease total fund balance below 12%. Unassigned fund balance in the General Fund as of June 30, 2020 represents 18.01% of the Town's final General Fund budget.

P. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

Q. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 12, 2020.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of Connecticut General Statutes and annually adopted budget policies:

- By 100 days before the close of the fiscal year, the head of each department, office and agency submits to the Finance Director detailed estimates of expenditures and any revenues other than tax revenues expected to be collected. Expenditures are controlled at the department level.
- The Mayor submits a Capital Improvement Program for the ensuing fiscal year and the immediate four subsequent years to the Town Council for changes from the prior year's program by 75 days before the close of the fiscal year. It is then submitted to the Planning and Zoning Commission for approval. The Town Council then adopts the Program. The Program details the project, cost estimates, methods of financing, time schedules and the estimated annual cost of the facility operation.
- By 75 days before the close of the fiscal year, the Mayor presents a budget message, estimates of revenues and expenditures, and justifications to the Town Council.
- By 60 days before the close of the fiscal year, the Town Council publishes the particulars of the budgets and holds one or more public hearings.
- The Town Council may add, increase, delete or decrease any programs or amounts except for those prohibited by law. The budget is returned to the Mayor, who approves it or vetoes one or more line-items (except for the Board of Education budget). A veto may be overridden by a two-thirds vote of the entire Town Council.
- The Town Council adopts the final budget before 30 days of the close of the fiscal year.
- If the Town Council fails to adopt a budget within the prescribed timeframe, the previous year's budget prevails on a month-to-month basis until the new budget is adopted.
- With written approval of a department head and the Director of Finance, transfers between line items within a department can be made. The Town Council may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations may be made during the year by resolution of the Town Council. Additional appropriations from fund balance for the year ended June 30, 2020 amounted to \$513,275.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital projects funds and certain special revenue funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Encumbered appropriations in the General Fund are not re-appropriated in the ensuing year's budget but are carried forward.

B. Fund Deficits

At June 30, 2020, the Town reported deficit fund balance/net position in the following funds:

Bonded Projects Fund	\$	966,201
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The fund deficit will be eliminated by grant funding, state grant reimbursements and from appropriation from the General Fund.

3. CASH, CASH EQUIVALENTS 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 Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest 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 provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

A. Deposits

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$24,505,901 of the Town’s bank balance of \$26,500,485 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 21,880,311
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,625,590</u>
Total Amount Subject to Custodial Risk	<u>\$ 24,505,901</u>

All of the Town’s deposits were in qualified public institutions as defined by Connecticut 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.

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2020, the Town’s cash equivalents amounted to \$8,329,402. The following table provides a summary of the Town’s cash equivalents as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm

C. Investments

At June 30, 2020, the Town’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Other investments:	
Mutual funds	\$ <u>294,387</u>

**TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town’s investments in external investment pools and mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

Credit Risk - Investments

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

Concentration of Credit Risk

The Town places no limit on the amount of investment in any one issuer. No more than 5% of the Town’s investments were invested in any one issuer in which credit risk was applicable.

Fair Value Disclosure

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town has the following recurring fair value measurements as of June 30, 2020:

	<u>June 30, 2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ <u>294,387</u>	\$ <u>294,387</u>	\$ <u>-</u>	\$ <u>-</u>

Mutual funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. RECEIVABLES

Receivable as of June 30, 2020, including the applicable allowances for uncollectible accounts, for the Town's major funds and nonmajor governmental funds are presented below.

<u>Receivables</u>	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Sewer Department</u>	<u>Water Department</u>	<u>Total</u>
Property taxes	\$ 1,436,366	\$	\$	\$	\$	\$ 1,436,366
Interest on property taxes	648,650					648,650
Assessment and interest	15,759					15,759
User charges				1,399,407	135,537	1,534,944
Loans			295,983			295,983
Intergovernmental		1,163,251	474,514			1,637,765
Other	114,607					114,607
Gross Receivables	2,215,382	1,163,251	770,497	1,399,407	135,537	5,684,074
Less allowance for uncollectible accounts	(525,000)			(13,170)	(1,600)	(539,770)
Net Receivables	\$ <u>1,690,382</u>	\$ <u>1,163,251</u>	\$ <u>770,497</u>	\$ <u>1,386,237</u>	\$ <u>133,937</u>	\$ <u>5,144,304</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,301,950	\$ 245,384	\$ 198,363	\$	\$ 2,348,971
Construction in progress	4,061,917	1,498,340		(2,528,353)	3,031,904
Total capital assets not being depreciated	<u>6,363,867</u>	<u>1,743,724</u>	<u>198,363</u>	<u>(2,528,353)</u>	<u>5,380,875</u>
Capital assets being depreciated:					
Land improvements	2,433,472	62,146		1,219,173	3,714,791
Buildings and improvements	94,221,685	492,043	116,499		94,597,229
Machinery and equipment	16,016,531	985,922	887,898	373,619	16,488,174
Infrastructure	20,470,955	951,149		935,561	22,357,665
Total capital assets being depreciated	<u>133,142,643</u>	<u>2,491,260</u>	<u>1,004,397</u>	<u>2,528,353</u>	<u>137,157,859</u>
Less accumulated depreciation for:					
Land improvements	899,218	85,064			984,282
Buildings and improvements	22,756,404	1,410,457	777		24,166,084
Machinery and equipment	9,852,605	862,006	804,010		9,910,601
Infrastructure	8,646,656	305,418			8,952,074
Total accumulated depreciation	<u>42,154,883</u>	<u>2,662,945</u>	<u>804,787</u>	<u>-</u>	<u>44,013,041</u>
Total capital assets being depreciated, net	<u>90,987,760</u>	<u>(171,685)</u>	<u>199,610</u>	<u>2,528,353</u>	<u>93,144,818</u>
Governmental Activities Capital Assets, Net	\$ <u>97,351,627</u>	\$ <u>1,572,039</u>	\$ <u>397,973</u>	\$ <u>-</u>	\$ <u>98,525,693</u>

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,127,031	\$	\$	\$	\$ 1,127,031
Construction in progress	793,557	317,694			1,111,251
Total capital assets not being depreciated	<u>1,920,588</u>	<u>317,694</u>	-	-	<u>2,238,282</u>
Capital assets being depreciated:					
Buildings and improvements	19,862,414		236,373		19,626,041
Distribution and collection system	51,487,323	95,201	31,948		51,550,576
Machinery and equipment	15,980,444	183,405	74,643		16,089,206
Total capital assets being depreciated	<u>87,330,181</u>	<u>278,606</u>	<u>342,964</u>	-	<u>87,265,823</u>
Less accumulated depreciation for:					
Buildings and improvements	8,457,262	414,666	94,549		8,777,379
Distribution and collection system	20,809,195	1,296,214	31,948		22,073,461
Machinery and equipment	9,822,526	74,764	64,193		9,833,097
Total accumulated depreciation	<u>39,088,983</u>	<u>1,785,644</u>	<u>190,690</u>	-	<u>40,683,937</u>
Total capital assets being depreciated, net	<u>48,241,198</u>	<u>(1,507,038)</u>	<u>152,274</u>	-	<u>46,581,886</u>
Business-Type Activities Capital Assets, Net	<u>\$ 50,161,786</u>	<u>\$ (1,189,344)</u>	<u>\$ 152,274</u>	<u>\$ -</u>	<u>\$ 48,820,168</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 127,453
Public safety	406,560
Public works	528,407
Health and welfare	24,766
Recreation and leisure	82,747
Education	<u>1,493,012</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,662,945</u>
Business-type activities:	
Sewer department	\$ 1,478,075
Water department	<u>307,569</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,785,644</u>

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. INTERFUND BALANCES AND TRANSFERS

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Bonded projects fund	\$ 966,201
General fund	Nonmajor governmental funds	374,265
General fund	Sewer department	112,375
General fund	Water department	12,437
General fund	Internal service fund	86,166
Nonmajor governmental funds	General fund	3,930,950
Water department	Sewer department	<u>42,318</u>
Total		\$ <u>5,524,712</u>

The above balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund Transfers

A summary of interfund transfers as of June 30, 2020 is as follows:

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfer Out</u>
Transfers Out:			
General fund	\$	\$ 233,807	\$ 233,807
Nonmajor governmental funds	<u>47,541</u>		<u>47,541</u>
Transfers In	\$ <u>47,541</u>	\$ <u>233,807</u>	\$ <u>281,348</u>

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 27,369,000	\$	\$ 3,989,000	\$ 23,380,000	\$ 4,104,000
Premium on bonds	1,290,464		148,392	1,142,072	
Total bonds payable	28,659,464	-	4,137,392	24,522,072	4,104,000
Capital lease	1,623,443		373,490	1,249,953	345,547
Contract payable from direct borrowing	164,745		116,280	48,465	48,465
Landfill post-closure costs	95,000		19,000	76,000	19,000
Early retirement incentive	171,997	154,377	162,724	163,650	98,108
Compensated absences	1,238,420	467,793		1,706,213	342,000
Net pension liability	15,314,155		34,294	15,279,861	
Total OPEB liability	1,531,662	258,575		1,790,237	
Total Governmental Activities Long-Term Liabilities	\$ 48,798,886	\$ 880,745	\$ 4,843,180	\$ 44,836,451	\$ 4,957,120
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 1,080,000	\$	\$ 90,000	\$ 990,000	\$ 90,000
Capital lease	70,488		22,643	47,845	23,486
Note payable from direct borrowings	192,215		11,031	181,184	11,251
Contract payable from direct borrowing	675,494		3,500	671,994	
Compensated absences	82,391	10,555		92,946	19,000
Net pension liability	2,119,328		56,701	2,062,627	
Total Long-Term Liabilities	\$ 4,219,916	\$ 10,555	\$ 183,875	\$ 4,046,596	\$ 143,737

Bonds payable typically have been liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities. Other long-term liabilities are typically liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

General Obligation Bonds

General obligation bonds as of June 30, 2020 consisted of the following:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2020</u>
Governmental Activities:					
Bonds Payable					
General Obligation Bonds - Series A	\$ 2,212,600	02/25/10	07/01/21	2.00-4.00%	\$ 445,000
General Obligation Bonds - Series B	7,890,000	02/25/10	07/01/24	3.00-5.00%	1,420,000
General Obligation Bonds	10,625,000	08/15/12	08/15/32	2.13-5.00%	6,885,000
General Obligation Refunding Bonds	9,195,000	03/07/13	07/01/26	1.00-4.00%	7,960,000
General Obligation Refunding Bonds	5,849,000	11/02/15	09/15/27	1.97%	4,420,000
General Obligation Bonds	2,500,000	04/09/19	04/01/29	3.00-5.00%	<u>2,250,000</u>
					<u>\$ 23,380,000</u>
Business-type Activities:					
Bonds Payable					
General Obligation Bonds	\$ 1,500,000	08/15/12	08/15/32	2.13-5.00%	<u>\$ 990,000</u>

The annual debt service requirements of general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,104,000	\$ 655,798	\$ 90,000	\$ 28,937
2022	3,610,000	537,326	90,000	25,337
2023	3,372,000	420,539	90,000	21,737
2024	3,351,000	309,829	90,000	18,981
2025	2,351,000	227,893	70,000	17,238
2026-2030	5,302,000	490,870	350,000	57,575
2031-2035	<u>1,290,000</u>	<u>58,050</u>	<u>210,000</u>	<u>9,450</u>
	<u>\$ 23,380,000</u>	<u>\$ 2,700,305</u>	<u>\$ 990,000</u>	<u>\$ 179,255</u>

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 92,813,360	\$ 24,076,953	\$ 68,736,407
Schools	185,626,719	5,582,849	180,043,870
Sewers	154,688,933		154,688,933
Urban renewal	134,063,742		134,063,742
Pension deficit	123,751,146		123,751,146

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$288,752,674.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Authorized, Unissued Bonds

At June 30, 2020, the Town had authorized unissued bonds totaling \$7,500,000 for road improvements.

Capital Lease Commitments

The Town has several active capital leases as of year-end. Assets acquired through the capital lease is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 2,791,257	\$ 116,478
Less accumulated depreciation	<u>(555,902)</u>	<u>(18,766)</u>
Net Book Value	<u>\$ 2,235,355</u>	<u>\$ 97,712</u>

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Obligations of Governmental Activities under capital leases at June 30, 2020 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 384,246	\$ 25,265
2022	382,017	25,265
2023	332,213	
2024	80,729	
2025	79,104	
2026	77,479	
Total minimum lease payments	<u>1,335,788</u>	<u>50,530</u>
Less amount for interest	<u>(85,835)</u>	<u>(2,685)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,249,953</u>	<u>\$ 47,845</u>

Note Payable from Direct Borrowings

The State of Connecticut Department of Energy and Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the Town dated January 30, 2015, in the initial amount of \$245,631. The note is payable in 240 monthly installments of \$1,231 and matures in July 2033. The note bears an interest rate of 2.0%.

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2020:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 11,251	\$ 3,521
2022	11,479	3,294
2023	11,710	3,062
2024	11,947	2,826
2025	12,188	2,585
2026-2030	64,730	9,123
2031-2035	<u>57,879</u>	<u>2,444</u>
	<u>\$ 181,184</u>	<u>\$ 26,855</u>

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Contract Payables from Direct Borrowings

The Town currently has an outstanding loan of \$48,465 with its utility provider to finance a portion of the costs for energy conservation lighting and other related items for streetlights throughout the Town. The loan is noninterest bearing with total monthly principal payments of \$9,690 through November 2020.

The Town has entered into a long-term contract with the Mohegan Tribal Utility Authority in connection with its portion of costs from a regional water extension project. Amounts payable total \$671,994 as of June 30, 2020 and are due upon new connections to the system.

Landfill Closure and Post-Closure Care Costs

The Town landfill has been closed. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Estimated monitoring costs of \$19,000 per year for the next four years total \$76,000 at June 30, 2020. These amounts are based on estimates which are subject to change due to inflation, technology or changes in applicable laws and regulations.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to former employees. Benefits are paid annually based on the retirement agreement for each employee. Benefits are payable through 2024. The amount paid from General Fund appropriations during the year ended June 30, 2020 was \$162,724, and the outstanding balance at June 30, 2020 is \$163,650.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

8. FUND BALANCE

As of June 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ _____	\$ _____	\$ 5,573	\$ 5,573
Restricted for:				
External - donations	2,214		5,064	7,278
Health and welfare			3,346	3,346
Cafeteria operations			384,157	384,157
Education	74,907		9,453	84,360
Capital purposes			1,982,837	1,982,837
Total restricted	<u>77,121</u>	<u>-</u>	<u>2,384,857</u>	<u>2,461,978</u>
Committed for:				
Education carryover	332,849			332,849
General government			44,426	44,426
Health and welfare			372,913	372,913
Recreation			42,587	42,587
Capital projects			1,345,286	1,345,286
Total committed	<u>332,849</u>	<u>-</u>	<u>1,805,212</u>	<u>2,138,061</u>
Assigned to:				
General government encumbrances	120,224			120,224
Public safety encumbrances	48,473			48,473
Capital appropriation - FY '21	787,627			787,627
Education encumbrances	751,070			751,070
Total assigned	<u>1,707,394</u>	<u>-</u>	<u>-</u>	<u>1,707,394</u>
Unassigned	<u>11,158,161</u>	<u>(966,201)</u>		<u>10,191,960</u>
Total Fund Balances	<u>\$ 13,275,525</u>	<u>\$ (966,201)</u>	<u>\$ 4,195,642</u>	<u>\$ 16,504,966</u>

As of June 30, 2020, the Town has recorded \$919,767 in encumbrances, which has been reported in the assigned fund balance of the General Fund.

**TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2020, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town’s insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$175,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2020. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2019 and 2020 is as follows:

	Medical Insurance			
	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2018-2019	\$ 590,000	\$ 6,561,307	\$ (6,563,307)	\$ 588,000
2019-2020	588,000	5,391,306	(5,435,124)	544,182

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

10. COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

11. EMPLOYEE RETIREMENT PLANS

A. Connecticut Municipal Employees' Retirement System

Plan Description

With certain exceptions, all full-time employees participate in the Municipal Employees' Retirement System (MERS). MERS 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 MERS benefits, member contribution rates and other plan provisions. MERS 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.

Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. 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. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Non-Service Connected

This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers 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 MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

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

At June 30, 2020, the Town reports a liability of \$17,342,488 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 at June 30, 2019. The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2020, the Town's proportion was 1.68%. The decrease in proportion from the prior year was 0.14%.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

For the year ended June 30, 2020, the Town recognized pension expense of \$5,032,161. At June 30, 2020, the Town reported deferred outflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 728,692	\$
Change in assumptions	4,631,226	
Differences between expected and actual experience	1,484,691	1,526,470
Changes in proportional share	378,343	423,556
Contributions made subsequent to measurement date	<u>1,749,346</u>	
Total	<u>\$ 8,972,298</u>	<u>\$ 1,950,026</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,

2021	\$ 2,144,433
2022	1,496,681
2023	1,811,691
2024	<u>(179,879)</u>
Total	<u>\$ 5,272,926</u>

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 period:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

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.

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.

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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%; the maximum is 6%.

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 class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	20.0 %	5.3 %
Developed market international	11.0	5.1
High yield bonds	6.0	3.4
Private equity	10.0	7.3
Core fixed income	16.0	1.6
Emerging market bond	5.0	2.9
Alternative investments	7.0	3.2
Emerging markets international	9.0	7.4
Real estate	10.0	4.7
Inflation linked bond fund	5.0	1.3
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 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.

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

The following presents the Town’s proportionate share of the net pension liability, calculated using the current discount rate, 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 or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(6.00%)	Discount Rate	(8.00%)
	<u> </u>	<u> </u>	<u> </u>
Town’s Proportionate Share of the Net Pension Liability	\$ <u>25,204,980</u>	\$ <u>17,432,488</u>	\$ <u>10,760,777</u>

B. Connecticut State Teachers’ Retirement System - Pension

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.

Benefit Provisions

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.

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).

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 with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-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.

Contributions

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.

**TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
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Employer (School Districts)

School District employers are not required to make contributions to the plan.

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.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$5,875,357 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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 pensionable salary.

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

At June 30, 2020, 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 amount 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:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>77,619,156</u>
Total	<u>\$ 77,619,156</u>

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 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 expense and revenue of \$9,532,955 in Exhibit II.

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 increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

**TOWN OF MONTVILLE, CONNECTICUT
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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.

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, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments 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%.

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 allocations as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>	<u>Standard Deviation</u>
Public Equity - US Equity	8.10 %	20.00 %	17.00 %
Public Equity - International Developed Equity	8.50	11.00	19.00
Public Equity - Emerging Markets Equity	10.40	9.00	24.00
Fixed Income - Core Fixed Income	4.60	16.00	7.00
Fixed Income - Inflation Linked Bonds	3.60	5.00	7.00
Fixed Income - High Yield	6.50	6.00	11.00
Fixed Income - Emerging Market Debt	5.20	5.00	11.00
Private Equity	9.80	10.00	23.00
Real Estate	7.00	10.00	15.00
Alternative Investments - Real Assets	8.20	4.00	17.00
Alternative Investments - Hedge Funds	5.40	3.00	7.00
Liquidity Fund	2.90	1.00	1.00
Total		<u>100.00 %</u>	

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.

Sensitivity of the Net Pension Liability 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.

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.

12. OTHER POST-EMPLOYMENT BENEFITS PLANS (OPEB)

A. Board of Education OPEB Plan

Plan Description

The Town administers an Other Post-Employment Benefits Plan (the Plan), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2020, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

**TOWN OF MONTVILLE, CONNECTICUT
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Benefit Provided

The OPEB Plan provides for medical, prescription, dental and life insurance benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. Currently, the Town contributes the following for various classes of employees covered:

Board of Education Administrators

Administrators receiving benefits are required to contribute 50% of their premium costs. Administrators hired on or after July 1, 2012 are required to contribute 75% of their premium costs. Administrators are eligible for benefits upon retirement and 20 years of service regardless of age.

Board of Education Teachers

Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

Membership in the plan consisted of the following at June 30, 2019:

Inactive plan members receiving benefits	73
Active participants	<u>229</u>
Total	<u><u>302</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$1,790,237 was measured as of June 30, 2020 and it was determined by an actuarial valuation as of July 1, 2019.

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:

Discount rate	2.21%
2018 medical trend rates	9.00%
2019 medical trend rates	8.00%
Ultimate medical trend rates	5.00%
Year ultimate medical trend rates	2022
Salary increases	2.50%

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected with projection scale MP-2018.

**TOWN OF MONTVILLE, CONNECTICUT
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JUNE 30, 2020**

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
	<u> </u>
Balances as of July 1, 2019	\$ <u>1,531,662</u>
Changes for the year:	
Service cost	58,795
Interest on total OPEB liability	54,241
Changes of benefit terms	-
Difference between expected and actual experience	(8,580)
Changes in assumptions or other inputs	236,273
Benefit payments	<u>(82,154)</u>
Net changes	<u>258,575</u>
Balances as of June 30, 2020	\$ <u>1,790,237</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town using the current discount rate, 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 or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.21%)	Current Discount Rate (2.21%)	1% Increase in Discount Rate (3.21%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 2,010,842	\$ 1,790,237	\$ 1,603,007

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease in Healthcare Cost Trend Rates (6.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 5.00%)	1% Increase in Healthcare Cost Trend Rates (8.00% decreasing to 6.00%)
Total OPEB Liability	\$ 1,516,886	\$ 1,790,237	\$ 2,137,869

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$108,939. 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	\$	\$ 302,678
Changes of assumptions or other inputs	<u>290,447</u>	<u>43,085</u>
Total	<u>\$ 290,447</u>	<u>\$ 345,763</u>

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

Year Ending June 30

2021	\$ (4,097)
2022	(4,097)
2023	(4,097)
2024	(4,097)
2025	(4,097)
Thereafter	(34,831)

B. Connecticut State Teacher's Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 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.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

**TOWN OF MONTVILLE, CONNECTICUT
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Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of Credited Service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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 State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$160,578 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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.

**TOWN OF MONTVILLE, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, 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 amount 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 was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>12,105,146</u>
Total	<u>\$ 12,105,146</u>

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 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 expense and revenue of \$(885,813) in Exhibit II.

Actuarial Assumptions

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%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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.

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, 2010 - June 30, 2015.

**TOWN OF MONTVILLE, CONNECTICUT
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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 evaluating 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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

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 assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB 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.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The government-wide activities, business-type activities and Sewer Department net position have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Sewer Department</u>
Balance as previously reported June 30, 2019	\$ 77,466,377	\$ 59,523,386	\$ 48,400,052
Adjustments:			
To correct deferred outflows of resources related to pensions understated due to omission of contributions subsequent to the measurement date	1,467,000	175,000	175,000
To correct overstated allowance for doubtful accounts	<u> </u>	<u>291,830</u>	<u>291,830</u>
Balance July 1, 2019, as Restated	<u>\$ 78,933,377</u>	<u>\$ 59,990,216</u>	<u>\$ 48,866,882</u>

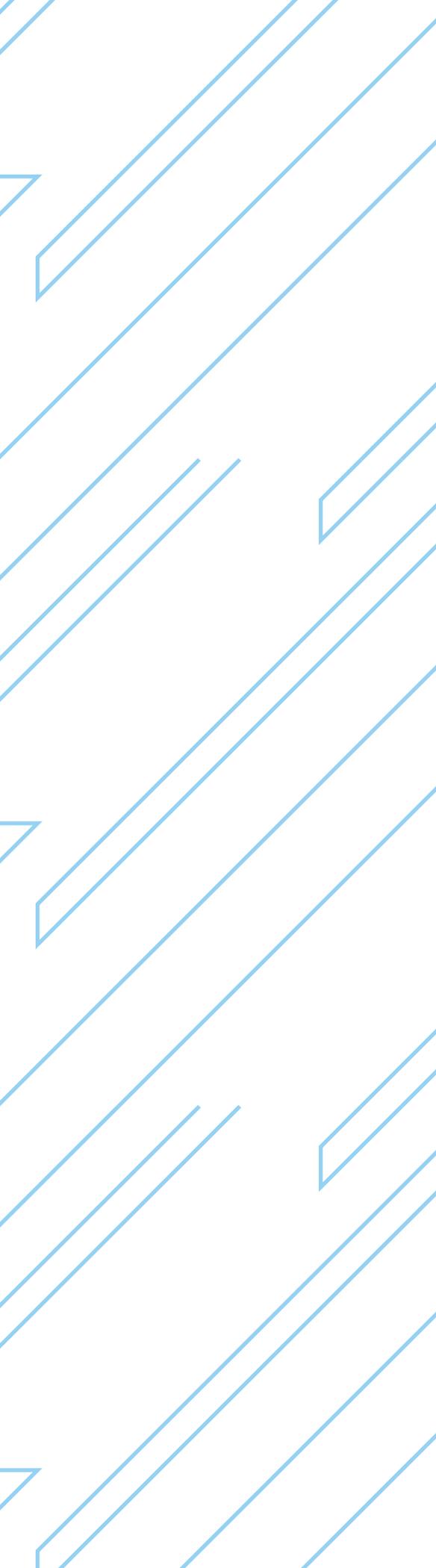
14. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a state of emergency to combat a novel coronavirus disease (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. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town’s health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

15. SUBSEQUENT EVENT

On August 21, 2020, the Town entered into a master lease purchase agreement to finance the purchase of various vehicles and equipment in the amount of \$950,000 and the interest rate of 1.045%.



Required Supplementary Information

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Property taxes	\$ 42,850,473	\$ 42,850,473	\$ 42,204,412	\$ (646,061)
Intergovernmental revenues	15,770,436	15,770,436	16,438,371	667,935
Charges for services	2,655,459	2,655,459	3,430,113	774,654
Use of town money	336,000	336,000	291,792	(44,208)
Total revenues	<u>61,612,368</u>	<u>61,612,368</u>	<u>62,364,688</u>	<u>752,320</u>
Expenditures:				
Current:				
General government	7,976,916	8,234,916	8,093,174	141,742
Public safety	4,662,922	4,770,422	4,689,770	80,652
Public works	4,214,015	4,238,515	4,041,646	196,869
Health and welfare	192,275	192,275	176,945	15,330
Social services	39,245	39,245	33,812	5,433
Recreation and leisure	316,450	316,450	294,133	22,317
Non-profit organizations	74,300	74,300	74,300	-
Education	38,691,433	38,691,433	38,086,073	605,360
Capital outlay	500,000	568,500	563,241	5,259
Debt service	4,944,812	4,944,812	4,938,703	6,109
Total expenditures	<u>61,612,368</u>	<u>62,070,868</u>	<u>60,991,797</u>	<u>1,079,071</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(458,500)</u>	<u>1,372,891</u>	<u>1,831,391</u>
Other Financing Sources (Uses):				
Appropriation of fund balance		513,275		(513,275)
Cancellation of prior year encumbrances			26,996	26,996
Transfers in			47,541	47,541
Transfers out		(54,775)	(54,775)	-
Total other financing sources (uses)	<u>-</u>	<u>458,500</u>	<u>19,762</u>	<u>(438,738)</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,392,653</u>	<u>\$ 1,392,653</u>
Budget to GAAP Reconciliation:				
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses		
Balance, budgetary basis	\$ 62,439,225	\$ 61,046,572		
State Teachers' Retirement on-behalf contributions:				
OPEB Plan	160,578	160,578		
Pension Plan	5,875,357	5,875,357		
Changes in encumbrances		(524,248)		
Cancellation of prior year encumbrances	(26,996)			
Non budgetary transfers		5,790		
Gross up netting of balance sheet activity	<u>776,671</u>	<u>793,443</u>		
Balance, GAAP Basis	<u>\$ 69,224,835</u>	<u>\$ 67,357,492</u>		

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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 (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>77,619,156</u>	<u>59,848,900</u>	<u>63,074,000</u>	<u>66,544,000</u>	<u>52,024,000</u>	<u>48,086,000</u>
Total	<u>\$ 77,619,156</u>	<u>\$ 59,848,900</u>	<u>\$ 63,074,000</u>	<u>\$ 66,544,000</u>	<u>\$ 52,024,000</u>	<u>\$ 48,086,000</u>
Town's covered payroll	\$ 18,379,514	\$ 17,840,000	\$ 18,490,000	\$ 18,654,000	\$ 18,728,000	\$ 18,347,000
Town's proportionate 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%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms

HB 7424 made the following provision changes:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the member's beneficiary.

Changes of assumptions

HB 7424 made the following assumption changes:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

Actuarial cost method

Entry age

Amortization method

Level percent of pay, closed

Single equivalent amortization period

17.6 years

Asset valuation method

4-year smoothed market

Inflation

2.75%

Salary increase

3.25%-6.50%, including inflation

Investment rate of return

8.00%, net of investment-related expense

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT FUND
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.68%	1.82%	3.24%	2.86%	1.98%	4.77%
Town's proportionate share of the net pension liability	\$ 17,432,488	\$ 17,433,483	\$ 8,042,425	\$ 9,513,824	\$ 6,566,284	\$ 4,699,674
Town's covered payroll	\$ 11,643,874	\$ 10,462,743	\$ 11,026,760	\$ 12,319,105	\$ 10,870,196	\$ 10,187,832
Town's proportionate share of the net pension liability as a percentage of its covered payroll	149.71%	166.62%	72.94%	77.23%	60.41%	46.13%
Plan fiduciary net position as a percentage of the total pension liability	72.69%	73.60%	91.68%	88.29%	92.72%	96.06%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June, 30, 2018 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market (20% write up)

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,749,346	\$ 1,615,704	\$ 1,417,446	\$ 1,514,844	\$ 1,346,598	\$ 872,911
Contributions in relation to the actuarially determined contribution	<u>1,749,346</u>	<u>1,615,704</u>	<u>1,417,446</u>	<u>1,514,844</u>	<u>1,346,598</u>	<u>872,911</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>				
Covered payroll	\$ 11,643,874	\$ 10,462,743	\$ 11,026,760	\$ 12,319,105	\$ 10,870,196	\$ 10,187,832
Contributions as a percentage of covered payroll	15.02%	15.44%	12.85%	12.30%	12.39%	8.57%

Notes to Schedule

Valuation date: June 30, 2019
 Measurement date: June 30, 2019
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	21 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment-related expense
Changes in assumptions:	In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June, 30, 2019 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 58,795	\$ 53,285	\$ 47,363
Interest	54,241	56,241	64,449
Differences between expected and actual experience	(8,580)	(343,496)	
Changes in assumptions	236,273	84,742	(53,939)
Benefit payments	<u>(82,154)</u>	<u>(72,963)</u>	<u>(112,809)</u>
Net change in total OPEB liability	258,575	(222,191)	(54,936)
Total OPEB liability - beginning	<u>1,531,662</u>	<u>1,753,853</u>	<u>1,808,789</u>
Total OPEB Liability - Ending	<u>1,790,237</u>	<u>\$ 1,531,662</u>	<u>\$ 1,753,853</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Benefit changes	The Town now only provides medical plans through the Connecticut State Partnership. This change was reflected within updated per capita health costs.
Changes of assumptions	The trend rates were updated to better reflect anticipated future experience. The discount rate was decreased from 3.50% to 2.21%. The mortality projection scale for Secretaries was updated from MP-2016 to MP-2018. The salary scale assumption was updated from 4.00% to 3.50%.

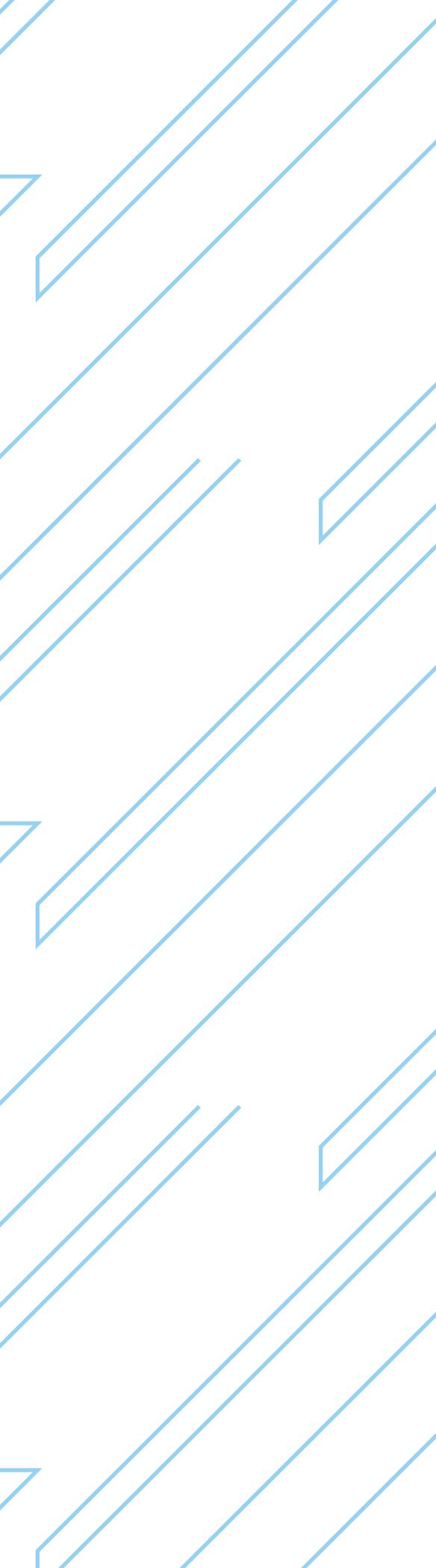
**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>12,105,146</u>	<u>11,964,000</u>	<u>16,234,000</u>
Total	<u>\$ 12,105,146</u>	<u>\$ 11,964,000</u>	<u>\$ 16,234,000</u>
Town's covered payroll	\$ 18,379,514	\$ 17,840,000	\$ 18,490,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. 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 July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Price inflation	2.75%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



General Fund

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes:				
Revenue from property taxes	\$ 42,302,473	\$ 42,302,473	\$ 41,742,184	\$ (560,289)
Telephone access	45,000	45,000	45,655	655
Interest and lien fees	503,000	503,000	416,573	(86,427)
Total property taxes	<u>42,850,473</u>	<u>42,850,473</u>	<u>42,204,412</u>	<u>(646,061)</u>
Intergovernmental:				
State grants for school aid:				
ECS grant	12,690,954	12,690,954	12,697,073	6,119
Transportation	80,000	80,000		(80,000)
Special education	316,000	316,000	555,318	239,318
Adult education	35,922	35,922	37,250	1,328
Total state grants for school aid	<u>13,122,876</u>	<u>13,122,876</u>	<u>13,289,641</u>	<u>166,765</u>
State grants unspecified:				
Lieu of Taxes/State Prop	1,079,480	1,079,480	1,082,647	3,167
Emerg Manage Assist Prog	9,877	9,877	4,065	(5,812)
Disability Grant	3,000	3,000	3,090	90
Additional Veteran Grant	9,500	9,500	10,492	992
Other Grants	40,000	40,000	42,175	2,175
Municipal stabilization grant	20,897	20,897	20,897	-
CT Fines Reimbursement	10,000	10,000	10,558	558
Pequot Funds	946,162	946,162	1,446,162	500,000
Municipal grant in aid	528,644	528,644	528,644	-
Total state grants for school aid	<u>2,647,560</u>	<u>2,647,560</u>	<u>3,148,730</u>	<u>501,170</u>
Total intergovernmental	<u>15,770,436</u>	<u>15,770,436</u>	<u>16,438,371</u>	<u>667,935</u>
Charges for services:				
Licenses and permits:				
Conveyance Tax	185,000	185,000	194,517	9,517
Town Clerk Fees	115,000	115,000	132,549	17,549
Dog Licenses	5,000	5,000	4,822	(178)
Dog Services for Salem	11,820	11,820	9,089	(2,731)
Dog Warden	2,000	2,000	880	(1,120)
Building Department	435,000	435,000	449,702	14,702
Miscellaneous Permits	15,000	15,000	16,693	1,693
Fire Marshal Permits	160,000	160,000	108,189	(51,811)
Transfer Station	188,000	188,000	222,225	34,225
Total licenses and permits	<u>1,116,820</u>	<u>1,116,820</u>	<u>1,138,666</u>	<u>21,846</u>
Revenue from other agencies:				
Planning and zoning board of appeals	13,275	13,275	9,168	(4,107)
Parks & Recreation	130,000	130,000	50,393	(79,607)
Camp Oakdale/Other Rental	4,500	4,500	1,676	(2,824)
Fair Oaks Facility Rental	1,500	1,500	800	(700)
Housing Authority	29,000	29,000		(29,000)
Youth Services Program	50,764	50,764	59,730	8,966
Total revenue from other agencies	<u>229,039</u>	<u>229,039</u>	<u>121,767</u>	<u>(107,272)</u>

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**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges for services (continued):				
Charges for current services:				
Tuition Regular	\$	\$	\$ 13,717	\$ 13,717
Tuition Special Ed	25,000	25,000	52,086	27,086
School Misc Revenue	1,500	1,500	1,347	(153)
Public works department	100	100	468	368
Commercial Tipping Fees	375,000	375,000	365,052	(9,948)
Copy Money	1,000	1,000	1,204	204
Community Booklet	9,000	9,000	6,160	(2,840)
Total charges for current services	<u>411,600</u>	<u>411,600</u>	<u>440,034</u>	<u>28,434</u>
Miscellaneous:				
Police Reimb. Priv Duty	185,000	185,000	630,101	445,101
St Bernards Health Clinic	26,000	26,000	26,507	507
Insurance Reimbursement	65,000	65,000	90,850	25,850
Millstone Reimbursement	15,000	15,000	31,604	16,604
Verizon	6,000	6,000	7,156	1,156
Fire Marshal Private Dty	15,000	15,000		(15,000)
Engineering review reimbursement	1,000	1,000		(1,000)
Miscellaneous	70,000	70,000	11,778	(58,222)
Sale of Town Property	15,000	15,000	431,650	416,650
Mohegan Contributions	500,000	500,000	500,000	-
Total miscellaneous	<u>898,000</u>	<u>898,000</u>	<u>1,729,646</u>	<u>831,646</u>
Total charges for services	<u>2,655,459</u>	<u>2,655,459</u>	<u>3,430,113</u>	<u>774,654</u>
Revenue from use of town money:				
Investment interest	325,000	325,000	283,217	(41,783)
Sewer assessments	6,000	6,000	3,575	(2,425)
WPCA revenue	5,000	5,000	5,000	-
Total revenue from use of town money	<u>336,000</u>	<u>336,000</u>	<u>291,792</u>	<u>(44,208)</u>
Total revenues	<u>61,612,368</u>	<u>61,612,368</u>	<u>62,364,688</u>	<u>752,320</u>
Other financing sources:				
Appropriation of fund balance		513,275		(513,275)
Cancellation of prior year encumbrances			26,996	26,996
Transfers in:				
Capital and nonrecurring			47,541	47,541
Total other financing sources	<u>-</u>	<u>513,275</u>	<u>74,537</u>	<u>(438,738)</u>
Total revenues and other financing sources	<u>\$ 61,612,368</u>	<u>\$ 62,125,643</u>	<u>\$ 62,439,225</u>	<u>\$ 313,582</u>

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government				
Mayor:				
Human services	\$ 140,600	\$ 141,360	\$ 141,346	\$ 14
Contractual services	57,725	53,400	52,674	726
Commodities	5,150	16,515	15,818	697
Total mayor	203,475	211,275	209,838	1,437
Town council:				
Human services	18,000	18,000	16,309	1,691
Commodities	21,850	21,850	17,741	4,109
Total town council	39,850	39,850	34,050	5,800
Town attorney	185,000	195,500	187,218	8,282
Town hall / central services:				
Contractual services	186,750	186,750	172,378	14,372
Commodities	53,000	53,000	46,750	6,250
Capital	1,500	1,500	823	677
Total town hall / central services	241,250	241,250	219,951	21,299
Probate court	15,578	15,578	15,578	-
Finance:				
Human services	615,500	613,760	613,701	59
Contractual services	71,000	81,940	81,229	711
Commodities	11,500	8,300	7,619	681
Total finance	698,000	704,000	702,549	1,451
Insurance and fringe benefits	4,685,834	4,686,034	4,649,560	36,474
Board of assessment appeals:				
Human services	250	250	37	213
Commodities	100	100		100
Total board of assessment appeals	350	350	37	313
Auditor	19,375	19,375	19,375	-
Other	220,000	156,600	154,535	2,065
Town clerk:				
Human services	140,900	141,790	140,883	907
Contractual services	275	275	225	50
Commodities	16,000	15,110	9,631	5,479
Total town clerk	157,175	157,175	150,739	6,436
Registrar of voters:				
Human services	39,536	39,536	39,324	212
Contractual services	230	240	140	100
Commodities	2,700	2,690	1,066	1,624
Total registrar of voters	42,466	42,466	40,530	1,936
Elections / referendum:				
Contractual services	17,000	16,070	10,625	5,445
Commodities	17,700	18,630	12,843	5,787
Total elections / referendum	34,700	34,700	23,468	11,232
Land use department:				
Human services	273,428	246,928	239,766	7,162
Contractual services	600	600	100	500
Commodities	14,000	14,000	3,858	10,142
Capital	800	800	727	73
Total land use department	288,828	262,328	244,451	17,877

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**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government (continued)				
Conservation commission	\$ 765	\$ 765	\$	\$ 765
Inland wetlands	1,000	1,000	550	450
Economic development commission:				
Human services	800	800	650	150
Commodities	1,700	1,700	690	1,010
Total economic development commission	2,500	2,500	1,340	1,160
Zoning board of appeals	600	600	220	380
Senior center:				
Human services	175,970	176,690	176,439	251
Contractual services	37,950	29,070	29,053	17
Commodities	16,850	33,410	30,102	3,308
Total senior center	230,770	239,170	235,594	3,576
Youth services:				
Human services	181,875	179,955	171,193	8,762
Contractual services	18,713	16,713	12,454	4,259
Commodities	5,230	9,150	6,049	3,101
Total youth services	205,818	205,818	189,696	16,122
Building inspector				
Human services	205,782	205,697	205,195	502
Contractual services	400	485	485	-
Commodities	2,650	2,650	845	1,805
Capital	350	350	68	282
Total building inspector	209,182	209,182	206,593	2,589
Information technology:				
Human services	140,000	140,590	140,581	9
Contractual services	245,300	245,860	245,805	55
Commodities	4,100	2,950	2,949	1
Total information technology	389,400	389,400	389,335	65
Total general government	7,976,916	8,234,916	8,093,174	141,742
Public Safety				
Emergency management:				
Human services	98,350	92,125	92,093	32
Contractual services	15,000	15,000	14,990	10
Commodities	3,100	3,800	2,973	827
Total emergency management	116,450	110,925	110,056	869
Police department:				
Human services	2,278,505	2,271,015	2,250,731	20,284
Contractual services	227,000	227,000	195,679	31,321
Commodities	92,730	100,370	91,806	8,564
Capital	18,500	18,350	17,146	1,204
Total police department	2,616,735	2,616,735	2,555,362	61,373
Fire marshal:				
Human services	98,350	106,735	106,721	14
Commodities	4,920	4,560	2,836	1,724
Total fire marshal	103,270	111,295	109,557	1,738

(Continued on next page)

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Animal control:				
Human services	\$ 71,840	\$ 73,660	\$ 73,632	\$ 28
Contractual services	2,327	1,697	1,535	162
Commodities	7,200	6,010	5,615	395
Total animal control	<u>81,367</u>	<u>81,367</u>	<u>80,782</u>	<u>585</u>
Public safety commission	<u>1,000</u>	<u>1,000</u>	<u>925</u>	<u>75</u>
Dispatch:				
Human services	390,000	423,000	420,851	2,149
Commodities	7,250	7,250	7,250	-
Total dispatch	<u>397,250</u>	<u>430,250</u>	<u>428,101</u>	<u>2,149</u>
Fire protection:				
Human services	831,400	867,929	867,902	27
Contractual services	364,000	364,002	364,000	2
Commodities	76,450	111,919	111,630	289
Total fire protection	<u>1,271,850</u>	<u>1,343,850</u>	<u>1,343,532</u>	<u>318</u>
Public safety building:				
Contractual services	73,000	73,000	61,386	11,614
Commodities	2,000	2,000	69	1,931
Total public safety building	<u>75,000</u>	<u>75,000</u>	<u>61,455</u>	<u>13,545</u>
Total public safety	<u>4,662,922</u>	<u>4,770,422</u>	<u>4,689,770</u>	<u>80,652</u>
Public work				
Public works:				
Human services	1,473,765	1,393,706	1,392,230	1,476
Contractual services	495,100	574,487	532,126	42,361
Commodities	920,000	980,216	925,069	55,147
Capital	10,400	20,856	10,342	10,514
Total public works	<u>2,899,265</u>	<u>2,969,265</u>	<u>2,859,767</u>	<u>109,498</u>
Camp Oakdale:				
Contractual services	71,300	69,202	59,494	9,708
Commodities	19,000	20,663	17,425	3,238
Capital	500	935	930	5
Total Camp Oakdale	<u>90,800</u>	<u>90,800</u>	<u>77,849</u>	<u>12,951</u>
Solid waste:				
Human services	162,000	165,495	165,480	15
Contractual services	794,500	780,616	724,250	56,366
Commodities	41,450	40,370	32,433	7,937
Capital	6,000	17,469	17,469	-
Total solid waste	<u>1,003,950</u>	<u>1,003,950</u>	<u>939,632</u>	<u>64,318</u>
Engineering services	<u>220,000</u>	<u>174,500</u>	<u>164,398</u>	<u>10,102</u>
Total public works	<u>4,214,015</u>	<u>4,238,515</u>	<u>4,041,646</u>	<u>196,869</u>
Health and Welfare				
Contractual services	191,575	191,575	176,773	14,802
Commodities	700	700	172	528
Total health and welfare	<u>192,275</u>	<u>192,275</u>	<u>176,945</u>	<u>15,330</u>
Social Services				
Human services	38,970	38,943	33,676	5,267
Commodities	275	302	136	166
Total social services	<u>39,245</u>	<u>39,245</u>	<u>33,812</u>	<u>5,433</u>

(Continued on next page)

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Recreation and Leisure				
Recreation:				
Human services	\$ 230,075	\$ 227,210	\$ 213,468	\$ 13,742
Contractual services	1,100	1,160	965	195
Commodities	49,375	52,180	50,529	1,651
Capital	3,000	3,000	1,612	1,388
Total recreation	<u>283,550</u>	<u>283,550</u>	<u>266,574</u>	<u>16,976</u>
Montville community center	<u>31,900</u>	<u>31,900</u>	<u>26,698</u>	<u>5,202</u>
Parks and recreation commission	<u>1,000</u>	<u>1,000</u>	<u>861</u>	<u>139</u>
Total recreation and leisure	<u>316,450</u>	<u>316,450</u>	<u>294,133</u>	<u>22,317</u>
Non-profit organizations	<u>74,300</u>	<u>74,300</u>	<u>74,300</u>	<u>-</u>
Education	<u>38,691,433</u>	<u>38,691,433</u>	<u>38,086,073</u>	<u>605,360</u>
Capital Outlay	<u>500,000</u>	<u>568,500</u>	<u>563,241</u>	<u>5,259</u>
Debt Service				
Redemption of debt - principle	4,319,693	4,319,693	4,319,691	2
Interest payments	625,119	625,119	619,012	6,107
Total debt service	<u>4,944,812</u>	<u>4,944,812</u>	<u>4,938,703</u>	<u>6,109</u>
Total Expenditures	<u>61,612,368</u>	<u>62,070,868</u>	<u>60,991,797</u>	<u>1,079,071</u>
Other Financing Uses:				
Transfers out - Bridge St. Remediation		<u>54,775</u>	<u>54,775</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 61,612,368</u>	<u>\$ 62,125,643</u>	<u>\$ 61,046,572</u>	<u>\$ 1,079,071</u>

**TOWN OF MONTVILLE, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020**

Grand List of October 1,	Uncollected Taxes July 1, 2018	Current Levy	Lawful Corrections			Adjusted Tax Levy	Collections			Uncollected Taxes June 30, 2020
			Additions	Deletions	Transfers to Suspense		Taxes	Interest Liens and Other Fees	Total	
2001	\$ 2,303	\$	\$	\$ 2,303	\$	\$ -	\$	\$	\$ -	\$ -
2002	2,552			2,552		-			-	-
2003	2,608			2,608		-			-	-
2004	2,713			1,092		1,621			-	1,621
2005	3,120			6,300		(3,180)			-	(3,180)
2006	4,110			3,771		339	402	874	1,276	(63)
2007	7,508			3,622		3,886	(21)	462	441	3,907
2008	9,695			5,201		4,494	(6)		(6)	4,500
2009	18,947			14,943	700	3,304	175	222	397	3,129
2010	23,971			18,082	719	5,170	(9)	1,797	1,788	5,179
2011	42,129			24,130	951	17,048	6,884	4,913	11,797	10,164
2012	57,831			19,637	942	37,252	14,675	16,188	30,863	22,577
2013	204,119			24,029	109,756	70,334	23,290	21,163	44,453	47,044
2014	227,949			28,199	6,594	193,156	38,256	30,091	68,347	154,900
2015	291,838			24,067	5,848	261,923	79,248	38,111	117,359	182,675
2016	345,795		1,594	32,436	4,515	310,438	126,795	49,780	176,575	183,643
2017	663,579		4,054	65,526	5,561	596,546	386,009	85,050	471,059	210,537
Total Prior Years	1,910,767	-	5,648	278,498	135,586	1,502,331	675,698	248,651	924,349	826,633
2018	-	42,090,623	37,394	113,203	7,354	42,007,460	41,397,727	179,499	41,577,226	609,733
Total All Years	\$ 1,910,767	\$ 42,090,623	\$ 43,042	\$ 391,701	\$ 142,940	\$ 43,509,791	\$ 42,073,425	\$ 428,150	\$ 42,501,575	\$ 1,436,366



Nonmajor Governmental Funds

**TOWN OF MONTVILLE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds							
	Town Aid Road	Small Cities	Mental Health Grant	Hot Lunch Program	Special Education Grants	Non Budget Funds	Social Services	Town Historic Preservation
ASSETS								
Cash and cash equivalents	\$	\$ 13,134	\$	\$ 346,761	\$ 136,447	\$	\$	\$
Receivables, net								
Loans		295,983						
Intergovernmental				92,642	500			
Due from other funds	322,388		7,031			10,509	301,960	36,917
Inventories				5,573				
Total Assets	\$ <u>322,388</u>	\$ <u>309,117</u>	\$ <u>7,031</u>	\$ <u>444,976</u>	\$ <u>136,947</u>	\$ <u>10,509</u>	\$ <u>301,960</u>	\$ <u>36,917</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 10,104	\$	\$	\$ 10,013	\$	\$ 3,000	\$ 1,597	\$
Accrued payroll and other liabilities				10,601				
Due to other funds								
Unearned revenue		305,771	3,811	34,632	136,947			
Total liabilities	<u>10,104</u>	<u>305,771</u>	<u>3,811</u>	<u>55,246</u>	<u>136,947</u>	<u>3,000</u>	<u>1,597</u>	<u>-</u>
Fund Balances:								
Nonspendable				5,573				
Restricted	312,284	3,346		384,157				
Committed			3,220			7,509	300,363	36,917
Total fund balances	<u>312,284</u>	<u>3,346</u>	<u>3,220</u>	<u>389,730</u>	<u>-</u>	<u>7,509</u>	<u>300,363</u>	<u>36,917</u>
Total Liabilities and Fund Balances	\$ <u>322,388</u>	\$ <u>309,117</u>	\$ <u>7,031</u>	\$ <u>444,976</u>	\$ <u>136,947</u>	\$ <u>10,509</u>	\$ <u>301,960</u>	\$ <u>36,917</u>

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TOWN OF MONTVILLE, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds							
	Youth Service Bureau	Learn Not to Burn	Police Donations	Parks and Recreation	Dog Warden Donations	Montville Farmer's Market	Police Forfeiture	Comstock Book Fund
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 9,453
Receivables, net								
Loans								
Intergovernmental								
Due from other funds	70,492		1,619	37,687	2,463	1,673	3,855	
Inventories								
Total Assets	\$ 70,492	\$ -	\$ 1,619	\$ 37,687	\$ 2,463	\$ 1,673	\$ 3,855	\$ 9,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,162	\$	\$ 155	\$ 100	\$ 536	\$	\$	\$
Accrued payroll and other liabilities								
Due to other funds								
Unearned revenue								
Total liabilities	1,162	-	155	100	536	-	-	-
Fund Balances:								
Nonspendable								
Restricted			1,464		1,927	1,673	3,855	9,453
Committed	69,330			37,587				
Total fund balances	69,330	-	1,464	37,587	1,927	1,673	3,855	9,453
Total Liabilities and Fund Balances	\$ 70,492	\$ -	\$ 1,619	\$ 37,687	\$ 2,463	\$ 1,673	\$ 3,855	\$ 9,453

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TOWN OF MONTVILLE, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	<u>Capital Project Funds</u>										
	<u>Road Bonding</u>	<u>Old Colchester/ Black Ash Road</u>	<u>Public Works Facility Improvement</u>	<u>Transfer Station</u>	<u>LOCIP</u>	<u>Capital and Nonrecurring</u>	<u>Capital Projects Fund</u>	<u>Open Space</u>	<u>Bridges</u>	<u>Bridge St. Remediation</u>	<u>Total</u>
ASSETS											
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 505,795
Receivables, net											295,983
Loans											474,514
Intergovernmental			103,295	165,970					112,107		3,930,950
Due from other funds	1,679,481	95,152			74,062	502,926	771,085	5,000		6,650	5,573
Inventories											
Total Assets	\$ 1,679,481	\$ 95,152	\$ 103,295	\$ 165,970	\$ 74,062	\$ 502,926	\$ 771,085	\$ 5,000	\$ 112,107	\$ 6,650	\$ 5,212,815
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 12,783	\$	\$	\$	\$	14,259	\$	\$	2,285	\$	55,994
Accrued payroll and other liabilities											10,601
Due to other funds			103,295	165,970					105,000		374,265
Unearned revenue		95,152									576,313
Total liabilities	12,783	95,152	103,295	165,970	-	14,259	-	-	107,285	-	1,017,173
Fund Balances:											
Nonspendable											5,573
Restricted	1,666,698										2,384,857
Committed					74,062	488,667	771,085	5,000	4,822	6,650	1,805,212
Total fund balances	1,666,698	-	-	-	74,062	488,667	771,085	5,000	4,822	6,650	4,195,642
Total Liabilities and Fund Balances	\$ 1,679,481	\$ 95,152	\$ 103,295	\$ 165,970	\$ 74,062	\$ 502,926	\$ 771,085	\$ 5,000	\$ 112,107	\$ 6,650	\$ 5,212,815

**TOWN OF MONTVILLE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds							
	Town Aid Road	Small Cities	Mental Health Grant	Hot Lunch Program	Special Education Grants	Non Budget Funds	Social Services	Town Historic Preservation
Revenues:								
Intergovernmental revenues	\$ 323,229	\$	\$ 10,460	\$ 582,032	\$ 1,161,807	\$	\$ 75,150	\$ 15,554
Charges for services				274,391		8,031	52,139	
Investment income								
Contributions and other						3,300	47,702	
Total revenues	<u>323,229</u>	<u>-</u>	<u>10,460</u>	<u>856,423</u>	<u>1,161,807</u>	<u>11,331</u>	<u>174,991</u>	<u>15,554</u>
Expenditures:								
General government		500				4,111		5,500
Public safety						4,501		
Public works	208,784							
Health and welfare			10,006				98,539	
Recreation and leisure						1,000		
Education				816,056	1,161,807			
Capital outlay								
Debt Service								
Total expenditures	<u>208,784</u>	<u>500</u>	<u>10,006</u>	<u>816,056</u>	<u>1,161,807</u>	<u>9,612</u>	<u>98,539</u>	<u>5,500</u>
Excess (Deficiency) of Revenues over Expenditures	<u>114,445</u>	<u>(500)</u>	<u>454</u>	<u>40,367</u>	<u>-</u>	<u>1,719</u>	<u>76,452</u>	<u>10,054</u>
Other Financing Sources (Uses):								
Transfers in						5,790		
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,790</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	114,445	(500)	454	40,367	-	7,509	76,452	10,054
Fund Balances at Beginning of Year	<u>197,839</u>	<u>3,846</u>	<u>2,766</u>	<u>349,363</u>	<u>-</u>	<u>-</u>	<u>223,911</u>	<u>26,863</u>
Fund Balances at End of Year	<u>\$ 312,284</u>	<u>\$ 3,346</u>	<u>\$ 3,220</u>	<u>\$ 389,730</u>	<u>\$ -</u>	<u>\$ 7,509</u>	<u>\$ 300,363</u>	<u>\$ 36,917</u>

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**TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds							
	Youth Service Bureau	Learn Not to Burn	Police Donations	Parks and Recreation	Dog Warden Donations	Montville Farmer's Market	Police Forfeiture	Comstock Book Fund
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	22,597			71,720		1,225		
Investment income								181
Contributions and other			3,051		1,928			
Total revenues	<u>22,597</u>	<u>-</u>	<u>3,051</u>	<u>71,720</u>	<u>1,928</u>	<u>1,225</u>	<u>-</u>	<u>181</u>
Expenditures:								
General government	12,522					100		1,392
Public safety			3,036		2,624			
Public works								
Health and welfare								
Recreation and leisure				64,244				
Education								
Capital outlay								
Debt Service								
Total expenditures	<u>12,522</u>	<u>-</u>	<u>3,036</u>	<u>64,244</u>	<u>2,624</u>	<u>100</u>	<u>-</u>	<u>1,392</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,075</u>	<u>-</u>	<u>15</u>	<u>7,476</u>	<u>(696)</u>	<u>1,125</u>	<u>-</u>	<u>(1,211)</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10,075	-	15	7,476	(696)	1,125	-	(1,211)
Fund Balances at Beginning of Year	<u>59,255</u>	<u>-</u>	<u>1,449</u>	<u>30,111</u>	<u>2,623</u>	<u>548</u>	<u>3,855</u>	<u>10,664</u>
Fund Balances at End of Year	<u>\$ 69,330</u>	<u>\$ -</u>	<u>\$ 1,464</u>	<u>\$ 37,587</u>	<u>\$ 1,927</u>	<u>\$ 1,673</u>	<u>\$ 3,855</u>	<u>\$ 9,453</u>

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**TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

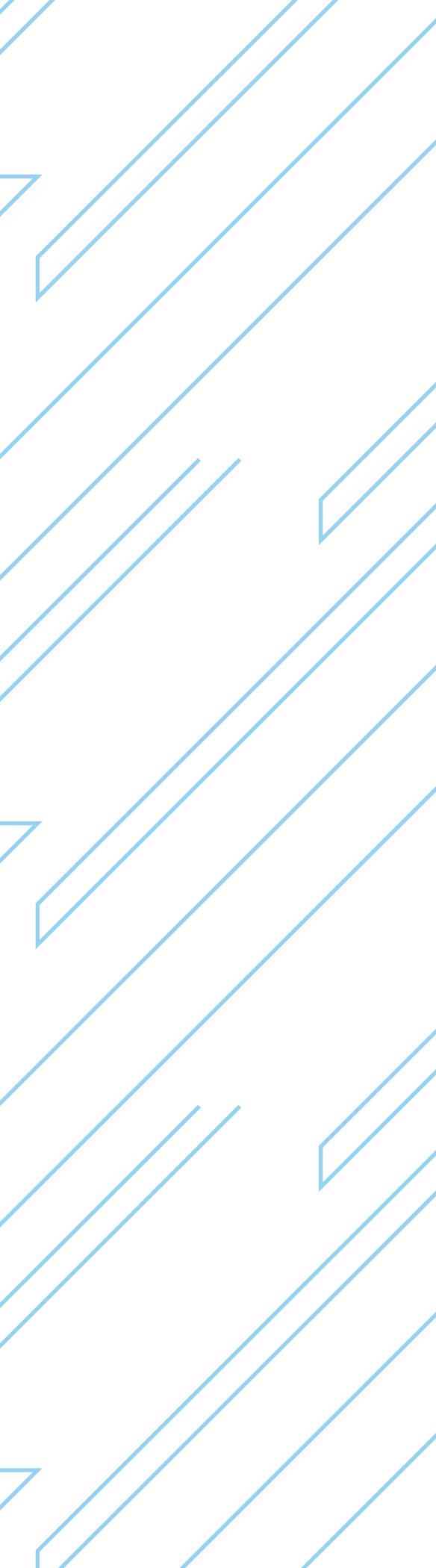
	<u>Capital Project Funds</u>										
	<u>Road Bonding</u>	<u>Old Colchester/ Black Ash Road</u>	<u>Public Works Facility Improvement</u>	<u>Transfer Station</u>	<u>LOCIP</u>	<u>Capital and Nonrecurring</u>	<u>Capital Projects Fund</u>	<u>Open Space</u>	<u>Bridges</u>	<u>Bridge St. Remediation</u>	<u>Total</u>
Revenues:											
Intergovernmental revenues	\$	\$	\$ 86,382	\$ 72,655	\$	\$ 55,157	\$	\$	\$ 868,502	\$	\$ 3,250,928
Charges for services					6,355						436,458
Investment income											181
Contributions and other											55,981
Total revenues	<u>-</u>	<u>-</u>	<u>86,382</u>	<u>72,655</u>	<u>6,355</u>	<u>55,157</u>	<u>-</u>	<u>-</u>	<u>868,502</u>	<u>-</u>	<u>3,743,548</u>
Expenditures:											
General government											24,125
Public safety											10,161
Public works											208,784
Health and welfare											108,545
Recreation and leisure											65,244
Education											1,977,863
Capital outlay	833,433		86,382	72,655		457,110	424,807		863,443	1,650	2,739,480
Debt Service	172,666										172,666
Total expenditures	<u>1,006,099</u>	<u>-</u>	<u>86,382</u>	<u>72,655</u>	<u>-</u>	<u>457,110</u>	<u>424,807</u>	<u>-</u>	<u>863,443</u>	<u>1,650</u>	<u>5,306,868</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,006,099)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,355</u>	<u>(401,953)</u>	<u>(424,807)</u>	<u>-</u>	<u>5,059</u>	<u>(1,650)</u>	<u>(1,563,320)</u>
Other Financing Sources (Uses):											
Transfers in							173,242			54,775	233,807
Transfers out						(17,754)	(29,787)				(47,541)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,754)</u>	<u>143,455</u>	<u>-</u>	<u>-</u>	<u>54,775</u>	<u>186,266</u>
Net Change in Fund Balances	(1,006,099)	-	-	-	6,355	(419,707)	(281,352)	-	5,059	53,125	(1,377,054)
Fund Balances at Beginning of Year	<u>2,672,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,707</u>	<u>908,374</u>	<u>1,052,437</u>	<u>5,000</u>	<u>(237)</u>	<u>(46,475)</u>	<u>5,572,696</u>
Fund Balances at End of Year	<u>\$ 1,666,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,062</u>	<u>\$ 488,667</u>	<u>\$ 771,085</u>	<u>\$ 5,000</u>	<u>\$ 4,822</u>	<u>\$ 6,650</u>	<u>\$ 4,195,642</u>



Fiduciary Funds

**TOWN OF MONTVILLE, CONNECTICUT
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ 274,563	\$ 363,297	\$ 322,261	\$ 315,599
Investments	<u>52,642</u>		<u>52,642</u>	<u>-</u>
Total Assets	<u>\$ 327,205</u>	<u>\$ 363,297</u>	<u>\$ 374,903</u>	<u>\$ 315,599</u>
Liabilities:				
Due to student groups	<u>\$ 327,205</u>	<u>\$ 363,297</u>	<u>\$ 374,903</u>	<u>\$ 315,599</u>
Performance Bonds Fund				
Assets:				
Cash and cash equivalents	<u>\$ 157,356</u>	<u>\$ 60,547</u>	<u>\$ 60,538</u>	<u>\$ 157,365</u>
Liabilities:				
Fiduciary deposits	<u>\$ 157,356</u>	<u>\$ 60,547</u>	<u>\$ 60,538</u>	<u>\$ 157,365</u>
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 431,919	\$ 423,844	\$ 382,799	\$ 472,964
Investments	<u>52,642</u>		<u>52,642</u>	<u>-</u>
Total Assets	<u>\$ 484,561</u>	<u>\$ 423,844</u>	<u>\$ 435,441</u>	<u>\$ 472,964</u>
Liabilities:				
Fiduciary deposits	<u>\$ 484,561</u>	<u>\$ 423,844</u>	<u>\$ 435,441</u>	<u>\$ 472,964</u>



Statistical Section

TOWN OF MONTVILLE, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS
(In Thousands)

Grand List Dated 10/1	Real Property Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List (1)	Less Exemptions (1)	Net Taxable Grand List (1)	Percent Change
2009	83.1	\$ 9.2	\$ 7.7	1,725,221	\$ 208,864	\$ 1,516,357	-
2010	82.9	9.2	7.9	1,745,512	213,719	1,531,793	1.01%
2011	79.7	10.5	9.8	1,531,006	222,785	1,308,221	-17.09%
2012	82.6	7.4	10.0	1,602,427	347,898	1,254,529	-4.28%
2013	82.1	7.8	10.1	1,605,569	346,271	1,259,298	0.38%
2014	76.8	13.7	9.5	1,619,701	271,914	1,347,787	6.57%
2015	81.1	8.9	10.0	1,636,050	355,646	1,280,404	-5.26%
2016	78.3	11.2	10.5	1,640,413	369,988	1,270,425	-0.79%
2017	77.6	11.9	10.4	1,656,074	367,257	1,288,817	1.43%
2018	77.4	12.0	10.5	1,666,847	367,643	1,299,204	0.80%

(1) In thousands

Source: Town of Montville, Office of the Assessor

**TOWN OF MONTVILLE, CONNECTICUT
MAJOR TAXPAYERS (UNAUDITED)
2018 GRAND LIST**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Grand List Amount (1)</u>	<u>Percentage of Net Taxable Grand List (2)</u>
Eversource	Utility	\$ 67,183,400	5.17%
Rand Whitney Containerboard LTD	Paper / Paperboard	37,861,290	2.91%
Montville Station LLC	Utility	12,961,500	1.00%
Montville Power LLC	Utility	11,694,910	0.90%
Home Depot USA Inc.	Retail Shopping Center	11,546,110	0.89%
Algonquin Gas Transmission LLC	Utility	10,731,720	0.83%
Bank of America NA	Hotel	8,474,090	0.65%
Yankee Gas Services Company	Utility	8,446,700	0.65%
Jensen's Inc.	Active Adult Community	6,710,340	0.52%
WestRock Converting Co.	Manufacturing	<u>6,305,200</u>	<u>0.49%</u>
Total		<u>\$ 181,915,260</u>	<u>14.00%</u>

(1) Net taxable grand list 10/1/18

(2) Net taxable grand list as of 10/1/18 was \$1,299,204,404

Source: Town of Montville, Office of the Assessor

**TOWN OF MONTVILLE, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Grand List Year	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2009	\$ 33,817,048	\$ 33,200,666	98.18%	\$ 589,428	\$ 33,790,094	99.92%
2012	2010	35,089,735	33,078,939	94.27%	1,850,534	34,929,473	99.54%
2013	2011	38,212,245	36,735,621	96.14%	1,247,830	37,983,451	99.40%
2014	2012	36,173,699	35,271,962	97.51%	444,180	35,716,142	98.74%
2015	2013	36,794,710	35,912,024	97.60%	478,757	36,390,781	98.90%
2016	2014	37,925,442	37,067,885	97.74%	316,779	37,384,664	98.57%
2017	2015	38,989,997	38,044,641	97.58%	555,733	38,600,374	99.00%
2018	2016	40,017,994	39,214,729	97.99%	736,499	39,951,228	99.83%
2019	2017	40,671,178	40,007,599	98.37%	386,009	40,393,608	99.32%
2020	2018	42,007,460	41,397,727	98.55%	-	41,397,727	98.55%

Source: Town audit reports

TOWN OF MONTVILLE, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year June 30,	Total Bonded Debt	Clean Water Fund Notes	Total Net Bonded Debt	Ratio of Net Bonded Debt to Est. Actual Taxable Value *	Percentage of Personal Income**	Per Capita **
Governmental Activities:						
2011	\$ 38,197,600	\$	\$ 38,197,600	2.52%	8.54%	\$ 1,910
2012	46,177,600		46,177,600	3.01%	8.68%	2,472
2013	43,484,200		43,484,200	3.32%	7.41%	2,207
2014	40,650,200		40,650,200	3.24%	7.17%	2,084
2015	37,631,200		37,631,200	2.99%	5.23%	1,929
2016	34,937,500		34,937,500	2.59%	5.61%	1,779
2017	31,723,800		31,723,800	2.48%	5.46%	1,621
2018	28,293,300		28,293,300	2.23%	4.73%	1,451
2019	27,369,000		27,369,000	2.12%	4.58%	1,403
2020	23,380,000		23,380,000	1.80%	3.69%	1,196
Business-type Activities:						
2011	\$ 1,777,400	\$	\$ 1,777,400	0.12%	0.40%	\$ 89
2012	2,922,400		2,922,400	0.19%	0.55%	156
2013	2,745,800		2,745,800	0.21%	0.47%	139
2014	2,534,800		2,534,800	0.20%	0.45%	130
2015	2,263,800	245,631	2,509,431	0.20%	0.35%	129
2016	1,966,500	224,008	2,190,508	0.16%	0.35%	112
2017	1,669,200	213,623	1,882,823	0.15%	0.32%	96
2018	1,373,700	203,026	1,576,726	0.12%	0.26%	81
2019	1,080,000	192,515	1,272,515	0.10%	0.21%	65
2020	990,000	181,184	1,171,184	0.09%	0.18%	60
Town-wide						
2011	\$ 39,975,000	\$	\$ 39,975,000	2.64%	8.94%	\$ 1,998
2012	49,100,000		49,100,000	3.21%	9.23%	2,628
2013	46,230,000		46,230,000	3.53%	7.88%	2,346
2014	43,185,000		43,185,000	3.44%	7.62%	2,214
2015	39,895,000	245,631	40,140,631	3.19%	5.58%	2,057
2016	36,904,000	224,008	37,128,008	2.75%	5.96%	1,891
2017	33,393,000	213,623	33,606,623	2.62%	5.78%	1,717
2018	29,667,000	203,026	29,870,026	2.35%	4.99%	1,531
2019	28,449,000	192,515	28,641,515	2.22%	4.79%	1,468
2020	24,370,000	181,184	24,551,184	1.89%	3.88%	1,256

Notes:

Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.

The Town of Montville has no overlapping debt nor does it collect taxes for any other entity.

* See Table 1 for property value data.

** Personal income and population data can be found in Table 5.

**TOWN OF MONTVILLE, CONNECTICUT
 DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year June 30,	Population ¹	Personal Income (000)s	Personal Capita Personal Income ²	Median Age¹	Unemployment Rate ³
2011	20,003	\$ 447,207	\$ 22,357	38	9.1%
2012	18,680	532,044	28,482	39	9.0%
2013	19,703	586,696	29,777	42	8.0%
2014	19,505	566,640	29,051	42	6.7%
2015	19,511	719,780	36,891	40	6.0%
2016	19,635	623,278	31,743	43	4.2%
2017	19,571	581,043	29,689	43	4.3%
2018	19,505	598,199	30,669	43	4.3%
2019	19,505	598,199	30,669	42	3.2%
2020	19,546	633,251	32,398	42	8.6%

1 CT Economic Resource Center Inc., Annual Town Profile

2 State of Connecticut, Department of Economic and Community Development

3 State of Connecticut, Labor Department, By Town, Not Seasonally Adjusted

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Total Tax Collections, (Including Interest and Lien Fees)
For the year ended June 30, 2019
Taxes, interest and lien fees

\$ 41,250,382

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total</u>
Debt Limitation:						
2.25 times base	\$ 92,813,360	\$	\$	\$	\$	\$ 92,813,360
4.50 times base		185,626,719				185,626,719
3.75 times base			154,688,933			154,688,933
3.25 times base				134,063,742		134,063,742
3 times base					123,751,146	123,751,146
Total debt limitation	<u>92,813,360</u>	<u>185,626,719</u>	<u>154,688,933</u>	<u>134,063,742</u>	<u>123,751,146</u>	<u>690,943,899</u>
Indebtedness:						
Bonds payable	15,327,000	6,746,100				22,073,100
Capital leases	1,249,953					1,249,953
Authorized, but unissued debt	7,500,000					7,500,000
Less anticipated grant proceeds		<u>(1,163,251)</u>				<u>(1,163,251)</u>
Total indebtedness	<u>24,076,953</u>	<u>5,582,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,659,802</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 68,736,407</u>	<u>\$ 180,043,870</u>	<u>\$ 154,688,933</u>	<u>\$ 134,063,742</u>	<u>\$ 123,751,146</u>	<u>\$ 661,284,097</u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 288,752,674
2. There is no overlapping debt for the Town of Montville.
3. Water bonds, notes, and capital leases of \$2,525,929 have been omitted from this schedule as the debt is self supporting and or excluded by statute.

TABLE 7

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF SEWER ASSESSMENT COLLECTIONS - PHASE II (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Year Ended June 30,	Uncollected Assessments Beginning of Year	Lawful Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deletions		Assessments Collected	Interest Liens and Other Fees	Total	
2002	\$ 3,274,736	\$ 61	\$ 1,424	\$ 3,273,373	\$ 422,036	\$ 258,963	\$ 680,999	\$ 2,851,337
2003	2,851,337		4,108	2,847,229	466,519	297,766	764,285	2,380,710
2004	2,380,710	65	3,584	2,377,191	323,598	15,781	339,379	2,053,593
2005	2,053,593	218		2,053,811	299,662	138,600	438,262	1,754,149
2006	1,754,149	24	46,244	1,707,929	367,903	91,784	459,687	1,340,026
2007	1,340,026	142		1,340,168	260,239	74,600	334,839	1,079,929
2008	1,079,929		2,702	1,077,227	211,382	64,108	275,490	865,845
2009	865,845		4,106	861,739	184,117	41,507	225,624	677,622
2010	677,622		175	677,447	189,341	31,885	221,226	488,106
2011	488,106	20		488,126	154,173	25,776	179,949	333,953
2012	333,953		20	333,933	138,002	21,363	159,365	195,931
2013	195,931		1,338	194,593	134,573	9,246	143,819	60,020
2014	60,020			60,020	18,244	4,376	22,620	41,776
2015	41,776		5,971	35,805	8,041	7,535	15,576	27,764
2016	27,764			27,764	4,707	7,534	12,241	23,057
2017	23,057			23,057	2,152	3,075	5,227	20,905
2018	20,905			20,905	2,163	3,651	5,814	18,742
2019	18,742			18,742	2,909	8,267	11,176	15,833
2020	15,833			15,833	537	1,563	2,100	15,296

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF SEWER ASSESSMENT COLLECTIONS - PHASE IV (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Year Ended June 30,	Uncollected Assessments Beginning of Year	Lawful Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deletions		Assessments Collected	Interest Liens and Other Fees	Total	
2002	\$ 154,119	\$	\$	\$ 154,119	\$ 15,255	\$ 7,520	\$ 22,775	\$ 138,864
2003	138,864			138,864	18,057	5,775	23,832	120,807
2004	120,807			120,807	11,026	4,686	15,712	109,781
2005	109,781			109,781	12,041	4,836	16,877	97,740
2006	97,740		14,521	83,219	26,527	13,500	40,027	56,692
2007	56,692			56,692	10,359	2,638	12,997	46,333
2008	46,333			46,333	8,714	1,896	10,610	37,619
2009	37,619			37,619	12,898	1,829	14,727	24,721
2010	24,721			24,721	8,811	1,720	10,531	15,910
2011	15,910	82		15,992	9,319	1,528	10,847	6,673
2012	6,673			6,673	537	268	805	6,136
2013	6,136			6,136	1,967	2,686	4,653	4,169
2014	4,169			4,169	927	468	1,395	3,242
2015	3,242			3,242	463	178	641	2,779
2016	2,779			2,779	463	153	616	2,316
2017	2,316			2,316	463	127	590	1,853
2018	1,853			1,853	463	102	565	1,390
2019	1,390			1,390	463	76	539	927
2020	927			927	464	51	515	463