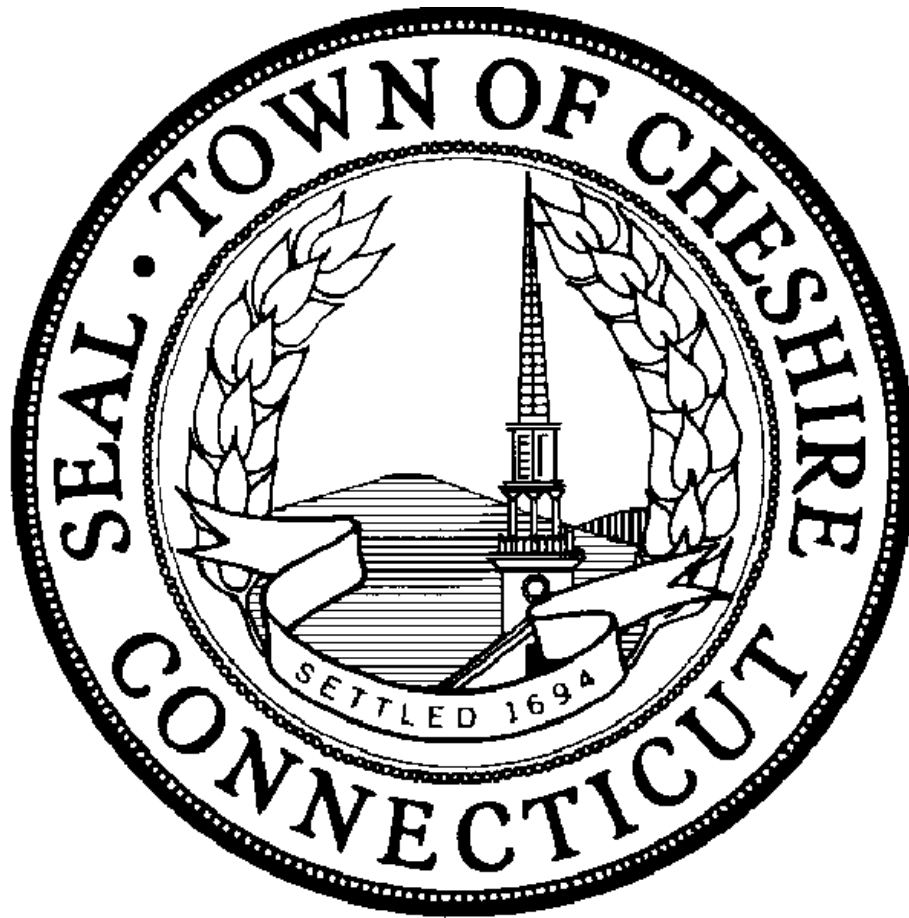
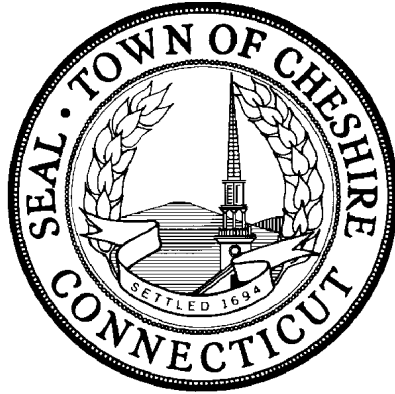


TOWN OF CHESHIRE, CONNECTICUT



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

TOWN OF CHESHIRE, CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
July 1, 2021 to June 30, 2022**

Prepared By:
FINANCE DEPARTMENT

JAMES JASKOT
Finance Director/Treasurer

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Introductory Section



TOWN OF CHESHIRE

James J. Jaskot, CPA
Finance Director/Treasurer
84 South Main Street - Cheshire, CT 06410-6639
203-271-6610 - Fax: 203-271-6664

"The Bedding Plant Capital of Connecticut"

February 1, 2023

Mr. Sean Kimball, Town Manager
Town Council Members
Town of Cheshire
Cheshire, CT 06410

I am pleased to transmit the Annual Comprehensive Financial Report (ACFR) of the Town of Cheshire, Connecticut (the Town) for the Year ended June 30, 2022.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the annual comprehensive financial report of the Town of Cheshire for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the Town of Cheshire. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CliftonLarsonAllen LLP, a firm of certified public accountants, has audited the Town's financial statements for the year ended June 30, 2022. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2022 are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of broader, Federal and State mandated "Single Audits" designed to meet the special needs of Federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State grant awards. These reports are available in the Town's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Cheshire, incorporated in 1780, is located in the south-central section of the State and has a land area of 33 square miles and a population estimated to be 28,766. Up until about 1950, Cheshire was predominantly a rural farming community that has grown into a well-planned residential, suburban Town. While the Town has experienced significant growth, it maintains its agricultural heritage with over two million square feet of greenhouses and hundreds of acres of open growing fields resulting in the Town having the designation as the bedding plant capital of Connecticut. Cheshire is ideally located in the center of Connecticut with access to all major routes and is a community of choice among families who seek the Town's exceptional public schools, dedication to services and a strong sense of community.

The Town of Cheshire operates under a council-manager form of government. Policy-making and legislative authority are vested in a nine member Town Council. The Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members serve two-year terms with four of the Council members elected by district and the remaining five elected at large.

The Town of Cheshire provides a full range of services as described below:

Police: The Cheshire Police Department is staffed with sixty-one full-time employees, forty-eight of whom are sworn police officers. The Department is organized into three divisions: Patrol, Support Services, and Administration. The Police Department manages the municipal animal control function consisting of two full-time employees. It also employs seven part-time school crossing guards. The Cheshire Police Department is a full-service agency providing a full range of police services on a twenty-four hour a day basis.

The headquarters building is a 20,000+ square foot facility, hosting all police department functions including a records division and dispatch facility. The Department is equipped with all appropriate telephone, radio and computer systems common to modern police agencies. The Department operates a fleet of twenty-five marked and unmarked vehicles equipped with two-way radios, computers, video cameras, less-lethal munitions, first aid supplies, Automatic External Defibrillators, GPS and traffic safety equipment. The Department also operates a motorcycle and an all-terrain vehicle.

Fire: Fire suppression and rescue services are provided by the Cheshire Fire Department. The Department is comprised of approximately 60 volunteer members. A career Fire Chief, appointed by the Town Manager, is responsible for administrative activities and personnel matters in addition to all the services provided by the Department. The Town appropriates funds annually for the operation of the Department that are used for typical operating expenses such as training, insurance, and fleet maintenance. Apparatus and equipment are funded through the Town's capital budget process.

The Department equipment includes seven fire engines, two heavy-duty rescue units, two aerial ladders and several utility vehicles. The Department maintains three fire stations including an 18,000+ square foot headquarter facility and two substations.

Under the direction of the Fire Chief, the Fire Marshal's Office provides an aggressive prevention/public education/inspection program through its four full time and three part-time staff. They also serve as firefighters and respond with apparatus while on duty.

Parks and Recreation: The Parks & Recreation Department, located at the Harmon Leonard, Jr. Youth Center, offers a wide range of year-round inclusive recreational activities and special events for all age groups: preschool, school-age, teens, adult and senior citizens. Over 330 acres are devoted to parks and

active recreation and over 1,500 acres for open space and passive recreation. Parks include Roaring Brook, a natural area with a water course that falls eighty feet; Lock 12 Historical Park, a restored 150 year old canal lock and gatekeeper's home on the Farmington Canal, picnic pavilion and public restrooms; Cheshire Park, 75 acres, 25 percent set aside for active recreation with balance undeveloped with the Ruth C. Burke trail system. Cheshire Park includes three ball fields, one with athletic lighting, the Mark Jardim picnic pavilion, 3 tennis courts, 6 pickleball courts including court lighting, basketball court, sand volleyball court, playground equipment and public restrooms; Mixville Recreation Area, two picnic pavilions, playground equipment, basketball court, sand volleyball court, pond for swimming, winter sledding, hiking trails, John G. Martin Foundation Outdoor Education Center and public restrooms; Farmington Canal Linear Trail, a 7 mile paved hiking and biking trail along the Farmington Canal running the length of Cheshire; Bartlem Park, features 6 multi use rectangular fields, 2 hardball fields, 2 softball fields, 50-meter year-round community pool, boundless playground with equipment, skateboard park, community garden, picnic pavilion and public restrooms; Quinnipiac Park, has 7 multi use rectangular fields, concession stand, picnic pavilion, playground equipment, roller rink 80'x180', and public restrooms; McNamara American Legion Recreation Area, features 4 hardball fields, basketball court, playground equipment and public restrooms.

Library: The Cheshire Public Library is generally open 62 hours per week providing library materials, services and programs for all ages. The Library houses a collection of over 106,000 print and audiovisual materials along with over 60 databases and electronic collections. Free Wi-Fi and 18 internet accessible computers are available for public use. There are four study rooms that may be reserved by individuals or small groups.

The Library also provides educational and cultural programs including early-literacy classes for preschoolers, teen programs, adult lectures, concerts and art exhibits. The Library also collaborates with the Cheshire Performing and Fine Arts Committee, which provides art and theatre programs to residents.

Social Services: The Human Services Department provides programs serving Cheshire youth, senior citizens and the handicapped. Counseling is available for teenagers and their families, as well as positive youth development programs for high school-aged adolescents. Bartlem Park features the "Yellow House" community youth center. The Town Senior Center serves as a gathering place for seniors and offers a variety of activities. A transportation system is provided for seniors and the handicapped.

Inspection: The Inspection Department issues all types of building permits and is responsible for the inspection and approval of all construction in Town in accordance with state and local building codes.

Planning and Zoning: The Town has a nine-member, elected Planning and Zoning Commission, which is responsible for adopting and administering the zoning and subdivision regulations, and for developing and updating the Comprehensive Plan of Development.

Economic Development: The Town has an Economic Development Coordinator who works closely with a seven-member commission, appointed by the Town Council, in promoting the Town and providing information and services to prospective businesses as well as existing, established businesses. See the local economy section later in this document.

Health: Cheshire is a member of the multi town (Cheshire, Prospect, and Wolcott) Chesprocott Health District that provides public health and sanitation inspection services to the member municipalities.

Public Works: Public Works is staffed with 43 employees and is responsible for the maintenance and improvements of all Town owned infrastructure, including 152 miles of public roads, 115 miles of sidewalks, 120 miles of sanitary sewers, 10 pump stations, bridges, and storm sewers. They are also responsible for the maintenance of 200,000 square feet of Town owned buildings, five parks, 1,500 acres of open space, and trees on Town owned properties. The Department provides engineering services for the Town and practices an aggressive pavement maintenance program that includes asphalt paving, crack sealing and other pavement preservation techniques.

Sewer System: The Water Pollution Control Authority oversees management of a sewer system that serves approximately 5,545 commercial, industrial, and residential properties, or 60 percent of the Town's

population. The municipal sanitary sewer system has been extended into the western, southern, southeastern, and northern sections of the community. Sewage is received and treated at the Wastewater Treatment Plant, which has a designed capacity of 4,000,000 gallons per day. The Town has both a phosphorus removal system and a denitrification facility, which provides a substantial reduction in the amount of phosphorus and nitrogen discharged to the Quinnipiac River and eventually Long Island Sound. The current average daily flow of the Wastewater Treatment Plant is 2,400,000 gallons per day. The Town recovers a significant portion of construction costs for sewer main extension through sewer assessments collected over a period of several years. Users of the system pay an annual sewer use charge.

Waste Disposal: The Town provides curbside municipal solid waste and recycling collection to approximately 9,500 single family and condominium units. The town contracts this service through a private trash hauler. Town residents may utilize a private transfer station, run by our contracted hauler, to dispose of bulky waste items.

The Town provides for disposal of household hazardous waste through a seasonal (May through October) collection program provided by the Regional Water Authority located at 90 Sargent Drive, New Haven, Connecticut. The Town collects bagged leaves at curbside for six weeks during the fall season and holds electronics and mattress recycling events two times per year.

Education System: The Town's school system, which services grades pre-kindergarten through 12, is governed by the local Board of Education. Cheshire has a seven-member Board of Education elected to four-year, staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring education funds are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town has 8 schools for grades pre-kindergarten through 12. Enrollment in grades pre-kindergarten through 12 as of October 1, 2021 was 4,185.

Budget: The annual budget serves as the foundation for the Town's financial planning and control. All agencies of the Town are required to submit requests for appropriation to the Town Manager on or before February 15. The Town Manager uses these requests as the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the Town Council by March 10. The Council is required to hold a public hearing on the budget by March 24 and adopt a budget by April 30.

The Town Council adopts budgets for the General Fund and two special revenue funds, the Water Pollution Control Fund and the Cheshire Community Pool Fund. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is at the department level for the General Fund and at the fund level for the Water Pollution Control and Cheshire Community Pool Funds. Budget-to-actual comparisons are provided for these funds. The General Fund summary comparison is presented as part of the Required Supplementary Information section of this report with additional detail in the Supplemental Schedules section. The Water Pollution Control and Cheshire Community Pool fund comparisons are presented in the Supplemental Schedules section as well.

Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy: The Town's October 1, 2020 Net Taxable Grand List of \$2,878,282,827 was an increase of \$34,160,260, or 1.20 percent more than the previous year. The Economic Development Commission ("EDC"), a seven-member body appointed by the Town Council, works with the Economic Development Coordinator to promote and develop the Town's economic resources. The EDC feels that economic growth should be of high quality and compatible with the Town and that future commercial and industrial growth be linked closely to thoughtful planning and zoning decisions.

The EDC takes an active role in issues that affect the Town's quality of life. EDC members feel that this involvement helps to make Cheshire a more attractive community in which to live and do business. The Economic Development Coordinator and EDC maintain contact with Cheshire companies as part of the

EDC's retention activities. The Coordinator visits local businesses and the EDC invites companies to their monthly meetings to learn about and discuss possible ways the Town could be of service.

As the pandemic loosens its grip, the Cheshire Business Community has fared well. Cheshire's largest employer, Bozzuto's, Inc. a total service wholesale distributor of food and household products to retailers in New England, New York, New Jersey and Pennsylvania continued to add employees as did Whole Foods distribution.

New Business development reached arguably the highest level in the past several decades with several major projects coming to fruition. Commercial and industrial development blossomed across the community. One of the most significant areas of growth was the Town's West Main Street Business District. The area has long been a focus to create a walkable downtown. The Ball & Socket Arts (BaSA) complex welcomed its first tenant in the long dormant historic manufacturing complex. BaSA, with the assistance of the State Department of Economic & Community Development (DECD), Federal Environmental Protection Agency (EPA) and the Town of Cheshire have successfully secured several million dollars in brownfield remediation funding over the past several years. The site was once home to a button and fastener manufacturer that at one time was one of Cheshire's largest employers. After years of decay, the site is being repurposed into a mixed-use arts and retail complex along the Farmington Canal Heritage Trail. Sweet Claude's, Cheshire's flagship homemade ice cream shop relocated to the site signifying a rebirth of the factory and has resulted in significant interest. Additional renovation and remediation projects continue at the site with tenants lining up to populate the 65,000SF complex. BaSA will anchor the West Main Street Business District with more developer interest than available space and major economic spin off benefits to the immediate area and the Town.

Within a short walk of BaSA Cheshire welcomed Rebel Interactive, a digital marketing agency. Rebel with offices in Southington and Farmington, consolidated operations to a 30,000SF former furniture Store with 100 employees and growing. Rebel Interactive has been named to *Inc. 5000 Fastest Growing Companies* multiple years in a row and has brought jobs to the area, young professionals and forged partnerships with the Board of Education and programs at Cheshire High School. Rebel's new 30,000SF headquarters includes state-of-the-art facilities for video and photography production, a podcast studio, warehouse space, and collaboration spaces galore.

Cheshire has been planning for and seeking developers for its interchange zone since Interstate 691 opened in 1986. The area, at the northern reaches of Town, has been the site of several failed development attempts ranging from an indoor mall to an outlet center. The Property has lacked the required infrastructure to support major development with a lack of water and sewer. In 2019 the Town adopted a special development district (SDD) and a Tax Increment Financing District (TIF). The Town Council, Planning, and Economic Development staff understood that without the Town's support the area would not reach its full development potential. The Town entered into a Credit Enhancement Agreement (CEA) which is the vehicle in which a developer can utilize the TIF program with a private developer for a project entitled Stonebridge Commons. The CEA outlined both the Town's and the developer's responsibilities. In October of 2021, the CEA was finalized and over the past year water and sewer lines have been extended to the 110-acre site by the private developer. The Stonebridge Commons development is a mix of residential and commercial development spread across 110 acres with a 30-acre open space component. The developer has received approvals to build 300 upscale apartments and 140 free standing cluster single family homes. The 160,000 square foot retail component received Wetlands approval, with Planning and Zoning review scheduled for February 2023. The final project components call for a hotel, restaurant, fuel station and medical offices with land use review expected prior to the end of 2023. The development is estimated to add upwards of 100 million dollars in grand list growth.

Along Route 10, several dormant lots have developments underway. Properties at 306 and 435 Highland Avenue, and 687 South Main Street are under construction. A new 10,000SF day care, Chase Bank and dentist office are under construction or have opened in the past year. The developers of each property worked with planning and zoning and town beautification and have greatly improved the appearance of Route 10.

The Manufacturing sector saw growth as well. Property at 25 Knotter Drive a 40,000 SF building on 7 Acres transferred to HOB Industries for \$2.1 million. HOB Industries will be consolidating operations from Wolcott and Waterbury into this location with 30 employees. HOB Industries is a metals manufacturer and

the largest producer of “wick clips” for candles. HOB is investing significantly into the building with a ribbon cutting anticipated in early 2023. Several prospective tenants are working with the property owner of 181 West Johnson Avenue to occupy the approved approximately 240,000SF shovel ready pad site. With the occupancy of 25 Knotter Drive Cheshire's industrial parks have zero vacancies in 2022.

Counterweight Brewing opened in the spring of 2022 at a 3.5-acre site on 7 Diana Court. The two story, 31,555 square foot manufacturing and tasting facility has become a major draw for the community with its expansive manufacturing operation and multi-level tasting and event spaces. Counterweight joins Cheshire Craft Brewing that opened in early 2021 and has immediately become a gathering place for Central Connecticut. The proximity of both Counterweight and Cheshire Craft Brewing to Viron Rondo Osteria, one of Connecticut's top restaurants, is creating a statewide draw to Cheshire.

The Town continues to rank among the most desirable communities in the State of Connecticut by both Connecticut Magazine and Money Magazine's ranking of 28th best place to live in the United States. The public-school system is one of the highest performing in the State of Connecticut. The residential real-estate market is booming with demand far outpacing supply and the average home price soaring with new construction starting above \$600,000. Socioeconomic indicators such as per capita and median family income and educational attainment continue to far exceed the norms in Connecticut and nationally. Further, Cheshire's unemployment rates continue to be below the State of Connecticut average. Past practices of open space acquisition, sound planning, and fiscal management are ensuring the community retains its charm while welcoming new residents and businesses.

Long-Term Financial Planning: Annually the Town Manager prepares a Five Year Capital Expenditure Plan (CEP), which is reviewed by the Planning and Zoning Commission and the Town Council in accordance with the Town Charter. The approved fiscal year 2022 Five Year CEP includes various projects and major equipment purchases totaling \$70,063,000 for the five year period beginning with fiscal year 2022 and ending with fiscal year 2026.

Included in the Five-Year CEP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2022 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$15,846,000 and included 31 projects. Borrowing authorizations of \$14,318,000 were approved for financing them along with \$1,118,000 from the Capital and Non-recurring fund. Grants totaling \$2,975,000 are also projected to be available.

As part of this process, the Town extensively evaluates the funding of all projects through a comprehensive debt analysis, including the impact of current and future debt on the Town's mill rate, debt service and related ratios. This model is helpful in prioritizing projects and making prudent financial decisions.

Relevant Financial Policies: The Town has several policies that establish parameters and offer financial guidance, including capital expenditure plan, debt, general fund balance and investment policies. In accordance with the fund balance policy, while still maintaining an unassigned fund balance of 8 percent to 9.25 percent of operating expenditures, the Town designated \$1,700,000 of the General fund balance for the fiscal year 2022 budget. The capital expenditure plan policy is complied with each year during the capital budget process when departments submit capital requests for a five-year period. Requests are reviewed and prioritized, and a comprehensive ten-year debt analysis is performed. Debt service is below 10 percent of expenditures as prescribed in the debt policy. The Town continues to invest assets based on an informal policy of safety, liquidity and yield. Pension and other postemployment benefit trusts have an investment policy statement that is reviewed and updated annually.

Major Initiatives

The Town strives to ensure continuing fiscal stability, enhance communications and responsiveness to citizens, preserve and enhance services, and continue to advance key capital projects. Through extensive budget planning, comprehensive program and service evaluations, conservative budgeting practices, and the efficient use of resources, the adopted fiscal year 2022 budget increase was a modest 3.47 percent. Actual budgetary activity during fiscal year 2022 resulted in a surplus of \$3,775,943.

Capital projects completed during fiscal year 2022 include road paving under the Town's road maintenance program, an upgraded public safety communication system, and boiler replacements at the Senior Center. Other capital purchases included various technology equipment upgrades at the Town and schools and some new vehicles and equipment, mostly for the Police, Fire and Public Works departments. In addition, several new roads and sidewalks were turned over to the Town from developers including Farmers Court, Monarch Place and Cornwall Avenue Extension.

In addition, several projects were completed at Cheshire Public Schools during the fiscal year including several underground oil tank replacements, stadium lighting upgrades at Cheshire High School, roofing at Dodd Middle School, and flooring and sidewalk replacements at various schools.

The Town of Cheshire established The School Modernization Committee (SMC) to review Cheshire's educational facilities and develop a comprehensive master plan. Over the course of a year, the SMC reviewed a multitude of factors and generated a final report. Faced with growing enrollment and aging facilities, the SMC recommended the construction of two new K-6 Elementary Schools. The two new schools would replace three of the oldest school buildings in the district, greatly increasing building efficiencies, and meet the needs of the growing district. The Board of Education and Town Council reviewed the SMC report and developed a final plan. The Plan entitled, "Cheshire Public Schools, Next Generation" with a total cost of \$166.6 million was forwarded to voters at a referendum in November 2022. Eligible project costs are 50 percent reimbursable by the State of Connecticut. The referendum was overwhelmingly supported by voters with every voting district approving the project. The Town has since established a school building committee charged with steering the transformative project to completion.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cheshire for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. The Town has received this award for twenty-nine consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, Cheshire also received the GFOA's Distinguished Budget Presentation Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

It is my pleasure to direct the Finance Department and I wish to extend my sincere appreciation to the staff for their assistance with the year-end closing process, preparation of account schedules, and the development of this report. Special thanks to Gina DeFilio, Deputy Finance Director, Donna Ouellet, Deputy Treasurer and Hope Larson, Budget/Treasury Analyst, and Finance personnel Ivana Lewis, Sharon Churma, and Kim Wantroba. Additionally, I appreciate the efforts of the Town department heads, supervisors and staff, for their cooperation in this process.

I would also like to thank the Town Manager Sean Kimball, and the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Finally, the professional assistance and guidance provided by our independent auditors, CliftonLarsonAllen LLP, was most appreciated.

Respectfully submitted,

A handwritten signature in black ink that reads "James Jaskot". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

James Jaskot
Finance Director/Treasurer

TOWN OF CHESHIRE, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS JUNE 30, 2022

TOWN COUNCIL

Timothy Slocum, Chairman
Donald Walsh, Vice Chairman
David Borowy
James Jinks
John Milone
Sylvia Nichols
Sandy Pavano
Peter Talbot
David Veleber

ADMINISTRATION

Town Manager	Sean Kimball
Finance Director/Treasurer	James Jaskot
Deputy Director of Finance	Gina DeFilio
Town Planner	Michael Glidden
Director of Public Works	George Noewatne
Chief of Police	Neil Dryfe
Fire Chief	Jack Casner
Economic Development Coordinator	Andrew Martelli
Human Resources Director	Louis Zullo
Assistant Town Manager/Public Information Officer	Arnett Talbot
Town Attorney	Jeffrey Donofrio

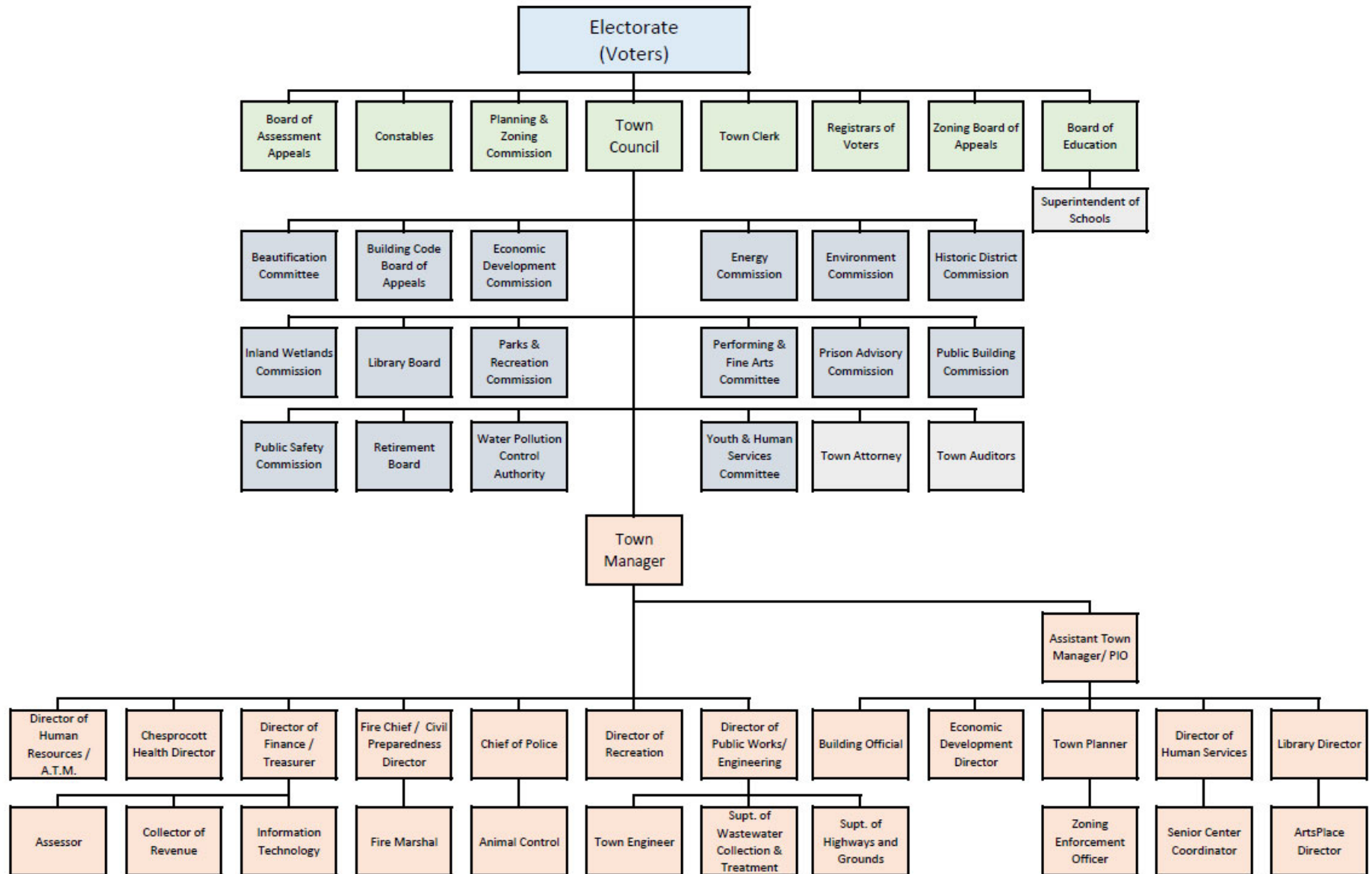
BOARD OF EDUCATION

Anthony Perugini, Chairperson
Adam Grippo, Vice Chairperson
Anne Harrigan, Secretary
Faith Ham
Andrew Martelli
Samantha Rosenberg
Timothy White

ADMINISTRATION

Superintendent of Schools	Jeffrey Solan, Ed. D.
Assistant Superintendent of Schools	Marlene Silano
Chief Operating Officer	Vincent Masciana

Town of Cheshire Organizational Chart (May 28, 2020)





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Cheshire
Connecticut**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Audit Committee
Town of Cheshire, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cheshire, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Cheshire, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cheshire, Connecticut, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cheshire, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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.

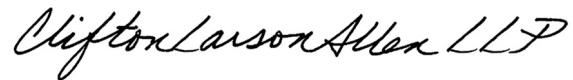
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023, on our consideration of the Town of Cheshire, 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 Cheshire, 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 Town of Cheshire, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
February 1, 2023

Town of Cheshire, Connecticut Management's Discussion and Analysis - *unaudited* June 30, 2022

As management of the Town of Cheshire, Connecticut (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report as well as the Town's basic financial statements that follow this section.

To better understand the Town's financial activities, an overview of how the financial statements are presented in this book and the differences between the various financial statements are discussed below:

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 financial statements are comprised of 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 summary of the Town's finances, on a full accrual basis, taking into account both long-term assets and liabilities.

The Statement of Net Position presents information on all Town assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. 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 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 only result in cash inflows or outflows in future fiscal periods, e.g., uncollected taxes and earned but unused, vacation leave.

Both of the government-wide financial statements distinguish functions of the Town between two categories: governmental activities that are principally supported by taxes and intergovernmental revenues and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include administration and finance, planning and development, public safety, public works, public health, social services, cultural services, leisure services, and education. The Town has no business type activities.

It is important to note that fiduciary funds are not presented in the government-wide statements as their assets cannot be used for Town operations. The Town is simply a conduit for these funds.

The government-wide financial statements can be found on pages 13-14 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 or modified accrual accounting to ensure and demonstrate compliance with finance-related legal requirements. All Town funds 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 a government's near-term financing requirements. Therefore, long-term liabilities and capital assets are not presented.

Because the focus of governmental fund financial statements 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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities in the government-wide statements.

The Town maintains 22 individual governmental funds that are classified as either major or nonmajor funds. The information for the major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The Town's 3 major funds are the General Fund, which includes 2 funds that were reclassified to the General Fund as they did not meet the definition of a special revenue fund per GASB No. 54, the Capital Improvements Fund and the Debt Reserve Fund. The other 17 funds are nonmajor and 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 in the Combining and Individual Nonmajor Fund Financial Statements and Schedules section of this report.

The Town adopts an annual budget for its General Fund, Water Pollution Control, and Community Pool funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their adopted budget.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds. The Town maintains one type of proprietary fund: internal service funds. Internal service funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical benefits and heart and hypertension payments. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental and Combining and Individual Fund Financial Statements and Other Schedules section of this report. These services have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds. The Town has one type of fiduciary funds: pension and other postemployment benefit trust funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not available to support Town's programs. Therefore, these funds do not appear in the government-wide financial statements and appear separately in the fund financial statements.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-72 of this report.

Required Supplementary Information. The required supplementary information presents the Town's progress in funding its obligation to provide pension and other postemployment benefits to employees. This information for pensions and other postemployment benefits can be found on pages 73-79 of this report. Also included in the required supplementary information is the General Fund budgetary-basis revenue and expenditure financial report and notes. This information can be found on pages 80-82 of this report.

Supplemental and combining nonmajor fund statements and schedules showing detail for nonmajor governmental funds, internal service funds, fiduciary funds and capital assets are presented on pages 96-108 of this report.

Financial Highlights-Government-Wide Financial Statements

- Total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources resulting in a net position of \$83.747 million. The net position includes \$140.388 million invested in capital assets. The balance also includes \$6.295 million restricted for various programs and an unrestricted net position (deficit) of \$(62.937) million. Unrestricted net position, if any, may be used to meet the Town's ongoing obligations to citizens and creditors.
- Net position increased during the year by \$3.112 million resulting in a net position of \$83.747 million. The net investment in capital assets portion of net position increased by \$4.097 million. Restricted net position decreased by \$11.194 Million, mostly due to a decrease in cash restricted for capital projects. Unrestricted net position increased by \$10.210 million, mostly due to annual changes in pension and other postemployment plan liabilities.
- Overall, revenues decreased by \$5.566 million, or 3.70 percent, primarily due to an increase in property taxes of \$3.383 million and charges for services of \$1.417 million, offset by decreases in Operating Grants and Contributions of \$8.678 million and Capital Grants and Contributions of \$1.989 million. Charges for services rebounded after COVID concerns subsided with substantial increases in program and departmental revenues more consistent with pre-pandemic levels. The decrease in Operating Grants and Contributions was largely due to a decrease in revenue recognized for teacher pension and other postemployment plan liabilities that are funded by the State. The decrease in Capital Grants and Contributions was due to grant funded land acquisition and infrastructure projects that were completed in the prior year.
- Overall, expenses decreased by \$11.132 million, or 7.28 percent. The decrease was mostly due to a \$12.208 million decrease in Education expenses. Offsetting the overall decrease were increases in Public Safety and Planning and Development expenses totaling \$3.304 million. The decrease in education expenses was primarily due to a decrease in the pension and other postemployment expense recognition for liabilities associated with teacher retirement plans that are funded by the State. The increase in Public Safety expenses was partly due to an increase in net pension liabilities following a decline in asset market values. The Increase in Planning and Development Expenses was mainly due to State funded, brownfield remediation expenses at a former button and fastener manufacturing building that is being repurposed into a mixed-use arts and retail complex.

Financial Highlights - Fund Financial Statements

- As of the close of the current fiscal year, the overall decrease in fund balance for governmental funds is \$7.127 million resulting in an ending fund balance of \$30.766 million. This decrease was generated mostly from a decrease in the Capital Improvements fund balance of \$8.072 million due to capital outlay expenditures of \$8.250 million, offset by \$.178 million of grants, contributions, and other revenues. In addition, the Debt Reserve Fund balance decreased by \$.445 million due to debt service payments in excess of transfers into the fund and income from investments. The General Fund and nonmajor fund balances increased by only \$.936 million and \$.453 million respectively.
- The fund balance of the General Fund at June 30, 2022 was \$17.505 million, an increase of \$.936 million from the prior fiscal year as noted above. For reporting purposes, one reserve fund and the Community Pool fund are combined with the General Fund as they did not meet the definition of a special revenue fund per GASB No. 54.
- The \$17.505 million fund balance of the General Fund on June 30, 2022 includes \$13.098 million of unassigned fund balance, or 10.02 percent of GAAP operating expenditures. There is also \$.095 million of nonspendable fund balance earmarked for prepaid expenditures and \$4.312 million of assigned fund balance. Assigned fund balance includes \$1.700 million assigned for the 2023 fiscal year budget and \$2.612 million assigned for outstanding 2022 fiscal year encumbrances.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$83.747 million at the close of the most recent fiscal year.

Town of Cheshire, Connecticut Summary Statement of Net Position June 30, 2022 and 2021

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 57,518,971	\$ 59,143,290
Capital Assets (net)	233,041,962	230,943,021
Total assets	290,560,933	290,086,311
Pension / OPEB related items	9,461,537	4,889,278
Deferred charge on refundings	693,655	845,274
Total deferred outflows of resources	10,155,192	5,734,552
Current Liabilities	24,112,567	26,243,419
Long-Term Liabilities	178,460,777	176,621,449
Total liabilities	202,573,344	202,864,868
Pension / OPEB related items	6,379,933	10,903,520
Advance tax collections	7,283,170	1,417,725
Leases	732,608	-
Total deferred inflows of resources	14,395,711	12,321,245
Net Position		
Net investment in capital assets	140,388,311	136,291,559
Restricted	6,295,262	17,489,718
Unrestricted (Deficit)	(62,936,503)	(73,146,527)
Total net position	\$ 83,747,070	\$ 80,634,750

The net investment in capital assets, e.g., land, buildings, machinery and equipment, and infrastructure, represents \$140.388 million, or 167.6 percent of the Town's net position. These assets are used to provide services to Town citizens; and it should be noted that these assets are not available for future spending. While the net investment in capital assets is reported net of related debt, 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.

A small portion of the Town's net position, \$6.295 million, represents resources that are subject to external restrictions from grantors on how they may be used.

The remainder is a deficit, unrestricted net position (deficit) of \$(62.937) million. Unrestricted net position, if any, may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Cheshire
Summary Statement of Activities
Years Ended June 30, 2022 and 2021

	Governmental Activities		
	2022	2021	% Change
Revenues			
Program Revenues:			
Charges for services	\$ 9,712,685	\$ 8,295,368	17.09%
Operating grants and contributions	30,343,684	39,021,274	-22.24%
Capital grants and contributions	766,888	2,756,349	-72.18%
General Revenues:			
Property taxes	98,161,958	94,778,480	3.57%
Grants and contributions not restricted to specific programs	5,937,484	5,067,972	17.16%
Investment income and other	(117,964)	451,435	-126.13%
Total revenues	144,804,735	150,370,878	-3.70%
Expenses			
Administration & Finance	6,155,293	6,801,826	-9.51%
Planning and Development	2,524,873	739,382	241.48%
Public Safety	16,922,870	15,404,799	9.85%
Public Works	14,668,818	14,376,364	2.03%
Public Health	641,717	522,637	22.78%
Social Services	1,737,914	1,760,825	-1.30%
Cultural Services	2,881,839	3,030,855	-4.92%
Leisure Services	2,186,080	2,277,124	-4.00%
Education	93,247,357	105,455,175	-11.58%
Interest on long-term debt	725,654	2,455,497	-70.45%
Total expenses	141,692,415	152,824,484	-7.28%
Change in net position	3,112,320	(2,453,606)	
Net Position, beginning	80,634,750	83,088,356	
Net Position, ending	\$ 83,747,070	\$ 80,634,750	

Governmental Activities. The Town's net position for Governmental activities increased by \$3.112 million.

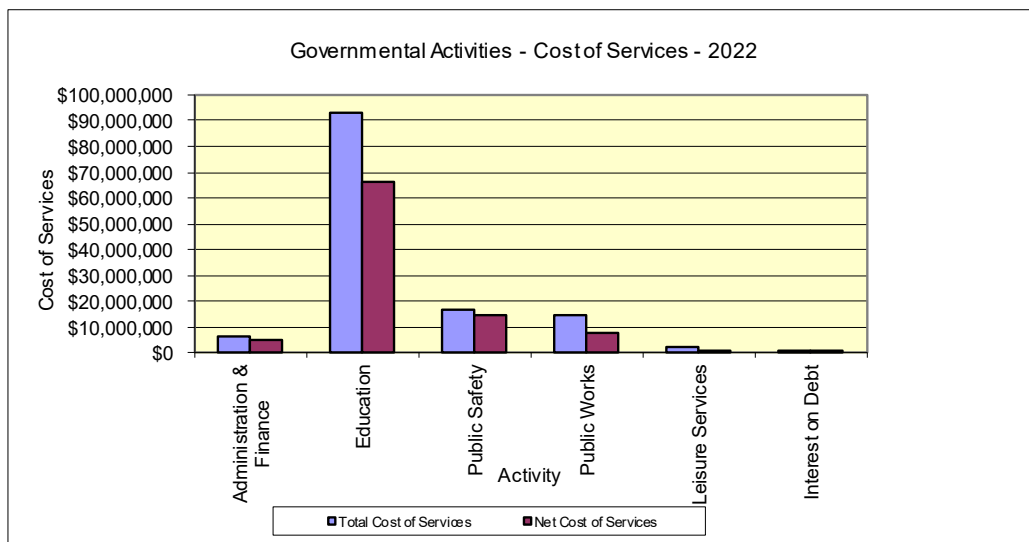
Major revenue factors include:

- Overall, revenues decreased by \$5.566 million, or 3.70 percent, primarily due to an increase in property taxes of \$3.383 million and charges for services of \$1.417 million, offset by decreases in Operating Grants and Contributions of \$8.678 million and Capital Grants and Contributions of \$1.989 million. Charges for services rebounded after COVID concerns subsided with substantial increases in program and departmental revenues more consistent with pre-pandemic levels. The decrease in Operating Grants and Contributions was largely due to a decrease in revenue recognized for teacher pension and other postemployment plan liabilities that are funded by the State. The decrease in Capital Grants and Contributions was due to grant funded land acquisition and infrastructure projects that were completed in the prior year.
- Property tax revenue increased by \$3.383 million, consistent with the fiscal year 2022 budget increase of \$5.854 million that was partially offset by increases in other revenue sources, mostly State and federal grants.
- Investment Income and Other revenue decreased by \$.569 million, mostly due to an increase in the fair value of investments that have not matured.

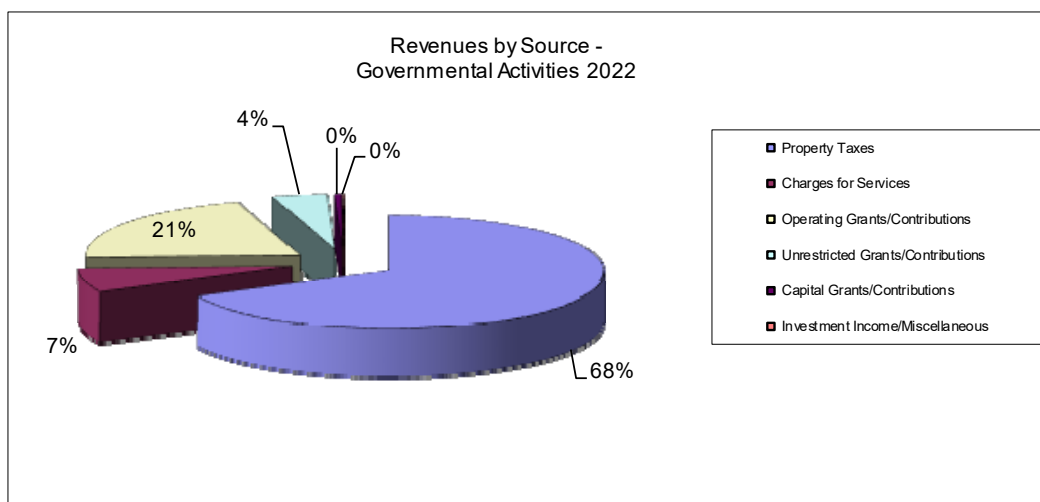
Major expense factors include:

- Overall, expenses decreased by \$11.132 million, or 7.28 percent. The decrease was mostly due to a \$12.208 million decrease in Education expenses. Offsetting the overall decrease were increases in Public Safety and Planning and Development expenses totaling \$3.304 million. The decrease in education expenses was primarily due to a decrease in the pension and other postemployment expense recognition for liabilities associated with teacher retirement plans that are funded by the State. The increase in Public Safety expenses was partly due to an increase in net pension liabilities following a decline in asset market values. The Increase in Planning and Development Expenses was mainly due to State funded, brownfield remediation expenses at a former button and fastener manufacturing building that is being repurposed into a mixed-use arts and retail complex.

The chart below presents the costs of six of the Town's major governmental activities as well as their net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.



The chart below represents all Town revenues by source:



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund or modified accrual accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 a government'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 combined ending fund balances of \$30.766 million, a decrease of \$7.127 million from the prior year. The \$30.766 million fund balance consists of \$19.240 million that is either nonspendable, restricted, committed, or assigned as defined by Governmental Accounting Standards Board No. 54, and an unassigned fund balance of \$11.526 million. Definitions for these fund balance classifications can be found in Note 1 to the financial statements.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$13.098 million while total fund balance is \$17.505 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.02 percent of total General Fund expenditures, while total fund balance represents 13.40 percent of that same amount.

Capital Improvements Fund

The Capital Improvements fund balance was \$2.772 million, a decrease of \$8.072 million. Capital outlay of \$8.250 million was only partially offset by .178 million of grants, contributions, and other revenue.

Debt Reserve Fund

The Debt Reserve Fund balance was \$3.243 million, a decrease of \$.445 million. Debt service payments of \$1.461 million exceeded a transfer from the General Fund of \$1.000 million and investment income totaling \$.016 million. Starting in July 2017, debt service payments from this fund helped to mitigate the impact on taxpayers from a spike in debt service associated with a Connecticut Clean Water Fund loan that financed a major Water Pollution Control Plant upgrade.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets, net of accumulated depreciation, for its governmental activities as of June 30, 2022, amounts to \$233.042 million. This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, infrastructure, and construction in progress.

Major capital asset activity during the current fiscal year follows: Buildings and Improvements of \$.677 million were placed in service during the year including roofing at Dodd Middle School, flooring and doorway replacements at Cheshire High School, an underground storage tank replacement at Darcey School, two new boilers at the Senior Center, and new flooring and carpeting at various Town and school buildings. Vehicle purchases of \$.364 million were for new fleet vehicles at various departments. Machinery and Equipment additions of \$5.270 million was mostly for a new Public Safety Radio Communication System. Other additions include technology equipment upgrades and maintenance equipment for the Town and Board of Education ground crews. Infrastructure additions of \$1.994 million include school sidewalks, road paving projects under the Town's maintenance program, and new stadium lighting at Cheshire High School. Construction in progress had a balance of \$6.583 million, consisting of HVAC and locker room improvements at the Police Station and various school and infrastructure projects.

	Governmental Activities	
	June 30,	
	2022	2021
Land	\$ 25,310,762	\$ 25,310,762
Building and improvements	106,971,754	110,162,117
Land Improvements	4,764,132	4,946,167
Machinery and equipment	9,987,260	5,578,616
Motor vehicles	6,592,022	6,927,697
Infrastructure	72,689,380	73,103,485
Right of Use - Leased Asset	143,715	197,824
Construction in progress	6,582,937	4,914,177
Total	\$ 233,041,962	\$ 231,140,845

Additional information on the Town's capital assets can be found in Note 4 on page 41 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total gross bonded debt and notes payable outstanding of \$96.839 million including \$3.374 million of unamortized bond premiums. The Town retired \$9.752 million in debt during the year, resulting in a decrease in gross debt outstanding of 9.15 percent over the prior year.

The Town maintains an "AAA" rating from both Fitch Ratings and Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections, including interest and lien fees. The current debt limit for the Town is \$662.830 million. The Town had debt issues outstanding that were \$93.465 million, or 14.10 percent of the total debt limitation.

Additional information on the Town's long-term debt can be found in Note 5 on pages 42-44 of this report.

Economic Factors and Next Year's Budgets and Rates

Median household income was \$132,682 and per capita income was \$57,009 in 2022. For the fiscal year ended June 30, 2022, unassigned fund balance in the General Fund was \$13.098 million. These factors were among those considered in preparing the Town's budget for the 2023 fiscal year.

The 2023 General Fund budget increased by 2.81 percent, or \$3.433 million, and the mill rate increased by .60 mills to 34.32 mills. The Water Pollution Control Authority sewer use rate increased by \$10 to \$445 for the 2023 budget year.

Requests for Information

This financial report is designed to provide a general overview 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 financial information should be addressed to the Finance Director/Treasurer James Jaskot, Town of Cheshire, 84 South Main Street, Cheshire, CT 06410.

Basic Financial Statements

Town of Cheshire, Connecticut

Exhibit I

Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 31,989,245
Investments	16,040,543
Receivables, net of allowance for collection losses:	
Property taxes	480,605
Assessments and user charges	191,221
Intergovernmental	2,853,311
Other	1,471,310
Other assets	168,936
Total current assets	53,195,171
Noncurrent assets:	
Capital assets not being depreciated	31,893,699
Capital assets being depreciated, net of accumulated depreciation	201,148,263
Restricted cash	4,323,800
Total noncurrent assets	237,365,762
Total assets	290,560,933
Deferred outflows of resources:	
Pension related items	8,430,642
OPEB related items	1,030,895
Deferred charge on refundings	693,655
Total deferred outflows of resources	10,155,192
Liabilities	
Current liabilities:	
Accounts payable	5,313,733
Accrued payroll	7,283,122
Accrued interest payable	998,345
Unearned revenue	1,574,659
Current portion of long-term debt obligations	8,942,708
Total current liabilities	24,112,567
Noncurrent	
Noncurrent portion of long-term debt obligations	178,460,777
Total noncurrent liabilities	178,460,777
Total liabilities	202,573,344
Deferred inflows of resources:	
Pension related items	184,463
OPEB related items	6,195,470
Advance tax collections	7,283,170
Leases	732,608
Total deferred inflows of resources	14,395,711
Net position:	
Net investment in capital assets	140,388,311
Restricted for various programs:	
Nonexpendable	78,361
Administration and finance	378,383
Public safety	780,647
Public works	893,625
Social Services	66,531
Cultural services	96,477
Leisure services	34,757
Education	2,665,175
Capital outlay	880,600
Debt service	420,706
Unrestricted (deficit)	(62,936,503)
Total net position	\$ 83,747,070

See notes to financial statements.

Town of Cheshire, Connecticut

Exhibit II

**Statement of Activities
For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total
Governmental activities:					
Administration and finance	\$ (6,155,293)	\$ 878,528	\$ 7,500	\$ -	\$ (5,269,265)
Planning and development	(2,524,873)	35,785	1,866,526	-	(622,562)
Public safety	(16,922,870)	1,169,491	1,187,682	-	(14,565,697)
Public works	(14,668,818)	4,209,536	2,235,936	691,888	(7,531,458)
Public health	(641,717)	-	-	-	(641,717)
Social services	(1,737,914)	21,382	140,370	-	(1,576,162)
Cultural services	(2,881,839)	133,205	34,600	-	(2,714,034)
Leisure services	(2,186,080)	923,823	2,510	75,000	(1,184,747)
Education	(93,247,357)	2,340,935	24,868,560	-	(66,037,862)
Interest on long-term debt	(725,654)	-	-	-	(725,654)
Total primary government	\$ (141,692,415)	\$ 9,712,685	\$ 30,343,684	\$ 766,888	(100,869,158)
General revenues:					
Property taxes					98,161,958
Grants and contributions not restricted to specific programs					5,937,484
Investment income					(751,071)
Miscellaneous					633,107
Total general revenues					103,981,478
Change in net position					3,112,320
Net position - beginning					80,634,750
Net position - ending					\$ 83,747,070

See notes to financial statements.

Balance Sheet - Governmental Funds
June 30, 2022

	Major Funds			Nonmajor	Total
	General	Capital	Debt	Governmental	Governmental
	Fund	Improvements	Reserve	Funds	Funds
	Fund	Fund	Fund		
Assets					
Cash and cash equivalents	\$ 18,218,906	\$ -	\$ 3,243,126	\$ 6,824,130	\$ 28,286,162
Receivables (net of allowances for collection losses):					
Property taxes, net of allowance of \$140,917	480,605	-	-	-	480,605
Assessments and user charges	-	-	-	191,221	191,221
Intergovernmental	253,128	880,600	-	1,719,583	2,853,311
Other	1,031,602	5,000	-	21,017	1,057,619
Investments	15,339,736	-	-	700,807	16,040,543
Restricted cash	-	4,323,800	-	-	4,323,800
Other assets	95,116	20,000	-	-	115,116
Inventory	-	-	-	53,820	53,820
Total assets	\$ 35,419,093	\$ 5,229,400	\$ 3,243,126	\$ 9,510,578	\$ 53,402,197
Liabilities					
Accounts payable	\$ 2,163,620	\$ 476,192	\$ -	\$ 1,391,317	\$ 4,031,129
Accrued payroll	7,247,142	-	-	35,980	7,283,122
Unearned revenues	47,147	1,100,800	-	426,712	1,574,659
Total liabilities	9,457,909	1,576,992	-	1,854,009	12,888,910
Deferred inflows of resources:					
Advance tax collections	7,283,170	-	-	-	7,283,170
Leases	732,608	-	-	-	732,608
Unavailable resources	440,088	880,600	-	410,969	1,731,657
Total deferred inflows of resources	8,455,866	880,600	-	410,969	9,747,435
Fund balances:					
Nonspendable	95,116	20,000	-	132,181	247,297
Restricted	-	4,323,800	-	5,336,301	9,660,101
Committed	-	-	3,243,126	1,478,437	4,721,563
Assigned	4,312,324	-	-	298,681	4,611,005
Unassigned	13,097,878	(1,571,992)	-	-	11,525,886
Total fund balances	17,505,318	2,771,808	3,243,126	7,245,600	30,765,852
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,419,093	\$ 5,229,400	\$ 3,243,126	\$ 9,510,578	\$ 53,402,197

See notes to financial statements.

Reconciliation of Fund Balance to Net Position of Governmental Activities June 30, 2022

Amounts reported for governmental activities in the statement of net position are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Page 15)	\$ 30,765,852
Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures; however, the statement of net position includes those capital assets among the assets of the Town as a whole.	233,041,962
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: Property tax and other receivables not currently available	1,731,657
Some expenses including deferred outflows/inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Deferred outflows of resources - pension related items	8,430,642
Deferred outflows of resources - OPEB related items	1,030,895
Deferred loss on refunding	693,655
Deferred inflows of resources - pension related items	(184,463)
Deferred inflows of resources - OPEB related items	(6,195,470)
Internal service funds are used by management to charge the cost of medical insurance to individual departments: The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(104,304)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(93,464,768)
Net pension liability	(57,462,471)
Net OPEB liability	(26,510,814)
Bond premium	(3,374,270)
Accrued interest payable	(998,345)
Landfill accrual	(399,000)
Compensated absences	(2,793,146)
Claims	(120,000)
Lease payable	(145,902)
Early retirement	(194,640)
Net position of governmental activities (page13)	\$ 83,747,070

See notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	Major Funds			Nonmajor	Total
	General	Capital	Debt	Governmental	Governmental
	Fund	Improvements	Reserve	Funds	Funds
	Fund	Fund	Fund		
Revenues:					
Property taxes	\$ 98,172,328	\$ -	\$ -	\$ -	\$ 98,172,328
Intergovernmental	31,459,841	55,182	-	7,287,658	38,802,681
Income from investments	241,552	-	16,378	32,892	290,822
Net increase (decrease) in the fair value of investments	(1,003,202)	-	-	(49,334)	(1,052,536)
Charges for services	3,756,809	-	-	5,976,594	9,733,403
Contributions	-	75,000	-	488,560	563,560
Other	286,656	47,977	-	315,474	650,107
Total revenues	132,913,984	178,159	16,378	14,051,844	147,160,365
Expenditures:					
Current:					
Administration and benefits	13,921,872	-	-	67,798	13,989,670
Planning and development	513,128	-	-	1,873,426	2,386,554
Public safety	7,766,411	-	-	499,688	8,266,099
Public works	6,804,071	-	-	2,504,547	9,308,618
Public health	641,717	-	-	-	641,717
Social services	995,453	-	-	92,245	1,087,698
Cultural services	1,870,925	-	-	35,736	1,906,661
Leisure services	1,488,791	-	-	8,298	1,497,089
Education	89,856,276	-	-	6,626,743	96,483,019
Debt service	6,809,077	-	1,460,947	1,182,679	9,452,703
Capital outlay	-	8,249,815	-	1,017,497	9,267,312
Total expenditures	130,667,721	8,249,815	1,460,947	13,908,657	154,287,140
Revenues over (under) expenditures	2,246,263	(8,071,656)	(1,444,569)	143,187	(7,126,775)
Other financing sources (uses):					
Transfers in	689,712	-	1,000,000	1,000,000	2,689,712
Transfers out	(2,000,000)	-	-	(689,712)	(2,689,712)
Total other financing sources (uses)	(1,310,288)	-	1,000,000	310,288	-
Change in fund balances	935,975	(8,071,656)	(444,569)	453,475	(7,126,775)
Fund balances, beginning	16,569,343	10,843,464	3,687,695	6,792,125	37,892,627
Fund balances, ending	\$ 17,505,318	\$ 2,771,808	\$ 3,243,126	\$ 7,245,600	\$ 30,765,852

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds (Page 17)	\$ (7,126,775)
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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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	10,242,350
Depreciation expense	(8,060,138)
Total	2,182,212

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(83,271)

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

Grants	(31,088)
Property tax, sewer use and sewer and water assessment interest and lien revenue	167,369
Total	136,281

Change in deferred outflows of resources - pension and OPEB related items:

Pension related items	4,728,652
OPEB related items	(156,393)
Total	4,572,259

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:

Amortization of premium	2,042,751
Amortization of deferred charge on refunding	(151,619)
Leases payable	(197,824)

Principal repayments:

Leases payable	51,922
Notes payable	783,691
General obligation bonds	6,925,259
Total	9,454,180

(Continued)

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities (Continued)
For the Year Ended June 30, 2022**

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. This represents the changes in various liability accounts that impact expenses/expenditures:

Compensated absences	\$ 239,345
Early retirement	(88,159)
Landfill closure	(9,000)
Net pension liability	(14,495,963)
Net OPEB liability	3,465,745
Claims	270,000
Accrued interest payable	(89,342)
Total	(10,707,374)

The change in net position of the Internal Service Fund is reported with governmental activities

161,221

Change in deferred inflows of resources - pension and OPEB related items:

Pension related items	6,996,248
OPEB related items	(2,472,661)
Total	4,523,587

Change in net position of governmental activities (page 14)

\$ 3,112,320

(Concluded)

See notes to financial statements.

Statement of Net Position - Proprietary Funds
June 30, 2022

	Governmental Activities
	<u>Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,703,083
Accounts receivable	<u>413,691</u>
Total assets	<u>4,116,774</u>
Liabilities	
Current liabilities:	
Claims payable	<u>1,465,464</u>
Noncurrent liabilities:	
Claims payable	<u>2,755,614</u>
Total liabilities	<u>4,221,078</u>
Net position (deficit):	
Unrestricted	<u><u>\$ (104,304)</u></u>

See notes to financial statements.

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for services	\$ 16,942,849
Total operating revenues	<u>16,942,849</u>
Operating expenses:	
Claims incurred	15,155,508
Administration	1,636,763
Total operating expenses	<u>16,792,271</u>
Operating Income	<u>150,578</u>
Nonoperating revenues:	
Investment income	10,643
Total nonoperating revenues	<u>10,643</u>
Change in net position	161,221
Net position (deficit), beginning	<u>(265,525)</u>
Net position (deficit), ending	<u>\$ (104,304)</u>

See notes to financial statements.

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2022

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Receipts from charges for services	\$ 16,854,113
Claims paid	(14,170,236)
Payments for administration	(1,636,763)
Net cash provided by operating activities	<u>1,047,114</u>
Cash flows provided by investing activities:	
Investment income	10,643
Net cash provided by investing activities	<u>10,643</u>
Net increase in cash and cash equivalents	1,057,757
Cash and cash equivalents:	
Beginning	<u>2,645,326</u>
Ending	<u><u>\$ 3,703,083</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 150,578
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(88,736)
Increase in claims payable	985,272
Net cash provided by operating activities	<u><u>\$ 1,047,114</u></u>

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2022

	Pension and OPEB Trust Funds
Assets	
Cash and cash equivalents	\$ 1,428,522
Investments:	
Common stock	10,378,812
Money market mutual funds	3,866,200
Fixed income mutual funds	12,685,276
Equity mutual funds	25,397,649
Private equity funds	4,311,115
Alternative investments	23,558,321
Total investments	80,197,373
Total assets	81,625,895
Liabilities	
Accounts payable	84,732
Total liabilities	84,732
Net position:	
Restricted for pensions	80,126,577
Restricted for OPEB	1,414,586
Total net position	\$ 81,541,163

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2022**

	Pension and OPEB Trust Funds
Additions:	
Contributions:	
Employer	\$ 6,381,145
Plan members	561,867
Total contributions	<u>6,943,012</u>
Investment Income:	
Net depreciation in fair value of investments	(9,867,759)
Interest and dividends	1,499,397
Subtotal	<u>(8,368,362)</u>
Less investment expenses:	
Investment management fees	267,328
Net investment income	<u>(8,635,690)</u>
Total additions	(1,692,678)
Deductions:	
Benefits and other	<u>8,723,650</u>
Changes in net position	(10,416,328)
Net position, restricted for pensions and other postemployment benefits:	
Beginning of year	<u>91,957,491</u>
End of year	<u><u>\$ 81,541,163</u></u>

See notes to financial statements.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies

Reporting entity: The Town of Cheshire, Connecticut (the Town), was incorporated in 1780. The Town covers 33 square miles located in New Haven County.

The Town operates under a Council-Manager form of government, as prescribed by its Charter, which was adopted June 9, 1971, and most recently revised November 7, 2017. The Town provides a full range of services including general government, public safety, public works, health, social services, recreation, and education. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

The Town has established three single-employer Public Retirement Systems (PERS) and two postretirement health care benefits (OPEB) plans to provide retirement benefits and post-retirement health care benefits primary to employees and their beneficiaries. The Town appoints the majority of the Retirement Board which performs the duties of a governing board for the Pension and OPEB plans and is required to make contributions to the pension and OPEB plans and can impose its will on the plans.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Basis of presentation:

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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities.

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

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, with the exception of grant revenues which are considered available if they are collected 120 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting, however, debt service expenditures, pension, OPEB, early retirement, landfill, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenue when eligibility requirements are met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

Governmental funds: Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

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 accounted for in another fund.

The **Capital Improvements Fund** accounts for financial resources to be used for the acquisition or construction of capital facilities and major equipment. Resources for the capital improvements fund generally consist of proceeds from long-term debt, grants, and transfers from other funds.

The **Debt Reserve Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The other governmental funds of the Town are considered nonmajor and are as follows:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The endowments have no appreciation of investments as they are invested in certificates of deposit which are held to maturity. All of the income is available for expenditure and there are no donor-imposed restrictions.

Proprietary funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The Town reports the following proprietary fund:

Internal Service Funds account for risk financing activities for medical insurance benefits and heart and hypertension claims under GASB Statement No. 10.

Fiduciary funds: The Town reports the following as fiduciary funds:

Pension Trust Funds account for the fiduciary activities of the Cheshire Retirement System, which accumulates resources for pension benefit payments to qualified employees and volunteer firefighters.

Other Postemployment Trust Funds account for the accumulation of resources to pay retiree medical benefits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation (e.g., sewer usage charges). Interfund reimbursements are also not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 internal service funds are charges to other Town funds for medical insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension plan accounting:

Pension trust funds: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

Funding policy: The Town makes annual contributions based on management decisions.

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Other postemployment obligations (OPEB) accounting:

OPEB trust funds: The OPEB Trust Funds are reported on the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide contributions. Investments are reported at fair value.

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Funding policy: The Town makes annual contributions based on management decisions.

Accounting estimates: The preparation of 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Restricted assets: At June 30, 2022, the Town had \$4,323,800 included within restricted assets that relates to unspent bond proceeds which are to be used for the acquisition of capital assets.

Encumbrances: Encumbrances represent commitments related to contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Property taxes: Property taxes are assessed as of October 1 and levied on the following July 1st. Real estate taxes are generally due and payable in two installments on July 1 and January 1. Real estate taxes not in excess of \$100 and motor vehicle and personal property taxes are due and payable in one installment on July 1. Motor vehicle supplemental bills are due on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1½ percent per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70 percent of the market value. Liens are recorded during the month of April.

Allowance for doubtful accounts: Accounts, property taxes, and notes receivable for the Town are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those amounts which are deemed uncollectible based upon past collection history and analysis of creditor's ability to pay.

Cash equivalents: The Town classifies money market funds, treasury bills, and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer.

The pooled fixed income investments adhere to GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*." The value of the position in the pool is the same as the value of the pool shares. These cash equivalents are stated at amortized cost.

Investments: Investments are stated as follows:

- U.S. Government Agencies, U.S. Government Securities, Sovereign Fixed Income, Municipal Bonds, Collateralized Mortgage Obligations using quoted market price.
- Common Stock, and Equity Funds - closing market prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments - amortized cost which approximates fair value.
- Negotiable Certificates of Deposit with maturities from one to five years held in an investment pool are recorded as fair market value.
- Hedge Funds may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The majority of the Town's investments are in the Trust Funds.

Fair value: The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

Investments measured at the net asset value (NAV): Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Town values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

See Note 2 for additional information regarding fair value.

Inventory: All inventory is stated at the lower of cost or market and determined on a first-in, first-out basis. These commodities are recorded as expenditures when consumed rather than when purchased.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets, e.g., roads, bridges, sidewalks, and similar items, are reported in the governmental column in the government-wide financial statements. The government defines capital assets, as assets with an initial, individual cost of more than \$5,000 for equipment and improvements and all costs 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.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	8-100
Land improvements	10-50
Infrastructure:	
Roads	6-50
Sidewalks	50
Sewer lines	75
Bridges and culverts	50
Machinery and equipment	3-30
Vehicles	3-25

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

Compensated absences:

Town: All employees are granted vacation and/or sick time based upon contractual provisions. At anniversary year-end, unused vacation up to a maximum of 10 days may be carried forward to the next vacation year with the approval of the Town Manager. Sick time accumulates and vests based upon a sliding scale related to years of service. The maximum sick time to be paid is 33 percent of the accumulated time. A liability for amounts expected to be paid for accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

Board of Education: All full-time employees, except teachers, are granted vacation time based upon contractual provisions. At anniversary year-end, unused vacation may be accrued. Sick time accumulates subject to various contractual limitations, but retirement payouts are generally limited to 10 days. A liability for amounts expected to be paid for the accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable as reported include the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments are reported as expenditures.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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.

Net OPEB liability: The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position has a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town also reports deferred outflows related to pension and other postemployment benefits in the government-wide statement of net position. A deferred outflow of resources related to pension and other postemployment benefits results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in pension and other postemployment benefits expense in a systematic and rational manner.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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 several sources: property taxes, grants, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available. Finally, the Town reports deferred inflows related to leases in the government-wide statement of net position and in the proprietary funds statement of net position. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Town also reports a deferred inflow of resources related to pensions and other postemployment benefits in the government-wide statement of net position. A deferred inflow of resources related to pension and other postemployment benefits results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Lessee Arrangements: The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town records payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Individual lease contracts do not provide information about the discount rate; therefore, the incremental borrowing rate was used to calculate the present value of expected lease payments.

Lessor Arrangements: The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange, or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town records payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Individual lease contracts do not provide information about the discount rate; therefore, the incremental borrowing rate was used to calculate the present value of expected lease payments.

Net position: In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets: The net investment in capital assets 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 those assets. 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 legislations.

Unrestricted net position: This category represents the net position of the Town, which are not reported in the other categories.

Fund balance: In the fund financial statements, the Town reported the following governmental fund balance classifications:

Nonspendable: Amounts which cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted: 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 legislations.

Committed: This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Cheshire Town Council.) Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council as per the Town Fund Balance policy.

Assigned: Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's Fund Balance policy, the Town Council has by resolution authorized the Town Manager or the Finance Director to assign fund balance.

Unassigned: 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.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

As of June 30, 2022, the Town has a minimum General Fund balance policy to maintain an unassigned balance of at least 9.25 percent of the previous year's audited budgetary expenditures.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Adoption of New Accounting Standards: In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

Note 2. Cash, Cash Equivalents, and Investments

Deposits: The Town has a policy that deposits can include demand and savings accounts and certificates of deposits. Town policy for custodial credit risk follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments: Town policy for eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the Capital Nonrecurring fund, not more than 31 percent can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Town has an investment policy for each of its pension funds and an investment policy for the Police Post-Employment Healthcare Fund that provides an asset allocation, over a full market cycle of approximately 65 percent equities (or alternative investment strategies as equivalents) and 35 percent fixed income and cash (or alternative investment strategies as equivalents). For purposes of this document, a full market cycle is defined by the Retirement Board to be no less than three years, or no more than seven years.

The allocation targets and ranges for all plans are expressed in the Investment Policy Statement as follows:

	Minimum*	Target*	Maximum*
Global equity securities or funds	35%	65%	80%
Fixed income and cash	20%	35%	65%
Domestic equity securities or funds	40%	60%	80%
International equity securities or funds	20%	40%	60%

* as a percentage of total equity

For both investment policies, no more than 5 percent (at cost) or 10 percent (at market) may be invested in any one company; no more than 20 percent exposure to any one industry.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Concentrations: The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial credit risk:

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Pension Plan does not have custodial credit risk policies for investments.

The following represents the investments in each respective Plan that represents more than 5 percent of the respective Plan's net position as of June 30, 2022:

Town Pension Fund

Pointer	\$	3,911,779
Ironwood International Ltd.		4,361,955

Police Pension Fund

Pointer		2,379,789
Ironwood International Ltd.		2,653,661

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, approximately \$12,207,729 of the Town's approximate bank balance of \$29,676,808 was uninsured and uncollateralized.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Cash, restricted cash, and investments of the Town, Pension, and OPEB trust funds consisted of the following at June 30, 2022:

Cash, restricted cash, and cash equivalents:	
Deposits with financial institutions	\$ 14,910,963
State of Connecticut Short-Term Investment Fund	22,830,604
Total cash, restricted cash, and cash equivalents	<u>37,741,567</u>
Investments:	
General Fund:	
Negotiable Certificates of deposit	12,044,087
U.S. Government Securities	3,295,649
Special Revenue Funds:	
Certificates of deposit	650,732
Permanent Funds:	
Certificates of deposit	50,075
Total governmental funds investments	<u>16,040,543</u>
Pension and OPEB Trust Funds:	
Common stocks	10,378,812
Money market mutual funds	3,866,200
Fixed income mutual funds	12,685,276
Equity mutual funds	25,397,649
Private equity funds	4,311,115
Alternative investments	23,558,321
Total pension and OPEB investments	<u>80,197,373</u>
Total investments	<u>96,237,916</u>
Total cash, restricted cash, cash equivalents, and investments	<u>\$ 133,979,483</u>

* These investments are uninsured, with securities held by the counterparty, but in the Town's, or the Pension Plan's name.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Cash, cash equivalents, restricted cash and investments are classified in the accompanying financial statements as follow:

Statement of Net Position:

Cash and cash equivalents	\$ 31,989,245
Investments	16,040,543
Restricted cash and cash equivalents	4,323,800
Total	<u>52,353,588</u>

Fiduciary Funds:

Cash and cash equivalents	1,428,522
Investments	80,197,373
Total	<u>81,625,895</u>

Total cash, restricted cash, cash equivalents, and investments	<u><u>\$ 133,979,483</u></u>
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Interest rate risk: This 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. Information about the exposure of the Town's and fiduciary trust funds' debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (In Years)	
		Less Than 1 Year	1 - 5 Years
Money market mutual funds	\$ 3,866,200	\$ 3,866,200	\$ -
Fixed income mutual funds	12,685,276	-	12,685,276
Total	<u>\$ 16,551,476</u>	<u>\$ 3,866,200</u>	<u>\$ 12,685,276</u>

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the actual rating by Standard and Poor's as required for each debt-type investment.

Standard & Poor's	STIF	Money Market Mutual Funds	Fixed Income Mutual Fund
Unrated	\$ 22,830,604	\$ 3,866,200	\$ 12,685,276
Total	<u>\$ 22,830,604</u>	<u>\$ 3,866,200</u>	<u>\$ 12,685,276</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Fair value: The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset as shown in the table below. The Town has the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by fair value level:				
Common stocks	\$ 10,378,812	\$ 10,378,812	\$ -	\$ -
Money market mutual funds	3,866,200	3,866,200	-	-
Fixed income mutual funds	12,685,276	12,685,276	-	-
Equity mutual funds	25,397,649	25,397,649	-	-
Negotiable Certificates of deposit	12,744,894	-	12,744,894	-
U.S. Government Securities	3,295,649	3,295,649	-	-
Private equity funds	4,311,115	-	-	4,311,115
Total investments by fair value level	72,679,595	\$ 55,623,586	\$ 12,744,894	\$ 4,311,115
Investments measured by the net asset level (NAV):				
Equity long/short hedge funds	9,319,938			
Multi-strategy hedge funds	7,015,615			
Global opportunities hedge funds	5,468,182			
Other alternative investments	1,754,586			
Total investments measured by the NAV	23,558,321			
Total investments at fair value	\$ 96,237,916			

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

Investments measured by the net asset value (NAV) per share are described in the above schedule. A description of how the private equity funds are valued is presented below:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured by the NAV:				
Equity long/short hedge funds	\$ 9,319,938	\$ 1,295,269	Quarterly/Semi-Annually	105 days
Multi-strategy hedge funds	7,015,615	-	Quarterly	65-95 days
Global opportunities hedge funds	5,468,182	-	Daily/Quarterly	1-30 days
Other alternative investments	1,754,586	-	Daily	Daily
Total investments measured at the NAV	\$ 23,558,321			

Equity long/short hedge funds: This type includes one fund of hedge funds that invests both long and short, primarily in global common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Multi-strategy hedge funds: This type invests in several hedge funds that pursue multiple strategies to diversify and reduce volatility. Underlying investments range across credit, fixed income, relative value, and other event driven strategies that are adjusted periodically by the investment managers' perception of the relative investment climate.

Global opportunities hedge: This type includes investments with exposure to a range of trading strategies executed across bond, equity, commodity, and foreign exchange futures markets. There is a range of trading strategies employed by managers including trend following, mean reversion, discretionary macro, and value. The drivers of returns for these approaches are different from those of equity portfolios and combining these approaches with equities has the potential to create portfolio benefits above those experienced by an equity-only portfolio.

Other alternative investments: This type includes alternative investments such as commodities, gold, and real estate that are held within mutual funds.

Note 3. Interfund Transfers

Interfund transfers during the year ended June 30, 2022 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 689,712	\$ 2,000,000
Debt Reserve Fund	1,000,000	-
Nonmajor Governmental Funds	1,000,000	689,712
Total	<u>\$ 2,689,712</u>	<u>\$ 2,689,712</u>

Transfers are used to account for: (1) financing by the General Fund of programs accounted for in other funds in accordance with budgetary appropriations; (2) sewer and water assessments and sewer usage charges collected in special revenue funds appropriated to General Fund to offset debt service expenditures; and (3) the annual transfer of accumulated interest from the General Town Funds Special Revenue Fund to the General Fund.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,310,762	\$ -	\$ -	\$ 25,310,762
Construction in progress	4,914,177	8,846,096	7,177,336	6,582,937
Total capital assets, not being depreciated/amortized	30,224,939	8,846,096	7,177,336	31,893,699
Capital assets, being depreciated:				
Land improvements	7,663,428	70,571	-	7,733,999
Buildings and improvements	177,404,705	677,191	5,700	178,076,196
Vehicles	14,436,505	364,160	43,272	14,757,393
Machinery and equipment	16,057,696	5,269,570	1,563,502	19,763,764
Infrastructure	121,934,432	1,994,274	-	123,928,706
Right-of-use - leased asset *	197,824	-	-	197,824
Total capital assets, being depreciated/amortized	337,694,590	8,375,766	1,612,474	344,457,882
Governmental activities capital assets	367,919,529	17,221,862	8,789,810	376,351,581
Less accumulated depreciation/amortization for:				
Land improvements	2,717,261	252,606	-	2,969,867
Buildings and improvements	67,242,588	3,867,140	5,286	71,104,442
Vehicles	7,508,808	695,312	38,749	8,165,371
Machinery and equipment	10,479,080	782,592	1,485,168	9,776,504
Infrastructure	48,830,947	2,408,379	-	51,239,326
Right-of-use - leased asset	-	54,109	-	54,109
Total accumulated depreciation/amortization	136,778,684	8,060,138	1,529,203	143,309,619
Total capital assets, being depreciated/amortized	200,915,906	315,628	83,271	201,148,263
Governmental activities capital assets, net	\$ 231,140,845	\$ 9,161,724	\$ 7,260,607	\$ 233,041,962

* Increase represents beginning balance adjustment as a result of the implementation of GASB Statement No. 87, *Leases*

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

Administration and finance	\$ 422,230
Public safety	753,078
Public works	4,191,438
Social services	93,570
Cultural services	133,798
Leisure services	459,999
Education	2,006,025
Total depreciation/amortization expense	<u>\$ 8,060,138</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 5. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2022 was as follows:

Changes in Long-Term Obligations

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in Less Than One Year
Bonds/Notes									
Schools:									
School refunding bonds	\$ 2,880,000	05/07/14	08/01/21	2.00 - 4.00%	\$ 102,000	\$ -	\$ (102,000)	\$ -	\$ -
School bonds	2,909,732	02/26/15*	07/15/34	2.00 - 5.00%	2,146,000	-	(153,000)	1,993,000	153,000
School refunding bonds	980,000	03/13/15	01/15/29	2.00 - 5.00%	628,000	-	(79,000)	549,000	80,000
School refunding bonds	1,476,000	03/31/16*	07/15/30	2.00 - 4.00%	1,186,000	-	(115,000)	1,071,000	116,000
School bonds	2,985,000	03/06/17*	07/15/36	2.00 - 5.00%	2,511,000	-	(158,000)	2,353,000	157,000
School bonds	3,533,500	03/06/19*	07/15/38	3.00 - 5.00%	3,345,000	-	(185,000)	3,160,000	185,000
School bonds	2,860,000	04/20/21*	07/15/40	2.00 - 4.00%	2,860,000	-	-	2,860,000	155,000
School refunding bonds	2,940,000	04/20/21*	07/15/32	2.00 - 4.00%	2,940,000	-	(415,000)	2,525,000	389,000
School notes	100,000	12/19	11/30/23	0.00%	60,417	-	(25,000)	35,417	25,000
School notes	78,896	3/21-6/21	2/25-5/25	0.00%	74,365	-	(19,804)	54,561	19,804
Notes Payable	7,734,721	05/14	05/31	3.17%	5,909,171	-	(437,595)	5,471,576	469,828
Subtotal					21,761,953	-	(1,689,399)	20,072,554	1,749,632
Bond premium					1,672,713	-	(576,553)	1,096,160	-
Total schools					23,434,666	-	(2,265,952)	21,168,714	1,749,632
Sewer:⁽¹⁾									
WWTP notes	5,086,640	09/28/07	09/28/27	2.00%	1,705,977	-	(282,788)	1,423,189	288,497
WWTP notes	969,061	09/28/07	09/28/27	2.00%	488,840	-	(81,031)	407,809	82,667
WWTP notes	24,428,785	07/01/17	01/01/37	2.00%	19,034,095	-	(1,221,440)	17,812,655	1,221,439
Sewer bonds	46,000	02/26/15*	07/15/34	2.00 - 5.00%	31,000	-	(3,000)	28,000	3,000
Sewer refunding bonds	1,008,000	03/13/15	01/15/29	2.00 - 5.00%	633,000	-	(84,000)	549,000	80,000
Sewer refunding bonds	1,238,000	03/31/16*	07/15/30	2.00 - 4.00%	991,000	-	(99,000)	892,000	100,000
Sewer bonds	2,500,000	03/06/17*	07/15/36	2.00 - 5.00%	2,098,000	-	(134,000)	1,964,000	130,000
Sewer bonds	950,028	03/06/19*	07/15/38	3.00 - 5.00%	900,000	-	(50,000)	850,000	50,000
Sewer bonds	450,000	04/20/21*	07/15/40	2.00 - 4.00%	450,000	-	-	450,000	20,000
Sewer refunding bonds	585,000	04/20/21*	07/15/32	2.00 - 4.00%	585,000	-	(165,000)	420,000	154,000
Notes Payable	24,380	05/14	05/31	3.17%	18,626	-	(1,379)	17,247	1,481
Subtotal					26,935,538	-	(2,121,638)	24,813,900	2,131,084
Bond premium					416,570	-	(173,311)	243,259	-
Total sewer					27,352,108	-	(2,294,949)	25,057,159	2,131,084

(Continued)

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

Changes in Long-Term Obligations

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in Less Than One Year
Bonds/Notes, Continued									
General purpose: ⁽²⁾									
Improvement refunding bonds	\$ 6,252,000	05/07/14	08/01/21	2.00 - 4.00%	\$ 288,000	\$ -	\$ (288,000)	\$ -	\$ -
Improvement bonds	12,044,268	02/26/15*	07/15/34	2.00 - 5.00%	8,873,000	-	(634,000)	8,239,000	634,000
Improvement refunding bonds	2,977,000	03/13/15	01/15/29	2.00 - 5.00%	1,919,000	-	(237,000)	1,682,000	245,000
Improvement refunding bonds	3,226,000	03/31/16*	7/15/30	2.00 - 4.00%	2,573,000	-	(261,000)	2,312,000	264,000
Improvement bonds	12,015,000	03/06/17*	07/15/36	2.00 - 5.00%	10,116,000	-	(633,000)	9,483,000	633,000
Improvement bonds	10,016,472	03/06/19*	07/15/38	3.00 - 5.00%	9,495,000	-	(525,000)	8,970,000	525,000
Improvement bonds	10,690,000	04/20/21*	07/15/40	2.00 - 4.00%	10,690,000	-	-	10,690,000	565,000
Improvement refunding bonds	6,200,000	04/20/21*	07/15/32	2.00 - 4.00%	6,200,000	-	(1,020,000)	5,180,000	957,000
Improvement notes	207,312	10/20	07/22-9/24	0%	158,503	-	(65,078)	93,425	45,074
Notes Payable	2,005,899	05/14	05/31	3.17%	1,532,466	-	(113,484)	1,418,982	121,844
Notes Payable	1,200,000	12/15	02/26	1.97%	631,258	-	(121,351)	509,907	123,753
Subtotal					52,476,227	-	(3,897,913)	48,578,314	4,113,671
Bond premium					3,327,738	-	(1,292,887)	2,034,851	-
Total general purpose					55,803,965	-	(5,190,800)	50,613,165	4,113,671
Total bonds and notes					106,590,739	-	(9,751,701)	96,839,038	7,994,387
Net pension liability					42,966,508	19,875,844	(5,379,881)	57,462,471	-
Net OPEB liability					29,976,559	2,119,089	(5,584,834)	26,510,814	-
Landfill closure/post closure care costs					390,000	23,460	(14,460)	399,000	28,500
Compensated absences					3,032,491	32,765	(272,110)	2,793,146	558,629
Heart and hypertension claims payable					2,086,252	972,364	(120,142)	2,938,474	182,860
Claims					390,000	120,000	(390,000)	120,000	60,000
Lease Payable					197,824	-	(51,922)	145,902	53,444
Early retirement					106,481	129,240	(41,081)	194,640	64,888
Total general long-term obligations					\$ 185,736,854	\$ 23,272,762	\$ (21,606,131)	\$ 187,403,485	\$ 8,942,708

* Bonds have callable features.

(1) Sewer bonds are partially funded by sewer assessments transferred from the Sewer and Water Assessments Fund.

(2) Improvement bonds are partially funded by water assessments transferred from the Sewer and Water Assessments Fund.

All long-term liabilities are generally liquidated by the General Fund, with the exception of heart and hypertension benefits which are accounted for in the Internal Service Fund.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

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

	Bonds		Notes		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,595,000	\$ 2,072,993	\$ 2,399,387	\$ 602,039	\$ 7,994,387	\$ 2,675,032
2024	5,125,000	1,829,973	2,431,409	548,530	7,556,409	2,378,503
2025	5,165,000	1,623,993	2,441,295	493,451	7,606,295	2,117,444
2026	4,860,000	1,441,017	2,451,597	436,911	7,311,597	1,877,928
2027-2031	4,855,000	1,266,711	2,275,491	380,032	7,130,491	1,646,743
2032-2036	21,179,999	4,148,668	9,647,326	1,131,528	30,827,325	5,280,196
2037-2041	14,960,000	1,511,357	5,598,263	261,252	20,558,263	1,772,609
2037-2041	4,480,001	169,095	-	-	4,480,001	169,095
Total	\$ 66,220,000	\$ 14,063,807	\$ 27,244,768	\$ 3,853,743	\$ 93,464,768	\$ 17,917,550

Bonds authorized but unissued: Total authorized but unissued debt at June 30, 2022 consists of the following:

General purpose	\$ 14,807,816
Schools	5,376,510
Sewers	735,000
Total	<u>\$ 20,919,325</u>

Legal debt limit: The Town's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 213,052,500	\$ 63,532,032	\$ 149,520,468
Unfunded pension benefit obligation	284,070,000	-	284,070,000
Schools	426,105,000	25,449,064	400,655,936
Sewers	355,087,500	25,548,900	329,538,600
Urban renewal	307,742,500	-	307,742,500

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$662,830,000.

Landfill closure and post-closure care costs: State and federal laws and regulations required the Town to place a final cover on its 12- and 18-acre landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. As of June 30, 2022, both landfill sites have been closed.

The projected liability reported at June 30, 2022 is estimated at \$399,000. The monitoring costs are based on what it would cost to perform all post-closure care at 2022 prices with a third party performing all closure work. Actual costs may also change based on inflation, deflation, technology, or changes in the applicable laws and regulations.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

The Town has landfill post-closure care costs as follows:

Town Landfill	Year of Closure	Monitoring Costs (Estimate)	Years Remaining	Projected Liability	Short-Term Liability	Long-Term Liability
Southern Section	2006	<u>\$ 28,500</u>	14	<u>\$ 399,000</u>	<u>\$ 28,500</u>	<u>\$ 370,500</u>

Leases payable: The Town leases various equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 53,444	\$ 2,338	\$ 55,782
2024	55,017	1,254	56,271
2025	34,741	265	35,006
2026	2,700	3	2,703
Total	<u>\$ 145,902</u>	<u>\$ 3,860</u>	<u>\$ 149,762</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Asset class:	Amount
Machinery and equipment	\$ 197,824
Less: accumulated amortization	(54,109)
Net book value	<u>\$ 143,715</u>

Note 6. Employee Retirement Systems

The Town administers three single employer, defined benefit pension plans. The three plans, Town Plan, Police Plan, and Volunteer Firefighter Plan are included in the financial statements as pension trust funds. The plans do not issue stand-alone financial reports. Plan contribution requirements and benefits are established by Town ordinances. Administrative expenses of the plan, including actuarial and legal fees, are paid from the trust fund. The Town reserves the right by action of the Council, after required public hearings, to amend the plans, subject to provisions, if any, in collective bargaining agreements.

Plan administration: The Retirement Board (Board) is responsible for the general administration and management of the pension plans. Membership on the Board is as follows:

- The regular members of the Board are 5 resident electors of the Town. They are appointed by the Town Council and serve four-year terms.
- Police members are two representatives appointed by the President of the Cheshire Police Department Collective Bargaining Unit. They serve a four-year term and vote only on matters relating exclusively to police officers.
- A Volunteer Fire Department Member is a representative appointed by the Town Council. The representative serves a four-term term and votes only on matters relating exclusively to volunteer fire fighters.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Based on actuarial valuation reports dated July 1, 2021, membership consisted of:

Category	Town	Police	Volunteer Firefighter
Retirees and beneficiaries currently receiving benefits	236	51	17
Terminated employees entitled to benefits, but not yet receiving them	79	2	69 ⁽¹⁾
Active plan members	168	33	75
Total	483	86	161

(1) Volunteer firefighter count includes terminated volunteers and associate and lifetime members who are no longer active members but still affiliated with the volunteer organization.

Members are required to contribute to the plans and the Town is required to contribute the remaining amounts necessary to finance the employees coverage. Benefits and contributions are established by the Town and may be amended only by the Town Charter and Union negotiation. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed by the plan and used in determining the Town's annual required contribution.

Town plan: This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System and policemen. Employees are 100 percent vested after ten years of credited service. They may retire at age 65 after completing five years of credited service or, if earlier, the date upon which their age plus completed years of credited service equals 80. Retirement benefits are based on the plan and benefits elected. The plan was closed to new entrants for various union and nonunion groups between July 1, 2006 and June 30, 2012.

The latest valuation reflected no changes in plan provisions.

Police plan: This plan covers all regular, full-time police officers except those hired at age 55 and older. Officers are fully vested after completing ten years of credited service. Normal retirement shall be the earlier of 20 years of service or age 55 with 10 years of service. Final average compensation is computed in the same manner as for the Town plan. The plan also provides disability benefits, spousal benefits, and a death benefit equal to the return of employee contributions with interest if the employee has not satisfied the plan's vesting requirements. The plan was closed to new entrants on January 1, 2014.

The latest valuation reflected no changes in plan provisions.

Volunteer firefighters plan: This plan covers all volunteer firefighters. Firefighters are vested on a percentage basis after five years of credited service. Normal retirement is the participant's 65th birthday. Benefits are calculated based upon a flat rate schedule for years of service. The plan also provides disability benefits by the return of the value of their accrued benefit in a lump sum payment.

The latest valuation reflected no changes in plan provisions.

Employee contributions are based upon a percentage of earnings as follows:

Town	Police	Volunteer Firefighters
Plan A - 3.5% - 4%	8.50%	None
Plan B - 1.5% - 2%	-	-

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Rate of return: For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town	Police	Volunteer Firefighters
-9.23%	-9.07%	-11.10%

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2022 were as follows:

Net Pension Liability	Town	Police	Volunteer Firefighters
Total pension liability	\$ 72,448,463	\$ 60,138,656	\$ 5,001,929
Fiduciary net position	48,078,913	29,425,442	2,622,222
Net pension liability	<u>\$ 24,369,550</u>	<u>\$ 30,713,214</u>	<u>\$ 2,379,707</u>
Fiduciary net position as a percentage of total pension liability	66.36%	48.93%	52.42%
Covered payroll	\$ 10,456,128	\$ 3,990,499	N/A
Net pension liability as a percentage of covered payroll	233.06%	769.66%	N/A

Actuarial assumptions: The total pension liability was determined by an interim actuarial valuation as of July 1, 2021, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2022. Since the valuation date, the Town signed two new union contracts, for Public Works and the Town Hall Union. The Public Works contract included a retirement incentive program. However, the program benefits are not payable by the pension plan and the program is not expected to significantly impact pension benefits. Therefore, there were no adjustments to the liabilities.

	Town	Police	Volunteer Firefighters
Valuation date	July 1, 2020	July 1, 2020	July 1, 2020
Measurement date	June 30, 2022	June 30, 2022	June 30, 2022
Inflation	2.75%	2.75%	2.75%
Discount rate	7.00%	7.00%	7.00%
Long-term expected rate of return, net of investment expense	7.00%	7.00%	7.00%
Municipal bond rate	N/A	N/A	N/A
Salary increases including inflation	Rates based on age	Rates based on age	N/A
Mortality	PubG-2010 Mortality Table with generational projection per the MP-2019 ultimate scale.	PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale.	PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale.
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Asset valuation method	Market Value	Market Value	Market Value

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

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

Town plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 70,353,504	\$ 54,537,078	\$ 15,816,426
Changes for the year:			
Service cost	1,127,350	-	1,127,350
Interest on total pension liability	4,869,407	-	4,869,407
Benefit payments	(3,901,798)	(3,901,798)	-
Administrative expenses	-	(82,263)	82,263
Member contributions	-	238,971	(238,971)
Net investment income	-	(5,060,813)	5,060,813
Employer contributions	-	2,347,738	(2,347,738)
Net changes	2,094,959	(6,458,165)	8,553,124
Balances as of June 30, 2022	\$ 72,448,463	\$ 48,078,913	\$ 24,369,550

Police plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 58,266,793	\$ 33,008,916	\$ 25,257,877
Changes for the year:			
Service cost	851,132	-	851,132
Interest on total pension liability	4,034,555	-	4,034,555
Benefit payments	(3,013,824)	(3,013,824)	-
Administrative expenses	-	(48,649)	48,649
Member contributions	-	322,896	(322,896)
Net investment income	-	(3,061,175)	3,061,175
Employer contributions	-	2,217,278	(2,217,278)
Net changes	1,871,863	(3,583,474)	5,455,337
Balances as of June 30, 2022	\$ 60,138,656	\$ 29,425,442	\$ 30,713,214

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Volunteer Firefighter plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 4,777,352	\$ 2,885,147	\$ 1,892,205
Changes for the year:			
Service cost	52,653	-	52,653
Interest on total pension liability	332,572	-	332,572
Benefit payments	(160,648)	(160,648)	-
Administrative expenses	-	(17,464)	17,464
Net investment income	-	(337,811)	337,811
Employer contributions	-	252,998	(252,998)
Net changes	224,577	(262,925)	487,502
Balances as of June 30, 2022	\$ 5,001,929	\$ 2,622,222	\$ 2,379,707

Sensitivity analysis: The following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town			
Net pension liability	\$ 31,446,433	\$ 24,369,550	\$ 18,308,848
Police			
Net pension liability	\$ 38,833,947	\$ 30,713,214	\$ 24,043,897
Volunteer Firefighters			
Net pension liability	\$ 3,125,238	\$ 2,379,707	\$ 1,765,664

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

As of June 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources			
	Town	Police	Volunteer Firefighters	Total
Changes of assumptions	\$ -	\$ 1,700,821	\$ 379,776	\$ 2,080,597
Net difference between projected and actual earnings	3,760,387	2,335,317	198,013	6,293,717
Difference between expected and actual experience	-	55,336	992	56,328
Total outflows	<u>\$ 3,760,387</u>	<u>\$ 4,091,474</u>	<u>\$ 578,781</u>	<u>\$ 8,430,642</u>
	Deferred Inflows of Resources			
	Town	Police	Volunteer Firefighters	Total
Differences between expected and actual experience	\$ -	\$ (6,172)	\$ (178,291)	\$ (184,463)
Net difference between projected and actual earnings	-	-	-	-
Total inflows	<u>\$ -</u>	<u>\$ (6,172)</u>	<u>\$ (178,291)</u>	<u>\$ (184,463)</u>
Net deferred outflows (inflows)	<u>\$ 3,760,387</u>	<u>\$ 4,085,302</u>	<u>\$ 400,490</u>	<u>\$ 8,246,179</u>

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

Year Ending June 30,	Town	Police	Volunteer Firefighters	Total
2023	\$ 1,091,747	\$ 2,007,952	\$ 78,850	\$ 3,178,549
2024	772,629	908,518	70,422	1,751,569
2025	130,111	98,240	37,535	265,886
2026	1,765,900	1,070,592	141,986	2,978,478
2027	-	-	43,295	43,295
Thereafter	-	-	28,402	28,402
Total	<u>\$ 3,760,387</u>	<u>\$ 4,085,302</u>	<u>\$ 400,490</u>	<u>\$ 8,246,179</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

	Net Pension Liability	Pension Expense	Deferred Inflows	Deferred Outflows
Town plan	\$ 24,369,550	\$ 2,793,310	\$ -	\$ 3,760,387
Police plan	30,713,214	4,515,121	(6,172)	4,091,474
Volunteer Firefighters plan	2,379,707	280,646	(178,291)	578,781
CT State Teachers' Retirement System	-	8,148,993	-	-
Total	<u>\$ 57,462,471</u>	<u>\$ 15,738,070</u>	<u>\$ (184,463)</u>	<u>\$ 8,430,642</u>

Assumed rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2021, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Arithmetic Real Return	Long-Term Expected Geometric Real Return
Cash	-0.32%	-0.32%
Intermediate - Term Bonds	0.45%	0.37%
Broad U.S. Equities	5.33%	3.70%
Developed Foreign Equities	6.74%	4.90%
Assumed Inflation - Mean	2.75%	2.75%
Assumed Inflation - Standard Deviation	1.16%	1.16%
Portfolio Real Mean Return	3.95%	3.28%
Portfolio Nominal Mean Return	6.70%	6.12%
Portfolio Standard Deviation		11.25%
Long-Term Expected Rate of Return		7.00%

Investments:

Concentrations: Information regarding investment concentration is presented in Note 2.

Investment policy: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board:

Asset Class	Pension Funds Allocation %
Cash	5%
Intermediate - Term Bonds	30%
Broad U.S. Equities	39%
Developed Foreign Equities	26%
Total	<u>100%</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Schedule of Plan Net Position June 30, 2022

	Pension Trust Funds			OPEB Trust		Total
	Town Pension Fund	Police Pension Fund	Volunteer Firefighters Pension	Police Post- Employment Healthcare Fund	Other Post- Employment Benefit Fund	
Assets						
Cash	\$ 573,782	\$ 525,127	\$ 166,175	\$ 154,768	\$ 8,670	\$ 1,428,522
	573,782	525,127	166,175	154,768	8,670	1,428,522
Investments:						
Common stock	6,453,018	3,925,794	-	-	-	10,378,812
Money market mutual funds	2,277,976	1,385,815	133,276	30,314	38,819	3,866,200
Fixed income mutual funds	7,622,188	4,637,077	289,388	60,925	75,698	12,685,276
Equity mutual funds	14,016,180	8,526,962	1,879,780	437,274	537,453	25,397,649
Private equity funds	2,680,432	1,630,683	-	-	-	4,311,115
Alternative investments	14,503,019	8,823,138	156,487	33,639	42,038	23,558,321
Total investments	47,552,813	28,929,469	2,458,931	562,152	694,008	80,197,373
Total assets	48,126,595	29,454,596	2,625,106	716,920	702,678	81,625,895
Liabilities						
Accounts payable	47,682	29,154	2,884	2,684	2,328	84,732
Net Position:						
Restricted for pension benefits	48,078,913	29,425,442	2,622,222	-	-	80,126,577
Restricted for OPEB benefits	-	-	-	714,236	700,350	1,414,586
Total Net Position	\$ 48,078,913	\$ 29,425,442	\$ 2,622,222	\$ 714,236	\$ 700,350	\$ 81,541,163

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Schedule of Changes in Plan Net Position Year Ended June 30, 2022

	Pension Trust Funds			OPEB Trust		
	Town Pension Fund	Police Pension Fund	Volunteer Firefighters Pension	Police Post- Employment Healthcare Fund	Other Post- Employment Benefit Fund	Total
Additions:						
Employer contributions	\$ 2,347,738	\$ 2,217,278	\$ 252,998	\$ 628,869	\$ 934,262	\$ 6,381,145
Employee contributions	238,971	322,896	-	-	-	561,867
Total additions	2,586,709	2,540,174	252,998	628,869	934,262	6,943,012
Investment Income:						
Net depreciation in fair value of investments	(5,770,391)	(3,478,572)	(410,001)	(92,808)	(115,987)	(9,867,759)
Interest and dividends	867,179	519,993	74,784	16,696	20,745	1,499,397
Total Investment Income	(4,903,212)	(2,958,579)	(335,217)	(76,112)	(95,242)	(8,368,362)
Less investment expenses:						
Investment management fees	157,601	102,596	2,594	2,987	1,550	267,328
Net investment earnings	(5,060,813)	(3,061,175)	(337,811)	(79,099)	(96,792)	(8,635,690)
Total additions	(2,474,104)	(521,001)	(84,813)	549,770	837,470	(1,692,678)
Deductions:						
Benefits	3,901,798	3,013,824	160,648	538,625	934,262	8,549,157
Contribution refunds	-	-	-	10,307	-	10,307
Administration	82,263	48,649	17,464	7,926	7,884	164,186
Total deductions	3,984,061	3,062,473	178,112	556,858	942,146	8,723,650
Change in net position	(6,458,165)	(3,583,474)	(262,925)	(7,088)	(104,676)	(10,416,328)
Net position, restricted for pensions and other postemployment benefits:						
Beginning of year	54,537,078	33,008,916	2,885,147	721,324	805,026	91,957,491
End of year	\$ 48,078,913	\$ 29,425,442	\$ 2,622,222	\$ 714,236	\$ 700,350	\$ 81,541,163

Connecticut state teachers' retirement system: Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

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.

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,470,293 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

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 percent of the average annual salary times the years of credited service (maximum benefit is 75 percent 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 percent of average annual salary times credited service to date of disability, but not less than 15 percent of average annual salary, nor more than 50 percent of average annual salary.

Contribution requirements: Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

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 percent 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.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

For the year ended June 30, 2021, the amount of “on-behalf” contributions made by the State was \$10,570,455 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 percent of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7 percent of pensionable salary.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-living allowance: 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 percent and a maximum of 5 percent 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 percent per annum. If the return on assets in the previous year was less than 8.5 percent, the maximum increase is 1.5 percent.

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 percent per annum. If the return on assets in the previous year was less than 11.5 percent, the maximum increase is 3 percent, and if the return on the assets in the previous year was less than 8.5 percent, the maximum increase is 1.0 percent.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Long-term rate of return: The long-term expected rate of return on pension 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.6%	20.0%
Developed Market Intl. Stock Fund	6.0%	11.0%
Emerging Market Intl. Stock Fund	7.9%	9.0%
Cored Fixed Income Fund	2.1%	16.0%
Inflation Linked Bond Fund	1.1%	5.0%
Emerging Market Debt Fund	2.7%	5.0%
High Yield Bond Fund	4.0%	6.0%
Real Estate Fund	4.5%	10.0%
Private Equity	7.3%	10.0%
Alternative Investments	2.9%	7.0%
Liquidity Fund	0.4%	1.0%
Total		100%

Discount rate: The discount rate used to measure the total pension liability was 6.90 percent. 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 proportionate share of the net pension liability to changes in the discount rate:

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

Pension liabilities, pension expense, and deferred inflows/outflows of resources: At June 30, 2022, 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 percent 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 OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	126,238,571
Total	\$ 126,238,571

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$8,148,993 for on-behalf amounts for the benefits provided by the State.

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

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

Defined contribution retirement savings plans: Town employees hired after the pension plan was closed to new entrants, between July 1, 2006 and June 30, 2012 depending on the union and nonunion group, are eligible to participate in a 457 defined contribution plan administered by the Town. Town contributions to the plan for the year were \$287,787 for union participants, the Plan requires the Town to contribute 6 percent. For nonunion participants, the Plan requires the Town to contribute 5 percent and 6 percent if the employee contributes at least 1 percent. Board of Education employees similarly participate in a 403(b) defined contribution plan. This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System. For the Cheshire Educational Secretaries and Technicians United Union participants, the Plan requires the BOE to contribute 5 percent if the participant contributes 3 percent, 6.5 percent if the participant contributes 4 percent, and 8 percent if the participant contributes 5 percent. For all other BOE union and nonunion participants the Plan requires the BOE to contribute 5 percent of each participant's salary and 6 percent if the employee contributes at least 1 percent. Town contributions to the plan for the year were \$362,653.

Police officers hired on or after January 1, 2014 are required to participate in a 401(a) defined contribution plan. The Plan requires the Town to contribute 10 percent of an officer's salary. Town contributions to the plan for the year were \$128,012. Officers are also required to contribute 6 percent of their salary.

Note 7. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Town instituted a policy providing for a portion of health insurance coverage or subsidized coverage to retired employees. Teachers, town employees and police may become eligible for those benefits if they retire under a normal retirement or with disability.

Plan description: The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through single-employer defined benefit plans. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2021. The post-retirement plans do not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age Normal Cost Method.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

The valuation date July 1, 2021 reflects changes made to the plan provisions. The expected claims costs were updated based on analysis of the claims experience and premium information. Overall, per capita healthcare costs increased more than expected, which increased liabilities by about \$0.9 million. The mortality assumption was updated to use the MP-2-21 ultimate scale. The rates of retirement, termination, disability, and salary growth for Certified Board of Education employees was updated to reflect the assumption that were used in the June 30, 2020 valuation of the Connecticut State Teachers' Retirement System. The discount rate was decreased from 3.50 percent to 2.16 percent to align with the 20 Year Tax-Exempt Municipal bond yield as of June 30, 2021. These assumption changes in combination increased the Unfunded Accrued Liability by about \$4.6 million.

Membership in the plans consisted of the following at July 1, 2021.

Category	Town	Police
Retirees and beneficiaries receiving benefits	93	43
Active plan members	605	42
Total	698	85

Rate of return: For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Town	Police
Rate of return	-12.07%	-10.70%

Net OPEB liability of the Town: The components of the net OPEB liability of the Town at June 30, 2022 were as follows:

Net OPEB Liability as of June 30, 2022	Town	Police
Total OPEB liability	\$ 18,075,810	\$ 9,849,590
Plan fiduciary net position	700,350	714,236
Net OPEB liability	\$ 17,375,460	\$ 9,135,354
Plan fiduciary net position as a percentage of total OPEB liability	3.87%	7.25%
Covered payroll	49,964,394	3,609,170
Net OPEB liability as a percentage of covered payroll	34.78%	253.12%

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, calculated based on the discount rate and the actuarial assumptions below, and then was projected forward to the measurement date June 30, 2022. There have been no significant changes between the valuation date and the fiscal year-end. The information presented was determined as part of the actuarial valuations. Information as of the July 1, 2021 valuation follows:

	Town	Police
Valuation date:	July 1, 2021	July 1, 2021
Measurement date:	June 30, 2022	June 30, 2022
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Asset valuation method:	Market Value	Market Value
Amortization method:	30 Years, Level Percent, Closed	30 Years, Level Percent, Closed
Remaining amortization period	21 Years	21 Years
Actuarial assumptions:		
Discount rate	3.54 percent	3.54 percent
Salary increase rate	Rates Based on Age	Rates Based on Age
Inflation rate	2.30 percent	2.30 percent
Healthcare cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:	
Medical inflation rate:		
Initial inflation rate	6.50 percent	
Ultimate inflation rate	4.00 percent	
Years until ultimate inflation rate	54	

The plans are considered to be part of the Town's financial reporting entity and are included in the Town's report as the OPEB Trust funds. These plans do not issue stand-alone financial reports.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Town Plan			
Changes in the Net OPEB Liability:			
Balances at June 30, 2021	\$ 20,601,068	\$ 805,026	\$ 19,796,042
Changes for the year:			
Service cost	503,255	-	503,255
Interest on total OPEB liability	445,817	-	445,817
Effect of economic/demographic gains or losses	(303,302)	-	(303,302)
Effect of assumptions changes or inputs	(2,236,766)	-	(2,236,766)
Benefit payments	(934,262)	(934,262)	-
Employer contributions	-	934,262	(934,262)
Net investment income	-	(96,792)	96,792
Administrative expenses	-	(7,884)	7,884
Net changes	(2,525,258)	(104,676)	(2,420,582)
Balances at June 30, 2022	\$ 18,075,810	\$ 700,350	\$ 17,375,460

	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Police Plan			
Changes in the Net OPEB Liability:			
Balances at June 30, 2021	\$ 10,901,841	\$ 721,324	\$ 10,180,517
Changes for the year:			
Service cost	643,621	-	643,621
Interest on total OPEB liability	242,750	-	242,750
Effect of economic/demographic gains or losses	91,945	-	91,945
Effect of assumptions changes or inputs	(1,413,228)	-	(1,413,228)
Benefit payments	(617,339)	(548,932)	(68,407)
Employer contributions	-	628,869	(628,869)
Net investment income	-	(79,099)	79,099
Administrative expenses	-	(7,926)	7,926
Net changes	(1,052,251)	(7,088)	(1,045,163)
Balances at June 30, 2022	\$ 9,849,590	\$ 714,236	\$ 9,135,354

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percent lower or 1.00 percent higher than the current healthcare cost trend rates:

Town	1.0% Decrease	Current Trend Rate	1.0% Increase
Net OPEB liability	\$ 15,351,836	\$ 17,375,460	\$ 19,770,565

Police	1.0% Decrease	Current Trend Rate	1.0% Increase
Net OPEB liability	\$ 8,001,726	\$ 9,135,354	\$ 10,481,685

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability of the Town, calculated using the discount rate of 3.54 percent, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

Town	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Net OPEB liability	\$ 19,376,904	\$ 17,375,460	\$ 15,660,100

Police	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Net OPEB liability	\$ 10,104,399	\$ 9,135,354	\$ 8,276,613

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

As of June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources		
	Town	Police	Total
Differences between expected and actual experience	\$ -	\$ 80,157	\$ 80,157
Net difference between projected and actual earnings on OPEB plan investments	1,862	22,655	24,517
Changes of assumptions	731,080	195,141	926,221
Total outflows	\$ 732,942	\$ 297,953	\$ 1,030,895

	Deferred Inflows of Resources		
	Town	Police	Total
Differences between expected and actual experience	\$ (957,115)	\$ (1,572,818)	\$ (2,529,933)
Changes of assumptions	(2,330,627)	(1,334,910)	(3,665,537)
Total inflows	\$ (3,287,742)	\$ (2,907,728)	\$ (6,195,470)
Net deferred inflows	\$ (2,554,800)	\$ (2,609,775)	\$ (5,164,575)

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

Year ending June 30,	Town	Police	Total
2023	\$ (443,978)	\$ (554,865)	\$ (998,843)
2024	(442,307)	(538,246)	(980,553)
2025	(448,280)	(438,699)	(886,979)
2026	(278,663)	(434,714)	(713,377)
2027	(284,551)	(338,338)	(622,889)
Thereafter	(657,021)	(304,913)	(961,934)
Total	\$ (2,554,800)	\$ (2,609,775)	\$ (5,164,575)

	Net OPEB Liability	OPEB Expense	Deferred Inflows	Deferred Outflows
Town plan	\$ 17,375,460	\$ 481,793	\$ (3,287,742)	\$ 732,942
Police plan	9,135,354	244,647	(2,907,728)	297,953
CT State Teachers' Retirement System	-	(507,872)	-	-
Total	\$ 26,510,814	\$ 726,440	\$ (6,195,470)	\$ 1,030,895

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2022 and the final investment return assumption, are summarized in the following table:

Asset Class - Town	Long-Term Expected Arithmetic Real Return	Long-Term Expected Geometric Real Return
Cash	-0.32%	-0.32%
Intermediate - Term Bonds	0.94%	0.86%
Broad U.S. Equities	5.33%	3.70%
Developed Foreign Equities	6.74%	4.90%
Assumed Inflation - Mean	2.30%	2.30%
Assumed Inflation - Standard Deviation	1.16%	1.16%
Portfolio Real Mean Return	4.10%	3.39%
Portfolio Nominal Mean Return	6.40%	5.77%
Portfolio Standard Deviation		11.55%
Long-Term Expected Rate of Return		3.50%
Asset Class - Police	Long-Term Expected Arithmetic Real Return	Long-Term Expected Geometric Real Return
Cash	-0.32%	-0.32%
Intermediate - Term Bonds	0.94%	0.86%
Broad U.S. Equities	5.33%	3.70%
Developed Foreign Equities	6.74%	4.90%
Assumed Inflation - Mean	2.30%	2.30%
Assumed Inflation - Standard Deviation	1.16%	1.16%
Portfolio Real Mean Return	4.10%	3.39%
Portfolio Nominal Mean Return	6.40%	5.77%
Portfolio Standard Deviation		11.55%
Long-Term Expected Rate of Return		3.50%

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Investments:

Concentrations: Information regarding investment concentration is presented in Note 2.

Investment policy: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board:

Asset Class	OPEB Funds Allocation %
Cash	5%
Intermediate - Term Bonds	30%
Broad U.S. Equities	39%
Developed Foreign Equities	26%
Total	100%

Discount rate: The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

	Town	Police
Discount rate	3.54%	3.54%
Long-term expected rate of return, net of investment expense	3.50%	3.50%
20 Year Tax-Exempt Municipal Bond Yield	3.54%	3.54%

Other Postemployment Benefit - Connecticut State Teachers' 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 postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) 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 healthcare 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 Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue healthcare coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. 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 healthcare 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 Supplemental Plans, as long as they do not remarry.

Eligibility: Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

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: 10 or more years of Credited Service.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183t, 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, 2022, the amount of "on-behalf" contributions made by the State was \$248,743 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 percent 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.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2022, 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 percent 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	13,753,461
Total	<u>\$ 13,753,461</u>

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$(507,872) for on-behalf amounts for the benefits provided by the State.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Healthcare costs trend rates	5.125 percent for 2020, decreasing to 4.50 percent by 2023
Salary increases	3.00-6.50 percent, including inflation
Investment rate of return	2.17 percent, net of OPEB plan investment expense, including inflation
Year net position will be depleted	2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The valuation date July 1, 2021 reflects changes made to the plan provisions. The discount rate used to measure Plan obligations decreased from 2.21 percent to 2.17 percent. Expected annual per capita claims were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

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 percent invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42 percent).

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 2.17 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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 healthcare cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

OPEB Plan Fiduciary Net Position: 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.

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.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 8. Fund Balances (Deficits)

The detail of the Town's fund balances are as follows:

	General Fund	Capital Improvements Fund	Debt Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Prepays	\$ 95,116	\$ 20,000	\$ -	\$ -	\$ 115,116
Inventory	-	-	-	53,820	53,820
Permanent fund principal	-	-	-	78,361	78,361
Total nonspendable	95,116	20,000	-	132,181	247,297
Restricted:					
General government activities	-	-	-	378,383	378,383
Police operations	-	-	-	369,422	369,422
Fire operations	-	-	-	411,225	411,225
Sewer and water assessments	-	-	-	2,702	2,702
Water pollution control operations	-	-	-	890,923	890,923
Social services	-	-	-	66,531	66,531
Library operations	-	-	-	96,477	96,477
Parks and recreation programs	-	-	-	34,757	34,757
School cafeteria operations	-	-	-	1,171,842	1,171,842
Educational programs	-	-	-	1,493,333	1,493,333
Road, sidewalk and bridge construction	-	4,323,800	-	-	4,323,800
Debt service	-	-	-	420,706	420,706
Total restricted	-	4,323,800	-	5,336,301	9,660,101
Committed:					
Capital projects	-	-	-	1,478,437	1,478,437
Debt service	-	-	3,243,126	-	3,243,126
Total committed	-	-	3,243,126	1,478,437	4,721,563
Assigned:					
Education	1,829,339	-	-	-	1,829,339
General government activities	134,617	-	-	-	134,617
Police and fire equipment	63,716	-	-	-	63,716
Parks maintenance	85,972	-	-	-	85,972
Social services	1,500	-	-	-	1,500
Library books and supplies	16,985	-	-	-	16,985
Recreation	1,764	-	-	-	1,764
Water pollution control	-	-	-	105,507	105,507
Subsequent year expenditures	1,700,000	-	-	-	1,700,000
Community pool services	192,393	-	-	-	192,393
Insurance reserves	3	-	-	-	3
Capital outlay	286,035	-	-	193,174	479,209
Total assigned	4,312,324	-	-	298,681	4,611,005
Unassigned	13,097,878	(1,571,992)	-	-	11,525,886
Total fund balance	\$ 17,505,318	\$ 2,771,808	\$ 3,243,126	\$ 7,245,600	\$ 30,765,852

Encumbrances included in the above table in the assigned categories are as follows: \$2,373,145 in the General Fund.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 9. Fund Deficits

The following fund had a fund deficit as of June 30, 2022:

Internal Service Fund:	
Heart & Hypertension	\$ 2,691,667

The Internal Service fund deficit will be repaid with future charges.

Note 10. Contingencies and Commitments

Construction and other significant commitments have been reported as assigned fund balance in the fund equity section of the balance sheet. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 2,381,729
Capital Improvements Fund	2,294,370
Nonmajor governmental funds	288,739
Total	<u>\$ 4,964,838</u>

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials that such pending litigation will not result individually or in the aggregate in a final judgment against the Town which would have a material adverse effect on its financial position.

Construction commitments: The Town has active construction projects as of June 30, 2022. At year-end, the Town's commitment on uncompleted contracts is approximately \$2,488,000.

Note 11. Risk Management

The Town is exposed to various risks of loss relating to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees, employee health, and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies, except for self-insured medical benefits provided under its three health insurance plans, prescription drug plan, and dental plans. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Town established an internal service fund, the health insurance fund, to account for and finance employee medical benefits claims for eligible employees of both the Town and Board of Education. The Town retains the risk of loss under the three medical plans it offers, along with dental and prescription drugs.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 11. Risk Management (Continued)

A third party processes the claims filed under the Town's self-insured health plans, for which the Town is charged an administrative fee. The Town participates in a stop-loss captive for individuals exceeding \$175,000. The captive purchases reinsurance for claims exceeding \$175,000. Incurred but not recorded (IBNR) are accrued for in the Health Insurance Fund.

The Town established an internal service fund, Heart and Hypertension, to account for the financing of heart and hypertension claims.

Payments to the Health Insurance internal service fund are based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. For the Heart and Hypertension fund, payments to the fund are based upon estimates of claim reserves necessary to pay annual commitments as well as future claims. The claims liability for the Health Insurance Fund and Heart and Hypertension Fund, respectively, reported in the fund at June 30, 2022, is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

The amount of the claims accrual is based on the estimated ultimate costs of settling the claims, which includes past experience data, inflation, and other future economic and societal factors and incremental claims adjustment expenses, net of estimated subrogation recoveries. Liabilities for unpaid claims are based on recommendations from third-party administrators. The claims accrual does not include other allocated or unallocated claims adjustment expenses. Such amounts are included as a component of liabilities in the statement of financial position (Exhibit I) as accounts payable for health insurance claims payable and current and noncurrent portions of long-term debt obligations for heart and hypertension claims payable.

Health Insurance Fund						
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Due Within One Year	
2020-2021	\$ 1,291,155	\$ 14,000,285	\$ 14,141,886	\$ 1,149,554	\$ 1,149,554	
2021-2022	\$ 1,149,554	\$ 14,183,144	\$ 14,050,094	\$ 1,282,604	\$ 1,282,604	

Heart & Hypertension Fund						
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Due Within One Year	
2020-2021	\$ 1,790,603	\$ 424,459	\$ 128,810	\$ 2,086,252	\$ 155,051	
2020-2022	\$ 2,086,252	\$ 972,364	\$ 120,142	\$ 2,938,474	\$ 182,860	

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 12. Project Authorizations

The following is a summary of Capital Improvement Fund projects at June 30, 2022:

	Authorization	Cumulative Expenditures	Unspent Authorizations
Various capital improvements	\$ 90,304,022	\$ 64,045,909	\$ 20,919,326

Note 13. Tax Abatements

The Town of Cheshire enters into property tax abatement agreements under Connecticut General Statute (CGS) Section 12-65b with local businesses that apply. Under the Statute, municipalities may grant property tax abatements for real estate for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or seeking to relocate to Cheshire. Cheshire's current policy is to abate taxes based on 50 percent of the assessed value of new construction for a 4-year period for projects with improvements less than three million and a 7-year period for projects that are three million or more. The Town can recapture abated taxes if the business does not stay in Cheshire for at least 10 years. There is also a penalty if an agreed upon minimum staffing level is not maintained for the 4- or 7-year abatement period. For the year ended June 30, 2022, property taxes in the amount of \$80,759 were abated under this program.

**Required Supplementary
Information - *unaudited***

Required Supplementary Information - unaudited
Schedule of Investment Returns - Pension Plan Trusts
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income, for:									
Town	-9.23%	25.06%	0.43%	3.84%	6.88%	9.85%	-3.29%	1.35%	13.20%
Police	-9.07%	24.40%	0.34%	3.80%	6.76%	9.66%	-3.39%	1.32%	13.15%
Volunteer Firefighters	-11.10%	28.99%	-0.34%	4.96%	6.00%	12.24%	0.14%	-0.36%	14.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of Employer Contributions - Pension Trust Funds
Last Ten Fiscal Years

Schedule of Employer Contributions - Pension Trust Fund						
Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll	
<u>Town</u>						
2013	\$ 1,632,242	\$ 1,240,124	\$ 392,118	\$ 15,046,584	8.24%	
2014	2,014,125	1,540,124	474,001	14,629,500	10.53%	
2015	2,096,584	1,840,124	256,460	11,411,022	16.13%	
2016	1,821,202	1,821,202	-	13,079,769	13.92%	
2017	1,773,905	1,773,905	-	12,000,249	14.78%	
2018	1,825,373	1,825,373	-	12,298,389	14.84%	
2019	1,788,342	1,788,342	-	11,023,734	16.22%	
2020	1,800,781	1,800,781	-	11,275,762	15.97%	
2021	2,167,287	2,019,781	147,506	9,979,654	20.24%	
2022	2,347,738	2,347,738	-	10,456,128	22.45%	
<u>Police</u>						
2013	\$ 748,172	\$ 552,765	\$ 195,407	\$ 4,206,231	13.14%	
2014	1,143,257	702,765	440,492	4,203,371	16.72%	
2015	1,205,946	852,765	353,181	4,146,467	20.57%	
2016	1,342,563	1,152,765	189,798	3,743,751	30.79%	
2017	1,456,934	1,302,765	154,169	3,687,620	35.33%	
2018	1,631,178	1,452,765	178,413	3,673,204	39.55%	
2019	1,814,532	1,702,765	111,767	3,694,630	46.09%	
2020	1,884,505	1,884,505	-	3,730,828	50.51%	
2021	2,008,256	2,008,256	-	3,752,318	53.52%	
2022	2,217,278	2,217,278	-	3,990,499	55.56%	
<u>Volunteer Firefighters</u>						
2013	\$ 214,537	\$ 189,000	\$ 25,537	N/A	N/A	
2014	249,892	223,000	26,892	N/A	N/A	
2015	241,200	241,200	-	N/A	N/A	
2016	263,917	263,917	-	N/A	N/A	
2017	270,278	270,278	-	N/A	N/A	
2018	257,157	257,157	-	N/A	N/A	
2019	264,646	264,646	-	N/A	N/A	
2020	259,652	259,652	-	N/A	N/A	
2021	265,069	265,069	-	N/A	N/A	
2022	252,998	252,998	-	N/A	N/A	

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios (in 1,000's)
Last Nine Fiscal Years

Changes in Net Pension Liability	Town									Police								
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:																		
Service cost	\$ 1,127	\$ 1,097	\$ 1,048	\$ 1,019	\$ 1,184	\$ 1,101	\$ 1,513	\$ 1,407	\$ 1,237	\$ 851	\$ 828	\$ 682	\$ 664	\$ 732	\$ 681	\$ 744	\$ 692	\$ 689
Interest on total pension liability	4,869	4,787	4,458	4,383	4,214	4,179	3,991	3,780	4,023	4,035	3,899	3,625	3,510	3,421	3,208	3,099	2,987	2,870
Effect of plan changes	-	-	-	-	-	-	-	(9)	-	-	-	-	-	(378)	-	-	-	1,001
Effect of economic/demographic gains or (losses)	-	(999)	-	(1,274)	-	(2,104)	-	(1,284)	-	-	111	-	(41)	-	1,314	-	1,063	-
Effect of assumption changes or inputs	-	-	6,792	-	-	-	-	(5,119)	-	-	-	5,626	-	-	-	-	(1,071)	-
Benefit payments	(3,901)	(3,572)	(3,249)	(3,065)	(2,902)	(2,680)	(2,521)	(2,405)	(2,111)	(3,014)	(2,818)	(2,639)	(2,591)	(2,449)	(2,389)	(2,269)	(2,181)	(1,829)
Net change in total pension liability	2,095	1,313	9,049	1,063	2,496	496	2,983	(3,630)	3,149	1,872	2,020	7,294	1,542	1,326	2,814	1,574	1,490	2,731
Total pension liability, beginning	70,353	69,040	59,991	58,928	56,432	55,936	52,953	56,583	53,434	58,267	56,247	48,953	47,411	46,085	43,271	41,697	40,207	37,476
Total pension liability, ending (a)	72,448	70,353	69,040	59,991	58,928	56,432	55,936	52,953	56,583	60,139	58,267	56,247	48,953	47,411	46,085	43,271	41,697	40,207
Fiduciary net position:																		
Employer contributions	\$ 2,348	\$ 2,020	\$ 1,801	\$ 1,788	\$ 1,825	\$ 1,774	\$ 1,821	\$ 1,840	\$ 1,540	\$ 2,217	\$ 2,008	\$ 1,885	\$ 1,703	\$ 1,453	\$ 1,303	\$ 1,153	\$ 853	\$ 703
Member contributions	239	269	286	303	330	325	327	341	345	323	330	339	331	321	302	305	307	337
Investment income net of investment expenses	(5,061)	11,257	195	1,738	2,972	3,938	(1,380)	559	4,869	(3,061)	6,720	95	1,033	1,757	2,348	(877)	349	3,173
Benefit payments	(3,902)	(3,572)	(3,249)	(3,065)	(2,902)	(2,680)	(2,521)	(2,405)	(2,111)	(3,014)	(2,818)	(2,638)	(2,590)	(2,449)	(2,389)	(2,269)	(2,181)	(1,829)
Administrative expenses	(82)	(95)	(40)	(63)	(42)	(60)	(54)	(65)	(51)	(48)	(50)	(32)	(51)	(22)	(31)	(26)	(47)	(27)
net position	(6,458)	9,879	(1,007)	701	2,183	3,297	(1,807)	270	4,592	(3,583)	6,190	(351)	426	1,060	1,533	(1,714)	(719)	2,357
Fiduciary net position, beginning	54,537	44,658	45,665	44,964	42,781	39,484	41,291	41,021	36,429	33,009	26,819	27,170	26,744	25,684	24,151	25,865	26,584	24,227
Fiduciary net position, ending (b)	48,079	54,537	44,658	45,665	44,964	42,781	39,484	41,291	41,021	29,426	33,009	26,819	27,170	26,744	25,684	24,151	25,865	26,584
Net pension liability, ending = (a) - (b)	\$ 24,369	\$ 15,816	\$ 24,382	\$ 14,326	\$ 13,964	\$ 13,651	\$ 16,452	\$ 11,662	\$ 15,562	\$ 30,713	\$ 25,258	\$ 29,428	\$ 21,783	\$ 20,667	\$ 20,401	\$ 19,120	\$ 15,832	\$ 13,623
Fiduciary net position as a % of total pension liability	66.36%	77.52%	64.68%	76.12%	76.30%	75.81%	70.59%	77.98%	72.50%	48.93%	56.65%	47.68%	55.50%	56.41%	55.73%	55.81%	62.03%	66.12%
Covered payroll	\$ 10,456	\$ 9,980	\$ 11,276	\$ 11,024	\$ 12,298	\$ 12,000	\$ 13,080	\$ 11,411	\$ 14,630	\$ 3,990	\$ 3,752	\$ 3,731	\$ 3,695	\$ 3,673	\$ 3,688	\$ 3,744	\$ 4,146	\$ 4,203
Net pension liability as a % of covered payroll	233.06%	158.49%	216.24%	129.96%	113.54%	113.75%	125.78%	102.20%	106.37%	769.66%	673.13%	788.80%	589.58%	562.64%	553.22%	510.72%	381.86%	324.13%
Volunteer Firefighter																		
Changes in Net Pension Liability	2022	2021	2020	2019	2018	2017	2016	2015	2014									
Total pension liability:																		
Service cost	\$ 53	\$ 53	\$ 42	\$ 41	\$ 44	\$ 39	\$ 30	\$ 27	\$ 29									
Interest on total pension liability	333	326	297	285	273	269	257	247	237									
Effect of plan changes	-	-	-	-	-	-	-	-	-									
Effect of economic/demographic gains or (losses)	-	(128)	-	2	-	(203)	-	(2)	-									
Effect of assumption changes or inputs	-	-	516	-	-	95	-	-	-									
Benefit payments	(161)	(168)	(168)	(154)	(151)	(145)	(143)	(141)	(139)									
Net change in total pension liability	225	83	687	174	166	55	144	131	127									
Total pension liability, beginning	4,777	4,694	4,007	3,833	3,667	3,612	3,468	3,337	3,210									
Total pension liability, ending (a)	5,002	4,777	4,694	4,007	3,833	3,667	3,612	3,468	3,337									
Fiduciary net position:																		
Employer contributions	\$ 253	\$ 265	\$ 259	\$ 265	\$ 257	\$ 270	\$ 264	\$ 241	\$ 223									
Member contributions	-	-	-	-	-	-	-	-	-									
Investment income net of investment expenses	(338)	669	(8)	101	110	191	2	(5)	162									
Benefit payments	(161)	(168)	(168)	(153)	(151)	(145)	(143)	(141)	(139)									
Administrative expenses	(17)	(20)	(9)	(16)	(14)	(24)	(17)	(23)	(15)									
net position	(263)	746	74	197	202	292	106	72	231									
Fiduciary net position, beginning	2,885	2,139	2,065	1,868	1,666	1,374	1,268	1,195	964									
Fiduciary net position, ending (b)	2,622	2,885	2,139	2,065	1,868	1,666	1,374	1,268	1,195									
Net pension liability, ending = (a) - (b)	\$ 2,380	\$ 1,892	\$ 2,555	\$ 1,942	\$ 1,965	\$ 2,001	\$ 2,238	\$ 2,200	\$ 2,142									
Fiduciary net position as a % of total pension liability	52.42%	60.39%	45.57%	51.53%	48.73%	45.43%	38.04%	36.56%	35.81%									
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A									
Net pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A									

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability -
Teachers' Retirement Plan
Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability	\$ 126,238,571	\$ 159,390,429	\$ 140,330,173	\$ 108,202,716	\$ 110,113,252	\$ 116,170,342	\$ 89,484,226	\$ 82,710,234
Town's covered payroll	\$ 37,489,453	\$ 36,755,966	\$ 36,131,492	\$ 35,521,574	\$ 34,901,983	\$ 33,640,478	\$ 33,261,768	\$ 32,127,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

information is available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	None
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

Required Supplementary Information - unaudited
Schedule of Investment Returns - OPEB Trusts
Last Six Fiscal Years

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment income for:						
Town	-12.07%	32.57%	-0.71%	5.33%	6.65%	13.50%
Police	-10.70%	24.42%	-0.60%	4.76%	5.24%	10.97%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (in 1,000's)
Last Six Fiscal Years

	Town						Police					
Changes in Net OPEB Liability	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Total OPEB liability:												
Service cost	\$ 503	\$ 457	\$ 423	\$ 378	\$ 400	\$ 424	\$ 644	\$ 593	\$ 537	\$ 516	\$ 528	\$ 612
Interest on total OPEB liability	446	453	695	723	734	631	243	241	440	451	442	366
Effect of plan changes	-	-	257	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(303)	-	(331)	-	(1,241)	(1,922)	92	-	(2,204)	-	(867)	-
Effect of assumption changes or inputs	(2,237)	107	442	835	(948)	-	(1,414)	51	(27)	434	(311)	(905)
Benefit payments	(934)	(930)	(824)	(751)	(734)	(772)	(617)	(537)	(473)	(503)	(468)	(495)
Net change in total OPEB liability	(2,525)	87	662	1,185	(1,789)	(1,639)	(1,052)	348	(1,727)	898	(676)	(422)
Total OPEB liability, beginning	20,601	20,514	19,852	18,667	20,456	22,095	10,902	10,554	12,281	11,383	12,059	12,481
Total OPEB liability ending (a)	18,076	20,601	20,514	19,852	18,667	20,456	9,850	10,902	10,554	12,281	11,383	12,059
Fiduciary net position:												
Employer contributions	\$ 934	\$ 930	\$ 825	\$ 750	\$ 734	\$ 772	\$ 629	\$ 543	\$ 497	\$ 500	\$ 505	\$ 505
Member contributions	-	-	-	-	-	-	68	64	64	60	54	54
Investment income net of investment expenses	(97)	202	(5)	33	39	70	(79)	143	(3)	20	17	25
Benefit payments	(934)	(930)	(825)	(750)	(734)	(772)	(617)	(537)	(473)	(502)	(468)	(496)
Administrative expenses	(8)	(22)	(8)	(21)	(8)	(7)	(8)	(19)	(7)	(16)	(9)	(8)
Net change in plan fiduciary net position	(105)	180	(13)	12	31	63	(7)	194	78	62	99	80
Fiduciary net position, beginning	805	625	638	626	595	532	721	527	450	388	289	209
Fiduciary net position, ending (b)	700	805	625	638	626	595	714	721	528	450	388	289
Net OPEB liability, ending = (a) - (b)	\$ 17,376	\$ 19,796	\$ 19,889	\$ 19,214	\$ 18,041	\$ 19,861	\$ 9,136	\$ 10,181	\$ 10,026	\$ 11,831	\$ 10,995	\$ 11,770
Fiduciary net position as a % of total OPEB liability	3.87%	3.91%	3.05%	3.21%	3.35%	2.91%	7.25%	6.62%	5.00%	3.66%	3.41%	2.40%
Covered payroll	\$ 49,964	\$ 48,101	\$ 48,101	\$ 44,717	\$ 44,717	\$ 37,814	\$ 3,609	\$ 4,064	\$ 4,064	\$ 4,465	\$ 4,465	\$ 2,990
Net OPEB liability as a % of covered payroll	34.78%	41.15%	41.35%	42.97%	40.34%	52.52%	253.12%	250.53%	246.73%	264.99%	246.25%	393.61%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net OPEB Liability -
Teachers' Retiree Health Plan
Last Five Fiscal Years

	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	-	-	-	-	-
State's proportionate share of the net OPEB liability	\$ 13,753,461	\$ 23,773,088	\$ 21,885,283	\$ 21,630,403	\$ 28,341,917
Town's covered-employee payroll	\$ 37,489,453	\$ 36,755,966	\$ 36,131,492	\$ 33,502,384	\$ 34,902,001
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021;
	Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
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%

Notes:

- This schedule is intended to show information for ten years.
- The measurement date is one year earlier than the employer's reporting date

Required Supplementary Information - unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis -
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget
Revenues:				
Property taxes, interest and lien fees	\$ 97,176,214	\$ 97,176,214	\$ 98,172,328	\$ 996,114
Charges for services	2,630,500	2,630,500	3,080,633	450,133
Intergovernmental	17,936,112	19,761,112	20,640,643	879,531
Interest and dividend income	215,000	215,000	241,387	26,387
Other local income	265,000	265,000	313,999	48,999
Total revenues	118,222,826	120,047,826	122,448,990	2,401,164
Expenditures:				
Current:				
Administration and finance	14,296,192	14,319,692	13,958,059	361,633
Planning and development	527,944	533,244	503,298	29,946
Public safety	7,930,143	7,990,743	7,767,336	223,407
Public works	6,897,744	7,222,744	6,875,691	347,053
Public health	612,387	641,787	641,717	70
Social services	1,020,697	1,020,697	990,986	29,711
Cultural services	1,958,671	1,958,671	1,873,477	85,194
Leisure services	627,059	627,059	522,689	104,370
Education	77,001,052	78,501,052	78,501,052	-
Contingency	125,000	6,200	-	6,200
Debt service	6,809,077	6,809,077	6,809,077	-
Total expenditures	117,805,966	119,630,966	118,443,382	1,187,584
Revenues over (under) expenditures	416,860	416,860	4,005,608	3,588,748
Other financing sources (uses):				
Cancellation of prior year encumbrances	210,000	210,000	392,483	182,483
Transfers in	685,000	685,000	689,712	4,712
Transfers out	(2,486,860)	(2,486,860)	(2,486,860)	-
Net other financing sources (uses)	(1,591,860)	(1,591,860)	(1,404,665)	187,195
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before utilization of fund balance	(1,175,000)	(1,175,000)	2,600,943	3,775,943
Utilization of fund balance	1,175,000	1,175,000	-	(1,175,000)
Excess of revenues and other financing sources over expenditures and other financing uses after utilization of fund balance	\$ -	\$ -	2,600,943	\$ 2,600,943
Budgetary fund balance, July 1, 2021			13,301,026	
Budgetary fund balance, June 30, 2022			<u>\$ 15,901,969</u>	

Town of Cheshire, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting

The Town's budget policies for the General Fund, the Water Pollution Control Fund, and the Cheshire Community Pool Fund are as follows:

- A. Each department, office, board, or commission of the Town, including the Board of Education, shall submit to the Town Manager a detailed estimate of the expenditures and anticipated revenues by February 15.
- B. On or before March 10, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- C. By March 24, the Town Council submits the proposed operating budget to one or more public hearings, at which elector or taxpayer comments are obtained. A second public hearing is held prior to adoption. The budget includes proposed expenditures and the means of financing them. By April 30, the Town council must adopt an operating budget and fix a tax rate in mills and shall file it with the Town Clerk by May 10.
- D. The budget adopted by the Town Council is subject to one referendum by petition of at least 10 percent of the registered electors. The petition must be filed by May 20, and the Council must hold a referendum no later than June 20. If the budget is rejected at referendum, the Council has until June 27 to adopt a new budget and file it with the Town Clerk.
- E. The legal level of control for the General Fund, the level at which expenditures may not exceed appropriations, is at the department level within a function that includes departments, offices, projects, sub-functions, boards and commissions as prescribed by the Town Charter. The legal level of control is at the fund level for the Water Pollution Control Fund and the Cheshire Community Pool Fund.
- F. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to \$250,000 may be approved by the Town Council. Additional appropriations that exceed \$250,000 but do not exceed \$500,000 may be approved by the Council following a public hearing. Those in excess of \$500,000 may be approved for referendum by the Council following a public hearing. Additional appropriations funded with federal American Rescue Plan Act (ARPA) grants were approved for the General Fund during the year totaling \$1,825,000, including \$1,500,000 for the Department of Education to help fund an increase in medical claims and \$325,000 for a bulky waste pick up at Town residences. There was also an additional appropriation from the Water Pollution Control Department fund balance for additional overtime from staffing vacancies and the processing of accumulated solids as well as for equipment/program supplies and equipment maintenance that helped remedy deferred maintenance.
- G. The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- H. Formal budgetary integration is employed as a management control device during the year.

Town of Cheshire, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting (Continued)

- I. 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 in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

A reconciliation of General Fund revenues, expenditures, and net other financing sources/uses, as presented in accordance with GAAP and as presented on the budgetary basis, is as follows:

	Revenues	Expenditures	Net Other Financing Sources/(Uses)	Fund Balance
General Fund, budgetary basis	\$ 122,448,990	\$ 118,443,382	\$ (1,404,665)	\$ 15,901,969
Accrued payroll	-	88,069	-	(235,711)
Net increase (decrease) in the fair value of investments	(1,003,202)	-	-	(773,264)
Unemployment Compensation Costs	(27,343)	(27,343)	-	-
State Teachers Retirement System on-behalf payments	10,819,198	10,819,198	-	-
Encumbrances:				
June 30, 2021	-	2,531,876	-	232,078
June 30, 2022	-	(2,141,067)	-	2,141,067
Cancellation of prior year encumbrances	-	-	(392,483)	-
Effect of GASB No. 54	676,341	953,606	486,860	239,179
Combined General Fund, GAAP basis	<u>\$ 132,913,984</u>	<u>\$ 130,667,721</u>	<u>\$ (1,310,288)</u>	<u>\$ 17,505,318</u>

**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units. The following funds have been reclassified to the General Fund, which were previously reported as Special Revenue Funds, but they no longer meet the definition in accordance with GASB 54:

Insurance Proceeds Fund

To account for receipts from insurance companies and disbursements for insurance claims.

Cheshire Community Pool Fund

To account for the collection of user charges to support the cost of operating the Cheshire community pool.

**General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Property Taxes				
Current tax levy	\$ 95,649,070	\$ 95,649,070	\$ 96,332,350	\$ 683,280
Supplemental motor vehicle tax	1,072,144	1,072,144	1,287,882	215,738
Prior year tax levies	75,000	75,000	70,582	(4,418)
Interest and lien fees	200,000	200,000	295,859	95,859
Telecommunication - property tax	180,000	180,000	185,655	5,655
Total property taxes	97,176,214	97,176,214	98,172,328	996,114
Charges for Services				
Building official	625,000	625,000	854,471	229,471
Town clerk	700,000	700,000	827,988	127,988
Parks and recreation	300,000	300,000	270,745	(29,255)
Police department	175,000	175,000	184,439	9,439
Public library	6,500	6,500	4,701	(1,799)
Animal control	7,500	7,500	6,169	(1,331)
Solid waste	2,000	2,000	4,415	2,415
Public works	15,000	15,000	8,860	(6,140)
Planning	40,000	40,000	35,785	(4,215)
Senior services	25,000	25,000	13,869	(11,131)
Youth activities	4,500	4,500	4,485	(15)
Fine arts	100,000	100,000	128,504	28,504
Police special duty	120,000	120,000	124,412	4,412
Birth to three	360,000	360,000	363,984	3,984
Tuition	150,000	150,000	247,806	97,806
Total charges for services	2,630,500	2,630,500	3,080,633	450,133
Intergovernmental				
Payment in Lieu of Taxes:				
Cheshire Academy	1,000	1,000	1,000	-
Cheshire Housing Authority	40,000	40,000	43,061	3,061
South Central Regional Water Authority	661,404	661,404	661,404	-
New Tiered Reimbursement	2,280,318	2,280,318	2,280,318	-
Totally disabled	1,800	1,800	1,916	116
Additional veterans' exemption	9,700	9,700	9,511	(189)
Pequot/Mohegan	1,962,440	1,962,440	1,962,440	-
Total payment in lieu of taxes	4,956,662	4,956,662	4,959,650	2,988

(Continued)

General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Intergovernmental, Continued				
Town:				
Youth services grant	\$ 17,184	\$ 17,184	\$ 17,184	\$ -
Miscellaneous grants	29,000	29,000	789,733	760,733
Town Aid Road	404,302	404,302	402,791	(1,511)
MRSA	736,700	736,700	736,700	-
Local Capital Improvement Program	182,563	182,563	182,895	332
Municipal Stabilization Grant	241,134	241,134	241,134	-
American Rescue Plan Act 2	1,400,000	3,225,000	3,139,523	(85,477)
Total Town	3,010,883	4,835,883	5,509,960	674,077
Education:				
Education cost sharing	9,420,222	9,420,222	9,404,810	(15,412)
Special education - excess cost	479,000	479,000	705,260	226,260
Transportation	15,600	15,600	12,676	(2,924)
Nonpublic transportation and health	19,957	19,957	14,053	(5,904)
Adult education	26,632	26,632	27,078	446
Building grants	7,026	7,026	7,026	-
Interest subsidy	130	130	130	-
Total education	9,968,567	9,968,567	10,171,033	202,466
Total intergovernmental	17,936,112	19,761,112	20,640,643	879,531
Investment Income	215,000	215,000	241,387	26,387
Other Local Income				
Miscellaneous - Town	255,000	255,000	308,911	53,911
Miscellaneous - Board of Education	10,000	10,000	5,088	(4,912)
Total other local income	265,000	265,000	313,999	48,999
Total revenues	118,222,826	120,047,826	122,448,990	2,401,164
Other Financing Sources				
Cancellation of prior year encumbrances	210,000	210,000	392,483	182,483
Transfers In				
Special Grants Fund	-	-	4,712	4,712
General Town Funds	25,000	25,000	25,000	-
Sewer and water assessments fund	10,000	10,000	10,000	-
Water pollution control fund	650,000	650,000	650,000	-
Total transfers in	685,000	685,000	689,712	4,712

(Continued)

General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Other Financing Sources, Continued				
Utilization of fund balance				
General Fund Equity	\$ 1,175,000	\$ 1,175,000	\$ -	\$ (1,175,000)
Total Utilization of Fund Balance	1,175,000	1,175,000	-	(1,175,000)
Total other financing sources	2,070,000	2,070,000	1,082,195	(987,805)
Total revenues and other financing sources	\$ 120,292,826	\$ 122,117,826	\$ 123,531,185	\$ 1,413,359

**General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Administration and Finance				
Town Council	\$ 42,400	\$ 42,900	\$ 42,866	\$ 34
Town Manager	396,515	396,515	381,430	15,085
Human Resources	149,812	149,812	148,330	1,482
Town Attorney	216,422	216,422	184,586	31,836
Town Clerk	262,393	262,393	243,784	18,609
Elections	122,881	122,881	113,357	9,524
Probate Court	2,000	2,000	-	2,000
Finance Department	2,298,323	2,298,323	2,252,777	45,546
Board of Assessment Appeals	2,055	2,055	2,051	4
General Services	270,333	270,333	269,413	920
Public Property	1,226,799	1,249,799	1,249,611	188
Employee Benefits	9,306,259	9,306,259	9,069,854	236,405
Total administration and finance	14,296,192	14,319,692	13,958,059	361,633
Planning and Development				
Planning Department	371,304	371,304	350,532	20,772
Planning and Zoning Commission	6,760	9,160	9,112	48
Zoning Board of Appeals	2,560	4,060	3,999	61
Economic Development Commission	119,755	119,755	116,074	3,681
Beautification Committee	13,175	13,175	12,605	570
Public Buildings Commission	2,100	2,100	615	1,485
Inland Wetlands Commission	6,850	8,250	8,167	83
Environmental Commission	840	840	85	755
Historic District Commission	2,275	2,275	714	1,561
Energy Commission	2,325	2,325	1,395	930
Total planning and development	527,944	533,244	503,298	29,946
Public Safety				
Police Department	6,218,448	6,218,448	6,041,328	177,120
Animal Control	113,907	113,907	111,925	1,982
Prison Advisory Committee	300	300	-	300
Civil Preparedness	32,655	59,655	59,439	216
Public Safety Commission	1,950	1,950	1,562	388
Fire Department	1,245,336	1,245,336	1,201,938	43,398
Inspection Department	317,547	351,147	351,144	3
Total public safety	7,930,143	7,990,743	7,767,336	223,407
Public Works				
Public Works Department	6,894,494	7,219,494	6,873,662	345,832
W.P.C.A.	3,250	3,250	2,029	1,221
Total public works	6,897,744	7,222,744	6,875,691	347,053

(Continued)

General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Health	\$ 612,387	\$ 641,787	\$ 641,717	\$ 70
Social Services				
Human Services	1,019,197	1,019,197	990,346	28,851
Human Services Committee	1,500	1,500	640	860
Total social services	1,020,697	1,020,697	990,986	29,711
Cultural Services				
Library	1,722,277	1,722,277	1,654,545	67,732
Library Board	1,250	1,250	400	850
Fine Arts Commission	235,144	235,144	218,532	16,612
Total cultural services	1,958,671	1,958,671	1,873,477	85,194
Leisure Services				
Parks and Recreation Department	624,779	624,779	521,436	103,343
Parks and Recreation Commission	2,280	2,280	1,253	1,027
Total leisure services	627,059	627,059	522,689	104,370
Education				
Certified personnel	38,663,832	38,506,900	38,506,900	-
Noncertified personnel	10,306,599	9,844,520	9,844,420	100
Employee benefits	12,749,135	14,300,172	14,300,172	-
Institutional program improvement	211,700	212,263	212,263	-
Pupil services	790,302	774,368	774,368	-
Other professional and technical services	808,603	882,798	882,798	-
Public utilities	1,080,518	1,060,511	1,060,511	-
Cleaning, repairs and maintenance	2,147,976	2,663,341	2,663,441	(100)
Rentals	306,555	270,270	270,270	-
Pupil transportation	3,627,790	3,343,619	3,343,619	-
Property insurance	97,012	90,349	90,349	-
Liability insurance - general	96,764	123,120	123,120	-
Liability insurance - transportation	45,618	38,292	38,292	-
Communications, advertising and printing	213,502	157,501	157,501	-
Tuition	2,220,664	2,098,992	2,098,992	-
Travel and other transportation	61,074	51,774	51,774	-
Other purchased services	278,611	209,248	209,248	-
Other supplies and materials	85,500	89,437	89,437	-
Instructional supplies	440,147	503,400	503,400	-
Maintenance supplies	257,450	479,681	479,681	-
Heat energy	354,872	522,691	522,691	-
Transportation supplies	333,741	402,710	402,710	-

(Continued)

General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Education, Continued				
Textbooks	\$ 427,500	\$ 303,093	\$ 303,093	\$ -
Library books and periodicals	101,929	71,707	71,707	-
Testing	69,926	47,105	47,105	-
Adult education	16,650	16,437	16,437	-
Nursing supplies	9,750	7,951	7,951	-
Equipment	237,500	269,313	269,313	-
Technology and capital equipment	898,930	1,108,555	1,108,555	-
Dues and fees	60,902	50,934	50,934	-
Total education	77,001,052	78,501,052	78,501,052	-
Contingency	125,000	6,200	-	6,200
Debt Service				
Town principal and interest	4,975,378	4,975,378	4,975,378	-
School principal and interest	1,833,699	1,833,699	1,833,699	-
Total debt service	6,809,077	6,809,077	6,809,077	-
Total expenditures	117,805,966	119,630,966	118,443,382	1,187,584
Other Financing Uses				
Transfers Out:				
Cheshire Community Pool Fund	486,860	486,860	486,860	-
Debt Reserve Fund	1,000,000	1,000,000	1,000,000	-
Capital and Nonrecurring Expenditures Fund	1,000,000	1,000,000	1,000,000	-
Total other financing uses	2,486,860	2,486,860	2,486,860	-
Total	\$ 120,292,826	\$ 122,117,826	\$ 120,930,242	\$ 1,187,584

**Summary of Budgetary Operations - General Fund
For the Year Ended June 30, 2022**

Available fund balance, July 1, 2021				\$	13,301,026
Fund balance committed to 2021-2022 budget					<u>(1,175,000)</u>
Unassigned fund balance, July 1, 2021					12,126,026
Current Year Budgetary Operations					
		Budget	Actual	Budget Comparison	
Revenues and other financing sources	\$	120,942,826	\$	123,531,185	\$ 2,588,359
Expenditures and other financing uses		122,117,826		120,930,242	1,187,584
Results from current year operations					<u>3,775,943</u>
Available fund balance, June 30, 2022					15,901,969
Prepays					(95,116)
Accrued payroll					(235,711)
Fund balance committed to 2022-2023 budget					<u>(1,700,000)</u>
Unassigned fund balance, June 30, 2022				\$	<u><u>13,871,142</u></u>

**Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Pool fees	\$ 537,000	\$ 537,000	\$ 653,078	\$ 116,078
Total revenues	537,000	537,000	653,078	116,078
Expenditures				
Personnel Services:				
Full time	286,103	286,103	294,328	(8,225)
Temporary part time	245,605	245,605	217,522	28,083
Overtime	4,500	4,500	2,225	2,275
Salary Diff/Perf	1,700	1,700	1,150	550
Salary adjustment	13,261	13,261	1,151	12,110
Total personnel services	551,169	551,169	516,376	34,793
Supplies and Services:				
Office supplies	900	900	560	340
Building supplies	40,000	40,000	44,129	(4,129)
Equipment supplies	2,800	2,800	3,088	(288)
Program supplies	5,500	5,500	6,418	(918)
Advertising	700	700	-	700
Printing	-	-	340	(340)
Gas and Diesel Fuel	600	600	549	51
Personnel expense	700	700	507	193
Training	400	400	-	400
Total supplies and services	51,600	51,600	55,591	(3,991)
Utilities:				
Telephone	2,500	2,500	3,688	(1,188)
Electric	51,000	51,000	21,499	29,501
Gas	90,128	90,128	121,850	(31,722)
Water	33,000	33,000	17,016	15,984
Total utilities	176,628	176,628	164,053	12,575

(Continued)

Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures, Continued				
Contracted Services:				
Consultants	\$ 2,000	\$ 2,000	\$ 2,500	\$ (500)
Construction	1,500	1,500	1,003	\$ 497
Equipment maintenance and repairs	5,226	5,226	5,107	119
Building maintenance	30,000	30,000	22,356	7,644
Rentals	19,000	19,000	19,841	(841)
Other Services	700	700	677	23
Total contracted services	58,426	58,426	51,484	6,942
Professional Services:				
Meetings and seminars	-	-	92	(92)
Mileage	100	100	-	100
Total professional services	100	100	92	8
Equipment:				
Tools	400	400	377	23
Office equipment	400	400	1,188	(788)
Other equipment	1,200	1,200	571	629
Total equipment	2,000	2,000	2,136	(136)
Miscellaneous:				
General insurance	7,656	7,656	7,017	639
Medical and life insurance	82,839	82,839	81,181	1,658
Workers' compensation	23,215	23,215	18,319	4,896
Social security	31,000	31,000	25,688	5,312
Unemployment compensation	2,400	2,400	-	2,400
457 Deferred Contribution	8,500	8,500	6,496	2,004
Pension	28,327	28,327	28,327	-
Total miscellaneous	183,937	183,937	167,028	16,909
Total expenditures	1,023,860	1,023,860	956,760	67,100
Deficiency of revenues under expenditures	(486,860)	(486,860)	(303,682)	183,178

(Continued)

Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Utilization of fund balance	\$ -	\$ -	\$ 280	\$ 280
Transfer in:				
General Fund	486,860	486,860	486,860	-
	<u>486,860</u>	<u>486,860</u>	<u>487,140</u>	<u>280</u>
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	\$ 183,458	\$ 183,458
Fund balance - July 1, 2021			<u>19,001</u>	
Fund balance - June 30, 2022			<u><u>\$ 202,459</u></u>	
Reconciliation to GAAP basis				
	Expenditures	Revenues	Net Other Financing Sources	Fund Balance
Balance, budgetary basis, June 30, 2022	\$ 956,760	\$ 653,078	\$ 487,140	\$ 202,459
Accrued payroll	1,979	-	-	(18,651)
Encumbrances outstanding at June 30, 2021, liquidated during the year ended June 30, 2022	639	-	-	-
Encumbrances outstanding at June 30, 2021, cancelled during the year ended June 30, 2022	-	-	(280)	-
Encumbrances outstanding at June 30, 2022, charged to budgetary expenditures	(8,585)	-	-	8,585
Balance, GAAP basis, June 30, 2022	<u><u>\$ 950,793</u></u>	<u><u>\$ 653,078</u></u>	<u><u>\$ 486,860</u></u>	<u><u>\$ 192,393</u></u>

Balance Sheet - By Account - General Fund
June 30, 2022

	General Fund	Insurance Proceeds Fund	Cheshire Community Pool Fund	Totals
Assets				
Cash and cash equivalents:	\$ 17,931,977	\$ 46,786	\$ 240,143	\$ 18,218,906
Receivables:				
Property taxes, net of allowance of \$140,917	480,605	-	-	480,605
Intergovernmental	253,128	-	-	253,128
Other	1,031,602	-	-	1,031,602
Investments	15,339,736	-	-	15,339,736
Other assets	95,116	-	-	95,116
Total assets	\$ 35,132,164	\$ 46,786	\$ 240,143	\$ 35,419,093
Liabilities, Deferred Inflow of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,146,318	\$ -	\$ 17,302	\$ 2,163,620
Accrued payroll	7,216,694	-	30,448	7,247,142
Unearned revenue	47,147	-	-	47,147
Total liabilities	9,410,159	-	47,750	9,457,909
Deferred inflows of resources:				
Advance tax collections	7,283,170	-	-	7,283,170
Leases	732,608	-	-	732,608
Unavailable resources	440,088	-	-	440,088
Total deferred inflows of resources	8,455,866	-	-	8,455,866
Fund balances:				
Nonspendable	95,116	-	-	95,116
Assigned	4,073,145	46,786	192,393	4,312,324
Unassigned	13,097,878	-	-	13,097,878
Total fund balances	17,266,139	46,786	192,393	17,505,318
Total liabilities, deferred inflows of resources and fund balances	\$ 35,132,164	\$ 46,786	\$ 240,143	\$ 35,419,093

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund
For the Year Ended June 30, 2022

	General Fund	Insurance Proceeds Fund	Cheshire Community Pool Fund	Eliminations	Totals
Revenues:					
Property taxes	\$ 98,172,328	\$ -	\$ -	\$ -	\$ 98,172,328
Intergovernmental	31,459,841	-	-	-	31,459,841
Investment income	241,387	165	-	-	241,552
Net increase (decrease) in the fair value of investments	(1,003,202)	-	-	-	(1,003,202)
Charges for services	3,080,633	23,098	653,078	-	3,756,809
Other	286,656	-	-	-	286,656
Total revenues	132,237,643	23,263	653,078	-	132,913,984
Expenditures:					
Administration and finance	13,921,872	-	-	-	13,921,872
Planning and development	513,128	-	-	-	513,128
Public safety	7,766,411	-	-	-	7,766,411
Public works	6,801,258	2,813	-	-	6,804,071
Public health	641,717	-	-	-	641,717
Social services	995,453	-	-	-	995,453
Cultural services	1,870,925	-	-	-	1,870,925
Leisure services	537,998	-	950,793	-	1,488,791
Education	89,856,276	-	-	-	89,856,276
Debt service	6,809,077	-	-	-	6,809,077
Total expenditures	129,714,115	2,813	950,793	-	130,667,721
Excess (deficiency) of revenues over expenditures	2,523,528	20,450	(297,715)	-	2,246,263
Other financing sources (uses):					
Transfers in	689,712	-	486,860	(486,860)	689,712
Transfers out	(2,486,860)	-	-	486,860	(2,000,000)
Net other financing sources (uses)	(1,797,148)	-	486,860	-	(1,310,288)
Net change in fund balances	726,380	20,450	189,145	-	935,975
Fund balances, beginning of year July 1, 2021	16,539,759	26,336	3,248	-	16,569,343
Fund balances, end of year June 30, 2022	\$ 17,266,139	\$ 46,786	\$ 192,393	\$ -	\$ 17,505,318

**Schedule of Property Taxes Levied, Collected and Outstanding
For the Year Ended June 30, 2022**

Grand List Year	Balance Uncollected July 1, 2021	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections					Balance Uncollected June 30, 2022
			Additions	Deletions			Taxes	Overpayments	Net Taxes Collected	Interest and Lien Fees	Total	
2005	\$ 610	\$ -	\$ -	\$ 610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178	\$ 178	\$ -
2006	2,613	-	-	-	-	2,613	1,770	-	1,770	1,021	2,791	843
2007	2,596	-	-	-	-	2,596	1,739	-	1,739	934	2,673	857
2008	3,428	-	-	-	-	3,428	1,873	-	1,873	873	2,746	1,555
2009	3,424	-	-	-	-	3,424	1,821	-	1,821	1,280	3,101	1,603
2010	4,057	-	-	-	-	4,057	1,866	-	1,866	1,793	3,659	2,191
2011	7,776	-	-	-	-	7,776	1,907	(8)	1,915	1,014	2,929	5,861
2012	10,307	-	-	-	-	10,307	4,358	(8)	4,366	1,121	5,487	5,941
2013	17,899	-	-	63	-	17,836	4,492	60	4,432	2,181	6,613	13,404
2014	19,639	-	-	58	-	19,581	4,665	56	4,609	2,281	6,890	14,972
2015	31,411	-	-	147	-	31,264	9,792	50	9,742	5,126	14,868	21,522
2016	28,646	-	-	144	-	28,502	14,869	1,445	13,424	5,664	19,088	15,078
2017	29,943	-	154	147	-	29,950	13,430	(489)	13,919	3,867	17,786	16,031
2018	32,506	-	1,536	41,092	-	(7,050)	(23,768)	(679)	(23,089)	8,620	(14,469)	16,039
2019	280,525	-	2,880	53,747	58,458	171,200	116,605	(36,117)	152,722	41,724	194,446	18,478
2020	-	97,781,079	236,514	321,240	2,550	97,693,803	97,445,579	33,633	97,411,946	223,051	97,634,997	281,857
	\$ 475,380	\$ 97,781,079	\$ 241,084	\$ 417,248	\$ 61,008	\$ 98,019,287	\$ 97,600,998	\$ (2,057)	\$ 97,603,055	\$ 300,728	\$ 97,903,783	\$ 416,232

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Special Grants Fund

To account for expenditures of grants not otherwise accounted for in another fund.

School Cafeteria Fund

To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and State grants, and USDA food donations.

Sewer and Water Assessment Fund

To account for the financing of sanitary sewer and water improvements deemed to benefit owner properties.

Senior Citizens Minibus Fund

To account for rider fare collections from the operation of the senior minibus. Periodic expenditures for new minibuses are charged to this fund.

Water Pollution Control Fund

To account for the collection of user charges to support the cost of operating the Town's sewer operations.

Educational Programs Fund

To account for State and Federal education grant activities and Cheshire Adult Education, Summer School, and other programs.

Emergency Fuel Bank Fund

To account for fuel expenditures for needy families.

General Town Funds

To account for gifts or donations to the Town for specific purposes.

Annie Peck Fund

Established in 1978 to provide for the improvement and betterment of the Cheshire Public Schools.

Julia Tompkins Fund

Established in January 1896 to purchase library books.

Student Activities Fund

To account for monies from various self-funding school activity programs.

CRRA Fund

To account for funds distributed from the Connecticut Resource Recovery Authority, a five-town, trash-to-energy plant consortium, set aside for future expense.

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital & Nonrecurring Expenditures Fund

To account for funds set aside for future capital improvements.

Turf Fund

To account for funding the future replacement of the existing synthetic turf field at Cheshire High School.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Parks and Recreation Fund

Established in January 1987 to support Parks and Recreation Department activities.

James A. Darcey Memorial Fund

Established in October 1966 to provide a scholarship for mathematics students at Darcey School.

Various Endowment Funds

Established to account for various library and other endowments.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue											
	Special Grants Fund	School Cafeteria Fund	Sewer and Water Assessment Fund	Senior Citizens Minibus Fund	Water Pollution Control Fund	Educational Programs Fund	Emergency Fuel Bank Fund	General Town Funds	Annie Peck Fund	Julia Tompkins Fund	Student Activities Fund	CRRA Fund
Assets												
Cash and cash equivalents	\$ 171,446	\$ 819,354	\$ 2,702	\$ 16,706	\$ 1,568,789	\$ 151,861	\$ 21,190	\$ 964,489	\$ 87,150	\$ 23,974	\$ 790,130	\$ 273,402
Receivables:												
Assessment and user charges	-	-	95,744	-	92,039	-	-	-	-	-	-	-
Intergovernmental	772,654	422,792	-	-	7,010	517,127	-	-	-	-	-	-
Other	-	6,017	-	-	15,000	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-	-	590,829	59,903	-	-
Inventory	-	53,820	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 944,100	\$ 1,301,983	\$ 98,446	\$ 16,706	\$ 1,682,838	\$ 668,988	\$ 21,190	\$ 964,489	\$ 677,979	\$ 83,877	\$ 790,130	\$ 273,402
Liabilities and deferred inflows of resources												
Liabilities:												
Accounts payable	\$ 777,049	\$ -	\$ -	\$ -	\$ 137,682	\$ 240,748	\$ -	\$ 24,663	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	35,980	-	-	-	-	-	-	-
Unearned revenue	167,051	76,321	-	-	-	183,340	-	-	-	-	-	-
Total liabilities	944,100	76,321	-	-	173,662	424,088	-	24,663	-	-	-	-
Deferred inflows of resources:												
Unavailable resources	-	-	95,744	-	92,039	223,186	-	-	-	-	-	-
Total deferred inflows of resources	-	-	95,744	-	92,039	223,186	-	-	-	-	-	-
Fund balances:												
Nonspendable	-	53,820	-	-	-	-	-	-	-	-	-	-
Restricted	-	1,171,842	2,702	16,706	1,311,630	21,714	21,190	939,826	677,979	83,877	790,130	273,402
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	105,507	-	-	-	-	-	-	-
Total fund balances	-	1,225,662	2,702	16,706	1,417,137	21,714	21,190	939,826	677,979	83,877	790,130	273,402
Total liabilities, deferred inflows and fund balances	\$ 944,100	\$ 1,301,983	\$ 98,446	\$ 16,706	\$ 1,682,838	\$ 668,988	\$ 21,190	\$ 964,489	\$ 677,979	\$ 83,877	\$ 790,130	\$ 273,402

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Capital Projects		Permanent Funds			
	Capital & Nonrecurring Expenditures Fund	Turf Fund	Parks and Recreation Fund	James A. Darcey Memorial Fund	Various Endowment Funds	Totals
Assets						
Cash and cash equivalents	\$ 1,835,748	\$ 42,400	\$ 39,154	\$ 3,611	\$ 12,024	\$ 6,824,130
Receivables:						
Assessment and user charges	-	3,438	-	-	-	191,221
Intergovernmental	-	-	-	-	-	1,719,583
Other	-	-	-	-	-	21,017
Certificates of deposit	-	-	-	-	50,075	700,807
Inventory	-	-	-	-	-	53,820
Total assets	<u>\$ 1,835,748</u>	<u>\$ 45,838</u>	<u>\$ 39,154</u>	<u>\$ 3,611</u>	<u>\$ 62,099</u>	<u>\$ 9,510,578</u>
Liabilities and deferred inflows of resources						
Liabilities:						
Accounts payable	\$ 209,975	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,391,317
Accrued payroll	-	-	-	-	-	35,980
Unearned revenue	-	-	-	-	-	426,712
Total liabilities	<u>209,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,854,009</u>
Deferred inflows of resources:						
Unavailable resources	-	-	-	-	-	410,969
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,969</u>
Fund balances:						
Nonspendable	-	-	17,361	1,000	60,000	132,181
Restricted	-	-	21,793	2,611	899	5,336,301
Committed	1,432,599	45,838	-	-	-	1,478,437
Assigned	193,174	-	-	-	-	298,681
Total fund balances	<u>1,625,773</u>	<u>45,838</u>	<u>39,154</u>	<u>3,611</u>	<u>60,899</u>	<u>7,245,600</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,835,748</u>	<u>\$ 45,838</u>	<u>\$ 39,154</u>	<u>\$ 3,611</u>	<u>\$ 62,099</u>	<u>\$ 9,510,578</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue											
	Special Grants Fund	School Cafeteria Fund	Sewer and Water Assessment Fund	Senior Citizens Minibus Fund	Water Pollution Control Fund	Educational Programs Fund	Emergency Fuel Bank Fund	General Town Funds	Annie Peck Fund	Julia Tompkins Fund	Student Activities Fund	CRRA Fund
Revenues:												
Charges for services	\$ -	\$ 285,889	\$ 10,980	\$ 3,028	\$ 4,193,924	\$ 233,436	\$ -	\$ 29,716	\$ -	\$ -	\$ 1,205,022	\$ -
Intergovernmental	1,969,071	2,623,431	-	-	7,010	2,688,146	-	-	-	-	-	-
Investment income	-	47	22	76	-	-	117	4,712	15,246	925	-	692
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-	-	-	(43,734)	(5,600)	-	-
Contributions	1,000	-	-	615	-	12,076	439	474,430	-	-	-	-
Other	-	14,299	-	-	-	-	-	28,465	-	-	-	272,710
Total revenues	1,970,071	2,923,666	11,002	3,719	4,200,934	2,933,658	556	537,323	(28,488)	(4,675)	1,205,022	273,402
Expenditures:												
Current:												
Administration and finance	7,500	-	-	-	-	-	-	60,298	-	-	-	-
Planning and development	1,866,526	-	-	-	-	-	-	6,900	-	-	-	-
Public safety	-	-	-	-	-	-	-	499,688	-	-	-	-
Public works	-	-	-	-	2,504,547	-	-	-	-	-	-	-
Social services	68,374	-	-	625	-	-	4,917	18,329	-	-	-	-
Cultural services	27,671	-	-	-	-	-	-	8,065	-	-	-	-
Leisure services	-	-	-	-	-	-	-	8,298	-	-	-	-
Education	-	2,143,825	-	-	-	3,209,255	-	-	-	-	1,270,866	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	1,182,679	-	-	-	-	-	-	-
Total expenditures	1,970,071	2,143,825	-	625	3,687,226	3,209,255	4,917	601,578	-	-	1,270,866	-
Excess (deficiency) of revenues over expenditures	-	779,841	11,002	3,094	513,708	(275,597)	(4,361)	(64,255)	(28,488)	(4,675)	(65,844)	273,402
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(10,000)	-	(650,000)	-	-	(29,712)	-	-	-	-
Net other financing sources (uses)	-	-	(10,000)	-	(650,000)	-	-	(29,712)	-	-	-	-
Net change in fund balances	-	779,841	1,002	3,094	(136,292)	(275,597)	(4,361)	(93,967)	(28,488)	(4,675)	(65,844)	273,402
Fund balances, beginning of year July 1, 2021	-	445,821	1,700	13,612	1,553,429	297,311	25,551	1,033,793	706,467	88,552	855,974	-
Fund balances, end of year June 30, 2022	\$ -	\$ 1,225,662	\$ 2,702	\$ 16,706	\$ 1,417,137	\$ 21,714	\$ 21,190	\$ 939,826	\$ 677,979	\$ 83,877	\$ 790,130	\$ 273,402

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Capital Projects		Permanent Funds			
	Capital & Nonrecurring Expenditures Fund	Turf Fund	Parks and Recreation Fund	James A. Darcey Memorial Fund	Various Endowment Funds	Totals
Revenues:						
Charges for services	\$ 9,801	\$ 4,798	\$ -	\$ -	\$ -	\$ 5,976,594
Intergovernmental	-	-	-	-	-	7,287,658
Investment income	9,384	205	194	18	1,254	32,892
Net increase (decrease) in the fair value of investments	-	-	-	-	-	(49,334)
Contributions	-	-	-	-	-	488,560
Other	-	-	-	-	-	315,474
Total revenues	19,185	5,003	194	18	1,254	14,051,844
Expenditures:						
Current:						
Administration and finance	-	-	-	-	-	67,798
Planning and development	-	-	-	-	-	1,873,426
Public safety	-	-	-	-	-	499,688
Public works	-	-	-	-	-	2,504,547
Social services	-	-	-	-	-	92,245
Cultural services	-	-	-	-	-	35,736
Leisure services	-	-	-	-	-	8,298
Education	-	-	-	-	2,797	6,626,743
Capital outlay	1,017,497	-	-	-	-	1,017,497
Debt service	-	-	-	-	-	1,182,679
Total expenditures	1,017,497	-	-	-	2,797	13,908,657
Excess (deficiency) of revenues over expenditures	(998,312)	5,003	194	18	(1,543)	143,187
Other financing sources (uses):						
Transfers in	1,000,000	-	-	-	-	1,000,000
Transfers out	-	-	-	-	-	(689,712)
Net other financing sources (uses)	1,000,000	-	-	-	-	310,288
Net change in fund balances	1,688	5,003	194	18	(1,543)	453,475
Fund balances, beginning of year July 1, 2021	1,624,085	40,835	38,960	3,593	62,442	6,792,125
Fund balances, end of year June 30, 2022	\$ 1,625,773	\$ 45,838	\$ 39,154	\$ 3,611	\$ 60,899	\$ 7,245,600

**Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Sewer use	\$ 3,987,783	\$ 3,987,783	\$ 4,013,379	\$ 25,596
Sewer use interest and liens	24,800	24,800	33,543	8,743
Connection fees	50,000	50,000	48,600	(1,400)
Plan reviews application fees	-	-	200	200
Discharge fees	-	-	2,721	2,721
Septic waste dump permits	85,000	85,000	95,200	10,200
Nitrogen credits	-	-	7,010	7,010
Other revenues	-	-	281	281
Total revenues	4,147,583	4,147,583	4,200,934	53,351
Expenditures:				
Personnel Services:				
Full-time	588,488	588,488	631,374	(42,886)
Part-time	25,033	25,033	-	25,033
Overtime	45,000	88,000	87,556	444
Salary Diff/Perf	22,270	22,270	22,829	(559)
Salary adjustment	24,786	24,786	-	24,786
Total personnel services	705,577	748,577	741,759	6,818
Supplies and services:				
Office supplies	1,185	1,185	1,649	(464)
Building materials	4,025	4,025	4,837	(812)
Automotive and equipment supplies	113,000	243,000	242,078	922
Program supplies	169,000	265,000	264,231	769
Postage	100	100	55	45
Advertising	900	900	164	736
Printing	250	250	293	(43)
Gasoline/diesel	18,000	18,000	6,977	11,023
Personnel expense	9,550	9,550	8,662	888
Training	2,500	2,500	1,171	1,329
Reference material	125	125	-	125
Other	200	200	-	200
Total supplies and services	318,835	544,835	530,117	14,718
Utilities:				
Telephone	14,000	14,000	8,588	5,412
Electric	398,000	398,000	433,814	(35,814)
Gas	4,000	4,000	4,516	(516)
Heating Oil	70,000	70,000	51,009	18,991
Water	25,000	25,000	32,004	(7,004)
Total utilities	511,000	511,000	529,931	(18,931)

(Continued)

Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Contracted services:				
Consultants	\$ 25,250	\$ 25,250	\$ 2,072	\$ 23,178
Construction	16,600	16,600	23,338	(6,738)
Automotive and equipment maintenance	58,400	65,400	95,379	(29,979)
Property maintenance	3,500	3,500	19,263	(15,763)
Rentals and leases	4,000	4,000	4,740	(740)
Other contract services	203,600	203,600	195,136	8,464
Total contracted services	311,350	318,350	339,928	(21,578)
Professional services:				
Dues	700	700	485	215
Meetings and seminars	1,300	1,300	-	1,300
Mileage	6,230	6,230	2,795	3,435
Total professional services	8,230	8,230	3,280	4,950
Equipment:				
Other equipment	500	500	-	500
Total equipment	500	500	-	500
Debt:				
Clean Water Fund	1,182,679	1,182,679	1,182,679	-
Miscellaneous:				
General insurance	75,172	75,172	69,156	6,016
Medical and life insurance	160,769	160,769	160,457	312
Workers' compensation	38,356	38,356	30,266	8,090
Social security	55,000	55,000	54,991	9
Pension	125,680	125,680	125,680	-
457 Deferred Contributions	6,500	6,500	7,379	(879)
Total miscellaneous	461,477	461,477	447,929	13,548
Total expenditures	3,499,648	3,775,648	3,775,623	25
Excess of revenues over expenditures	647,935	371,935	425,311	53,376

(Continued)

Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Utilization of fund balance	\$ 2,065	\$ 278,065	\$ -	\$ (278,065)
Transfers out:				
General Fund	(650,000)	(650,000)	(650,000)	-
Net other financing uses	(647,935)	(371,935)	(650,000)	(278,065)
 Excess of revenues and other financing sources over expenditures and other financing uses	 \$ -	 \$ -	 \$ (224,689)	 \$ (224,689)
 Fund balance, beginning of year			<u>1,560,755</u>	
 Fund balance, end of year			<u><u>\$ 1,336,066</u></u>	
 Reconciliation to GAAP Basis				
	Expenditures	Net Other Financing Sources	Fund Balance	
Balance, budgetary basis - June 30, 2022	\$ 3,775,623	\$ (650,000)	\$ 1,336,066	
Accrued payroll	7,168	-	(14,494)	
Encumbrances outstanding at June 30, 2022, charged to budgetary expenditures	(95,565)	-	95,565	
Balance, GAAP basis, June 30, 2022	<u><u>\$ 3,687,226</u></u>	<u><u>\$ (650,000)</u></u>	<u><u>\$ 1,417,137</u></u>	

Internal Service Funds

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of the Town to other departments or agencies of the Town on a cost reimbursement basis.

Health Insurance Fund

This fund is used to account for self-insured medical benefits provided for the Town's employees.

Heart & Hypertension Fund

This fund is used to account for the self-insured funding for heart and hypertension claims.

Combining Statement of Net Position (Deficits) - Internal Service Funds
June 30, 2022

	Health Insurance	Heart & Hypertension	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,456,276	\$ 246,807	\$ 3,703,083
Accounts receivable	413,691	-	413,691
Total assets	<u>3,869,967</u>	<u>246,807</u>	<u>4,116,774</u>
Liabilities			
Current liabilities:			
Claims payable	1,282,604	182,860	1,465,464
Total current liabilities	<u>1,282,604</u>	<u>182,860</u>	<u>1,465,464</u>
Noncurrent liabilities:			
Claims payable	-	2,755,614	2,755,614
Total noncurrent liabilities	<u>-</u>	<u>2,755,614</u>	<u>2,755,614</u>
Total liabilities	<u>1,282,604</u>	<u>2,938,474</u>	<u>4,221,078</u>
Net position (deficits):			
Unrestricted	<u>\$ 2,587,363</u>	<u>\$ (2,691,667)</u>	<u>\$ (104,304)</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficits) -
Internal Service Funds
For the Year Ended June 30, 2022**

	Health Insurance	Heart & Hypertension	Total
Operating revenues:			
Charges for services	\$ 16,792,849	\$ 150,000	\$ 16,942,849
Total operating revenues	<u>16,792,849</u>	<u>150,000</u>	<u>16,942,849</u>
Operating expenses:			
Claims incurred	14,183,144	972,364	15,155,508
Administration	1,636,763	-	1,636,763
Total operating expenses	<u>15,819,907</u>	<u>972,364</u>	<u>16,792,271</u>
Operating income/(loss)	972,942	(822,364)	150,578
Nonoperating revenue:			
Investment income	9,642	1,001	10,643
Total nonoperating revenue	<u>9,642</u>	<u>1,001</u>	<u>10,643</u>
Change in net position	982,584	(821,363)	161,221
Net position (deficits), beginning	<u>1,604,779</u>	<u>(1,870,304)</u>	<u>(265,525)</u>
Net position (deficits), ending	<u>\$ 2,587,363</u>	<u>\$ (2,691,667)</u>	<u>\$ (104,304)</u>

**Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2022**

	Health Insurance	Heart & Hypertension	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 16,704,113	\$ 150,000	\$ 16,854,113
Payments for claims	(14,050,094)	(120,142)	(14,170,236)
Payments for administration	(1,636,763)	-	(1,636,763)
Net cash provided by operating activities	1,017,256	29,858	1,047,114
Cash flows from investing activities:			
Investment income	9,642	1,001	10,643
Net cash provided by investing activities	9,642	1,001	10,643
Net increase in cash and cash equivalents	1,026,898	30,859	1,057,757
Cash and cash equivalents:			
Beginning	2,429,378	215,948	2,645,326
Ending	<u>\$ 3,456,276</u>	<u>\$ 246,807</u>	<u>\$ 3,703,083</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:			
Operating loss income/(loss)	\$ 972,942	\$ (822,364)	\$ 150,578
Adjustments to reconcile operating income/(loss) income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	(88,736)	-	(88,736)
Increase in claims payable	133,050	852,222	985,272
Net cash provided by operating activities	\$ 1,017,256	\$ 29,858	\$ 1,047,114

**Capital Assets Used in the Operation
of Governmental Funds**

**Capital Assets Used in the Operation of Governmental Funds - Schedule by Category
June 30, 2022**

Capital Assets	
Land	\$ 25,310,762
Land Improvements	7,733,999
Buildings and Improvements	178,076,196
Vehicles	14,757,393
Machinery and Equipment	19,763,764
Infrastructure	123,928,706
Right of Use - Leased Asset	197,824
Construction in Progress	6,582,937
Total capital assets	<u>\$ 376,351,581</u>

Capital Assets Used in the Operation of Governmental Funds - Schedule by Function and Activity
June 30, 2022

	Land	Land Improvements	Buildings and Improvements	Vehicles	Machinery and Equipment	Infrastructure	Right of Use Leased Asset	Construction In Progress	Total
Administration and Finance									
Town Clerk	\$ -	\$ -	\$ -	\$ -	\$ 60,454	\$ -	\$ -	\$ -	\$ 60,454
Finance Department	-	-	5,550	21,620	135,969	-	-	-	163,139
Information Technology	-	-	9,960	-	3,852,329	-	-	-	3,862,289
General Services	-	-	-	-	225,234	-	147,331	-	372,565
Unclassified (Land, Buildings and Equipment)	17,635,511	253,382	5,614,222	-	6,567	-	-	4,892	23,514,574
Total administration and finance	17,635,511	253,382	5,629,732	21,620	4,280,553	-	147,331	4,892	27,973,021
Public Safety									
Police Department	25,000	90,592	3,667,220	1,772,059	5,563,740	-	50,493	1,680,757	12,849,861
Animal Control	-	-	253,771	-	-	-	-	-	253,771
Fire Department	175,000	117,791	4,082,836	5,873,575	1,442,149	-	-	-	11,691,351
Building Department	-	-	-	24,436	12,000	-	-	-	36,436
Total public safety	200,000	208,383	8,003,827	7,670,070	7,017,889	-	50,493	1,680,757	24,831,419
Public Works									
Public Works Department	40,000	1,657,208	1,354,241	4,897,227	2,183,118	98,682,171	-	231,686	109,045,651
Water Pollution Control Department	246,113	-	76,193,456	755,187	1,132,360	20,844,968	-	-	99,172,084
Total public works	286,113	1,657,208	77,547,697	5,652,414	3,315,478	119,527,139	-	231,686	208,217,735
Social Services									
Human Services Department	-	-	3,422,630	273,337	79,865	-	-	-	3,775,832
Cultural Services									
Library	-	-	4,701,115	-	273,650	-	-	8,105	4,982,870
Fine Arts	-	38,199	179,636	-	-	-	-	-	217,835
Total cultural services	-	38,199	4,880,751	-	273,650	-	-	8,105	5,200,705
Leisure Services									
Recreation Department	6,767,569	1,610,968	1,867,167	337,137	1,187,871	4,230,023	-	153,394	16,154,129
Community Pool	-	-	8,050,666	-	589,047	-	-	-	8,639,713
Total leisure services	6,767,569	1,610,968	9,917,833	337,137	1,776,918	4,230,023	-	153,394	24,793,842
Board of Education	421,569	3,965,859	68,673,726	802,815	3,019,411	171,544	-	4,504,103	81,559,027
Total governmental fund capital assets	\$ 25,310,762	\$ 7,733,999	\$ 178,076,196	\$ 14,757,393	\$ 19,763,764	\$ 123,928,706	\$ 197,824	\$ 6,582,937	\$ 376,351,581

**Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes by
Function and Activity
For the Year Ended June 30, 2022**

	Balance July 1, 2021	Additions and Transfers	Retirements and Transfers	Balance June 30, 2022
Administration and Finance				
Town Clerk	\$ 55,271	\$ 5,183	\$ -	\$ 60,454
Finance Department	163,139	-	-	163,139
Information Technology	3,457,278	405,011	-	3,862,289
General Services	225,234	147,331	-	372,565
Unclassified (Land, Buildings and Equipment)	23,486,373	28,201	-	23,514,574
Total administration and finance	27,387,295	585,726	-	27,973,021
Public Safety				
Police Department	10,997,964	3,464,371	1,612,474	12,849,861
Animal Control	253,771	-	-	253,771
Fire Department	11,557,844	133,507	-	11,691,351
Building Department	36,436	-	-	36,436
Total public safety	22,846,015	3,597,878	1,612,474	24,831,419
Public Works				
Public Works Department	106,964,601	2,081,050	-	109,045,651
Water Pollution Control Department	99,172,084	-	-	99,172,084
Total public works	206,136,685	2,081,050	-	208,217,735
Social Services				
Human Services Department	3,758,022	17,810	-	3,775,832
Cultural Services				
Library	4,982,870	-	-	4,982,870
Fine Arts	217,835	-	-	217,835
Total cultural services	5,200,705	-	-	5,200,705
Leisure Services				
Recreation Department	16,000,735	153,394	-	16,154,129
Community Pool	8,648,213	-	8,500	8,639,713
Total leisure services	24,648,948	153,394	8,500	24,793,842
Board of Education	77,744,035	3,814,992	-	81,559,027
Total capital assets	\$ 367,721,705	\$ 10,250,850	\$ 1,620,974	\$ 376,351,581

Statistical Section

Statistical Section

This part of the Town of Cheshire, Connecticut's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Net Position By Component - Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
Governmental Activities:										
Net Investment in capital assets	\$ 110,294,953	\$ 113,675,721	\$ 121,424,000	\$ 127,363,312	\$ 131,262,714	\$ 133,703,530	\$ 134,074,656	\$ 135,551,634	\$ 136,291,559	\$ 140,388,311
Restricted	3,351,640	3,636,333	3,933,825	4,945,248	4,101,651	4,265,750	3,683,661	3,942,340	17,489,718	6,295,262
Unrestricted	11,704,163	7,057,990	(23,149,886)	(24,136,381)	(23,698,130)	(49,344,377)	(49,908,022)	(57,153,933)	73,146,527	(62,936,503)
Total governmental activities net position	\$ 125,350,756	\$ 124,370,044	\$ 102,207,939	\$ 108,172,179	\$ 111,666,235	\$ 88,624,903	\$ 87,850,295	\$ 82,340,041	\$ 226,927,804	\$ 83,747,070

*Restated due to implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.

**Restated due to implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
Administration & finance	\$ 5,445,765	\$ 6,353,409	\$ 6,264,237	\$ 6,634,110	\$ 6,693,198	\$ 6,386,014	\$ 6,861,014	\$ 6,869,231	\$ 6,801,826	\$ 6,155,293
Planning & development	689,236	721,735	797,223	930,029	819,757	703,590	788,458	1,521,494	739,382	2,524,873
Public safety	10,362,976	12,046,881	11,990,878	12,438,366	12,961,503	14,745,098	13,914,629	14,894,185	15,404,799	16,922,870
Public works	10,504,567	10,904,070	10,583,909	11,174,627	11,762,514	12,712,326	13,494,772	14,046,943	14,376,364	14,668,818
Public health	441,501	428,576	449,181	451,549	391,980	495,603	510,448	508,249	522,637	641,717
Social services	1,276,341	1,329,712	1,274,402	1,376,240	1,457,591	1,521,821	1,756,722	1,921,176	1,760,825	1,737,914
Cultural services	2,634,244	2,748,966	2,674,653	2,870,852	2,866,872	2,797,294	2,897,237	3,312,161	3,030,855	2,881,839
Leisure services	2,558,953	2,358,065	2,753,641	2,774,837	1,753,481	1,914,792	2,062,647	2,486,269	2,277,124	2,186,080
Education	73,491,497	78,515,780	78,870,598	80,770,281	86,572,729	88,044,705	81,540,816	96,373,430	105,455,175	93,247,357
Interest on long term debt	2,101,694	2,388,430	1,748,819	1,723,391	1,831,662	3,634,291	2,400,824	2,486,680	2,455,497	725,654
Total governmental activities expenses	\$ 109,506,774	\$ 117,795,624	\$ 117,407,541	\$ 121,144,282	\$ 127,111,287	\$ 132,955,534	\$ 126,227,567	\$ 144,419,818	\$ 152,824,484	\$ 141,692,415
Program revenue:										
Governmental activities:										
Charges for services:										
Administration & finance	\$ 899,713	\$ 596,946	\$ 700,452	\$ 692,390	\$ 887,473	\$ 688,812	\$ 876,982	\$ 767,007	\$ 1,037,068	\$ 878,528
Planning & development	32,159	81,412	30,532	32,588	18,125	18,783	31,003	40,441	60,799	35,785
Public safety	522,044	630,367	480,136	578,757	553,737	619,785	748,169	817,293	961,214	1,169,491
Public works	3,596,065	3,434,092	3,408,514	3,493,957	3,641,691	5,498,936	4,105,379	4,156,844	4,295,163	4,209,536
Social services	28,430	33,523	31,600	35,886	37,900	40,127	41,964	28,695	9,011	21,382
Cultural services	137,794	137,422	136,826	146,114	150,524	144,996	141,263	88,076	55,151	133,205
Leisure services	701,249	578,907	482,668	644,318	872,964	842,924	954,381	583,084	538,386	923,823
Education	2,009,812	2,106,708	2,131,968	2,091,695	2,094,650	2,065,199	2,131,924	1,630,759	1,338,576	2,340,935
Operating grants and contributions:										
Administration & finance	6,525	150,640	7,534	4,040	5,043	5,039	6,500	30,962	89,304	7,500
Planning & development	243	1,151	108,593	189,478	89,105	21,242	35,205	692,071	10,155	1,866,526
Public safety	449,851	390,512	506,706	513,849	451,782	492,673	475,080	558,321	700,803	1,187,682
Public works	594,281	431,140	724,176	965,720	643,301	743,416	811,751	601,377	593,478	2,235,936
Social services	49,875	49,585	49,610	56,176	221,257	181,769	336,340	234,636	141,761	140,370
Cultural services	28,537	74,051	28,276	21,390	26,279	17,402	34,653	12,961	13,305	34,600
Leisure services	10,447	59,593	30,913	8,999	20,236	47,265	14,422	12,607	20,220	2,510
Education	18,968,192	20,288,963	20,962,865	20,725,389	24,471,091	24,474,235	16,677,834	27,961,669	37,452,248	24,868,560
Capital grants and contributions:										
Administration & finance	-	-	-	-	-	-	-	-	202,500	-
Planning & development	309,242	142,661	225,531	14,600	485,400	-	-	-	-	-
Public safety	-	-	-	-	-	122,962	-	-	610,849	-
Public works	732,363	2,013,780	4,887,408	3,744,121	2,246,267	1,044,502	70,878	1,232	1,943,000	691,888
Social services	-	-	-	96,168	-	-	-	-	-	-
Cultural services	-	-	-	-	-	-	-	250,000	-	-
Leisure services	-	-	196,140	1,975,468	130,018	-	44,993	-	-	75,000
Education	42,987	23,942	82,872	60,494	(60,494)	-	-	-	-	-
Total governmental activities program revenue	\$ 29,119,809	\$ 31,225,395	\$ 35,213,320	\$ 36,091,597	\$ 36,986,349	\$ 37,070,067	\$ 27,538,721	\$ 38,468,035	\$ 50,072,991	\$ 40,823,257
Net (expense) revenue:										
Governmental activities	\$ (80,386,965)	\$ (86,570,229)	\$ (82,194,221)	\$ (85,052,685)	\$ (90,124,938)	\$ (95,885,467)	\$ (98,688,846)	\$ (105,951,783)	\$ (102,751,493)	\$ (100,869,158)

(Continued)

Town of Cheshire, Connecticut

Table 2

Changes In Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes										
in net position:										
Governmental activities:										
Property taxes	\$ 78,076,641	\$ 79,657,754	\$ 82,009,841	\$ 84,033,687	\$ 86,373,890	\$ 88,806,576	\$ 91,357,476	\$ 93,704,482	\$ 94,778,480	\$ 98,161,958
Grants and contributions not										
restricted to specific programs	5,679,479	5,479,023	5,947,447	5,902,772	6,265,739	5,203,968	5,035,395	5,057,965	5,067,972	5,937,484
Unrestricted investment earnings/(Losses)	163,348	164,417	196,251	209,938	305,153	661,294	1,076,793	1,333,212	82,368	(751,071)
Loss on sale of capital assets	-	-	-	(301,042)	(91,316)	-	-	-	-	-
Miscellaneous	502,057	288,323	355,882	1,171,570	765,528	808,331	444,574	345,870	369,067	633,107
Total governmental activities										
general revenue	\$ 84,421,525	\$ 85,589,517	\$ 88,509,421	\$ 91,016,925	\$ 93,618,994	\$ 95,480,169	\$ 97,914,238	\$ 100,441,529	\$ 100,297,887	\$ 103,981,478
Changes in net position:										
Governmental activities	\$ 4,034,560	\$ (980,712)	\$ 6,315,200	\$ 5,964,240	\$ 3,494,056	\$ (405,298)	\$ (774,608)	\$ (5,510,254)	\$ (2,453,606)	\$ 3,112,320

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function / Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Administration & finance	\$ 906,238	\$ 747,586	\$ 707,986	\$ 696,430	\$ 892,516	\$ 892,516	\$ 883,482	\$ 797,969	\$ 1,328,872	\$ 886,028
Planning & development	341,644	225,224	364,656	236,666	592,630	592,630	66,208	732,512	70,954	1,902,311
Public safety	971,895	1,020,879	986,842	1,092,606	1,005,519	1,005,519	1,223,249	1,375,614	2,272,866	2,301,356
Public works	4,922,709	5,879,012	9,020,098	8,203,798	6,531,259	6,531,259	4,988,008	4,759,453	6,831,641	7,137,360
Social services	78,305	83,108	81,210	188,230	259,157	259,157	378,304	263,331	150,772	161,752
Cultural services	166,331	211,473	165,102	167,504	176,803	176,803	175,916	351,037	68,456	167,805
Leisure services	711,696	638,500	709,721	2,628,785	1,023,218	1,023,218	1,013,796	595,691	558,606	1,001,333
Education	21,020,991	22,419,613	23,177,705	22,877,578	26,505,247	26,505,247	18,809,758	29,592,428	38,790,824	27,209,495
Total governmental activities	\$ 29,119,809	\$ 31,225,395	\$ 35,213,320	\$ 36,091,597	\$ 36,986,349	\$ 36,986,349	\$ 27,538,721	\$ 38,468,035	\$ 50,072,991	\$ 40,767,440

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 97,636	\$ 81,848	\$ 82,760	\$ 76,554	\$ 1,310,489	\$ 90,257	\$ 87,295	\$ 108,367	\$ 86,667	\$ 95,116
Committed	500,000	500,000	250,000	100,000	25,000	25,000	-	-	-	-
Assigned	2,559,828	2,577,811	2,503,625	2,231,241	2,574,820	2,354,385	3,286,150	4,346,372	4,361,022	4,312,324
Unassigned	9,234,697	9,009,206	9,113,228	9,397,574	8,358,973	10,580,697	11,061,533	12,143,891	12,121,654	13,097,878
Total general fund	\$ 12,392,161	\$ 12,168,865	\$ 11,949,613	\$ 11,805,369	\$ 12,269,282	\$ 13,050,339	\$ 14,434,978	\$ 16,598,630	\$ 16,569,343	\$ 17,505,318
All Other Governmental Funds:										
Nonspendable	\$ 111,328	\$ 119,392	\$ 104,760	\$ 113,569	\$ 111,327	\$ 112,363	\$ 102,749	\$ 118,045	\$ 110,871	\$ 152,181
Restricted	6,570,722	12,704,829	13,349,172	5,400,071	13,955,636	9,103,234	13,789,449	8,620,181	16,465,239	9,660,101
Committed	7,108,716	6,904,352	7,762,268	7,633,376	8,467,512	6,085,115	5,677,382	4,552,351	5,202,481	4,721,563
Assigned	114,493	472,711	356,056	443,040	190,163	666,102	628,178	57,970	152,199	298,681
Unassigned	(342,597)	(8,428,825)	(24,530,237)	(26,184,451)	(1,458,536)	-	-	(1,593,955)	(607,506)	(1,571,992)
Total all other government funds	\$ 13,562,662	\$ 11,772,459	\$ (2,957,981)	\$ (12,594,395)	\$ 21,266,102	\$ 15,966,814	\$ 20,197,758	\$ 11,754,592	\$ 21,323,284	\$ 13,260,534

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Property taxes, interest and liens, net	\$ 78,167,540	\$ 79,722,309	\$ 81,989,985	\$ 83,973,691	\$ 86,340,125	\$ 88,764,655	\$ 91,342,679	\$ 93,517,483	\$ 94,843,375	\$ 98,172,328
Charges for services	7,930,664	7,692,556	7,484,123	7,801,556	8,282,456	9,959,779	9,043,036	8,110,703	8,297,441	9,733,403
Intergovernmental	26,817,798	28,835,268	33,341,741	33,375,694	34,556,645	23,552,763	17,923,579	30,052,696	30,772,026	38,802,681
Income from investments	145,870	143,260	183,563	196,702	281,590	607,931	980,273	849,707	240,586	290,822
Net increase (decrease) in fair value of instrument	-	-	-	-	-	-	-	422,061	(166,058)	(1,052,536)
Contributions	399,826	602,884	447,916	432,199	444,388	446,825	464,784	486,068	486,393	563,560
Other	361,978	288,323	355,882	1,171,570	765,528	840,937	484,943	368,940	413,387	650,107
Total revenues	113,823,676	117,284,600	123,803,210	126,951,412	130,670,732	124,172,890	120,239,294	133,807,658	134,887,150	147,160,365
Expenditures:										
Administration & Finance	10,341,405	10,938,010	11,263,618	12,252,207	12,511,880	12,386,826	12,812,407	13,373,522	13,444,753	13,989,670
Planning & Development	493,524	512,302	619,306	724,210	624,727	552,637	577,150	1,222,202	573,571	2,386,554
Public Safety	6,521,006	6,600,886	6,795,886	7,153,668	7,136,290	7,357,623	7,606,223	7,837,593	7,956,844	8,266,099
Public Works	7,753,982	7,607,527	7,418,014	7,509,862	7,789,634	8,312,363	8,458,170	8,606,219	8,805,747	9,308,618
Public Health	441,501	428,576	449,181	451,549	458,744	495,603	510,448	508,249	522,637	641,717
Social Services	787,366	802,099	823,138	846,942	1,065,471	1,016,014	1,243,368	1,187,339	1,045,793	1,087,698
Cultural Services	1,721,490	1,785,275	1,888,415	1,953,257	1,996,769	1,925,763	1,907,510	1,975,087	1,884,684	1,906,661
Leisure Services	2,018,497	1,886,701	1,792,322	2,107,498	2,246,506	1,496,337	1,570,120	1,519,901	1,377,688	1,497,089
Education	72,441,785	75,042,375	78,051,682	79,452,307	84,570,966	78,384,529	74,935,924	85,881,432	88,364,666	96,483,019
Capital outlay	5,679,384	14,792,095	37,235,836	17,993,886	13,121,430	5,935,806	10,463,574	8,497,247	7,891,133	9,267,312
Debt Service:										
Principal	6,809,747	6,570,069	6,436,326	5,587,712	5,579,227	7,046,243	7,414,090	6,866,006	7,159,627	6,925,260
Interest	1,999,219	2,097,184	1,657,503	1,898,972	1,733,165	3,781,377	2,472,021	2,712,375	2,440,054	2,527,443
Other charges	-	143,606	86,401	116,571	152,908	-	96,703	-	139,701	-
Total expenditures	117,008,906	129,206,705	154,517,628	138,048,641	138,987,717	128,691,121	130,067,708	140,187,172	141,606,898	154,287,140
Excess of revenues (under) expenditures	(3,185,230)	(11,922,105)	(30,714,418)	(11,097,229)	(8,316,985)	(4,518,231)	(9,828,414)	(6,379,514)	(6,719,748)	(7,126,775)
Other financing sources (uses):										
Issuance of bonds	10,500,000	-	15,000,000	-	17,500,000	-	14,500,000	-	14,000,000	-
Issuance of notes	-	-	-	-	24,428,785	-	-	100,000	286,209	-
Issuance of refunding bonds	-	9,560,000	4,965,000	5,940,000	-	-	-	-	9,725,000	-
Insurance recovery	258,344	-	-	-	-	-	-	-	-	-
Issuance of debt - leases	-	9,765,000	-	1,200,000	-	-	-	-	-	-
Transfers in	2,822,365	1,790,960	2,543,696	2,091,976	2,316,343	1,980,475	2,922,463	1,893,474	3,709,989	2,689,712
Transfers out	(2,822,365)	(1,790,960)	(2,543,696)	(2,091,976)	(2,316,343)	(1,980,475)	(2,922,463)	(1,893,474)	(3,709,989)	(2,689,712)
Payments made to escrow	-	(10,079,384)	(5,272,199)	(6,318,509)	-	-	-	-	(10,659,736)	-
Premium on bonds issued	775,325	662,990	1,071,925	495,080	712,610	-	943,997	-	2,159,365	-
Total other financing sources (uses)	11,533,669	9,908,606	15,764,726	1,316,571	42,641,395	-	15,443,997	100,000	15,510,838	-
Net changes in fund balance	\$ 8,348,439	\$ (2,013,499)	\$ (14,949,692)	\$ (9,780,658)	\$ 34,324,410	\$ (4,518,231)	\$ 5,615,583	\$ (6,279,514)	\$ 8,791,090	\$ (7,126,775)
Debt service as a percentage of noncapital expenditures	8.0%	7.7%	7.0%	6.3%	5.9%	8.3%	8.0%	7.3%	7.2%	6.6%

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2022	\$ 80,349,072	\$ 5,879,200	\$ 11,758,401	\$ 97,986,673
2021	79,466,716	5,676,194	9,460,323	94,603,233
2020	79,328,988	5,599,693	8,399,540	93,328,221
2019	78,418,702	4,559,227	8,206,608	91,184,537
2018	76,180,438	4,429,095	7,972,372	88,581,905
2017	73,244,306	5,170,186	7,755,279	86,169,771
2016	71,238,881	4,190,522	8,381,045	83,810,448
2015	70,327,500	4,088,808	7,359,855	81,776,163
2014	70,053,732	3,184,261	6,368,521	79,606,514
2013	68,676,711	3,121,669	6,243,337	78,041,717
Total	<u>\$ 747,285,046</u>	<u>\$ 45,898,855</u>	<u>\$ 81,905,281</u>	<u>\$ 875,089,182</u>

Source: Town records.

Town of Cheshire, Connecticut

Table 7

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Residential Property	Commercial and Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2013	\$ 2,123,058,390	\$ 408,041,170	\$ 20,323,730	\$ 138,898,816	\$ 228,439,181	\$ 55,113,247	\$ 2,863,648,040	0.83%	27.23	\$ 2,918,761,287	98.11%
2014	2,132,578,630	408,072,560	20,617,160	150,703,701	224,043,662	54,430,814	2,881,584,899	0.63%	27.60	2,936,015,713	98.15%
2015	1,968,704,640	370,725,070	21,079,660	179,192,892	230,627,897	71,960,493	2,698,369,666	(6.40)%	30.25	2,770,330,159	97.40%
2016	1,979,857,060	374,765,890	19,409,880	193,351,512	239,420,065	80,054,500	2,726,749,907	1.05%	30.69	2,806,804,407	97.15%
2017	1,994,662,630	375,557,580	19,446,630	203,511,259	242,018,735	84,664,593	2,750,532,241	0.87%	31.19	2,835,196,834	97.01%
2018	2,014,009,300	368,364,870	18,196,100	201,916,737	248,244,450	83,005,291	2,767,726,166	0.63%	31.94	2,850,731,457	97.09%
2019	2,017,685,260	375,147,640	21,639,750	208,613,938	254,326,312	75,927,369	2,801,485,531	1.22%	32.62	2,877,412,900	97.36%
2020	2,017,244,800	375,854,480	21,639,750	208,613,938	254,375,451	75,927,369	2,801,801,050	0.01%	33.22	2,877,728,419	97.36%
2021	2,033,251,900	383,847,180	20,422,040	217,265,259	263,874,059	74,431,711	2,844,228,727	1.51%	33.22	2,918,660,438	97.45%
2022	2,041,281,449	395,880,160	20,947,560	178,122,006	329,382,850	82,777,430	2,882,836,595	1.36%	34.32/32.46*	2,965,614,025	97.21%

Source: Town Records

* Real Estate mill rate = 34.32, Motor Vehicle mill rate = 32.46

Town of Cheshire, Connecticut

Table 8

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

2022			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co	\$ 51,107,150	1	1.77%
Bozzuto's Inc	48,608,160	2	1.69%
Industrial Ave LLC	39,620,260	3	1.37%
Yankee Gas Service	17,457,660	4	0.61%
Macy Corp Services Inc	16,936,028	5	0.59%
G&I IX Cheshire LLC	14,829,890	6	0.51%
WFM Properties Cheshire	14,592,630	7	0.51%
Cheshire Surgery Center	7,974,650	8	0.28%
Cheshire ILMR LLC	7,770,000	9	0.27%
EDAC Technologies Corp	7,578,150	10	0.26%
Total	\$ 226,474,578		7.86%

2013			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Industrial Avenue LLC	\$ 38,587,680	1	1.35%
Connecticut Light & Power Co.	36,230,082	2	1.27%
CT Indy CH LLC	18,725,000	3	0.65%
Cheshire Biotech Acquisition LLC	18,417,697	4	0.64%
Macy's Corp Services Inc.	15,951,076	5	0.56%
Bozzutos, Inc.	11,942,402	6	0.42%
United Technologies Corp	9,559,472	7	0.33%
Marshall Enterprises Limited	8,580,942	8	0.30%
Cheshire ILMR LLC	8,148,340	9	0.28%
Montowese Industrial Park Inc.	6,610,900	10	0.23%
Total	\$ 172,753,591		6.03%

Source: Town Records

Town of Cheshire, Connecticut

Table 9

**Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30	Grand List Year (1)	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2011	\$ 77,777,965	\$ 77,548,720	99.705%	\$ 223,384	\$ 77,770,168	99.992%
2014	2012	79,373,263	79,201,676	99.784%	165,646	79,367,322	99.993%
2015	2013	81,616,162	81,446,709	99.792%	156,049	81,598,237	99.978%
2016	2014	83,710,090	83,523,479	99.777%	171,639	83,690,433	99.977%
2017	2015	86,093,075	85,900,838	99.777%	170,715	86,059,866	99.961%
2018	2016	88,471,517	88,279,271	99.783%	177,168	88,439,891	99.964%
2019	2017	91,015,949	90,813,622	99.778%	186,296	90,983,978	99.965%
2020	2018	93,368,389	93,037,928	99.646%	314,422	93,037,928	99.646%
2021	2019	94,572,044	94,291,519	99.703%	127,326	94,418,845	99.838%
2022	2020	97,693,803	97,411,946	99.711%	-	97,411,946	99.711%

Source: Town Tax Records

⁽¹⁾ Taxes are collectible in the year after they are levied.

⁽²⁾ Adjusted for lawful corrections and transfers to suspense.

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds ⁽¹⁾	Notes Payable	Leases Payable	Total	Percentage of Personal Income ⁽²⁾	Debt Per Capita ⁽²⁾
2013	\$ 58,250,772	\$ 4,857,861	\$ -	\$ 63,108,633	4.30%	2,070
2014	52,153,739	14,312,792	-	66,466,531	4.35%	1,827
2015	61,840,929	13,996,466	-	75,837,395	4.85%	2,113
2016	56,739,246	14,785,078	-	71,524,324	5.54%	2,415
2017	69,314,732	38,402,070	-	107,716,802	8.15%	3,682
2018	63,930,680	35,815,612	-	99,746,292	7.55%	3,410
2019	73,120,624	33,695,576	-	106,816,200	7.76%	3,649
2020	67,393,592	31,616,581	-	99,010,173	6.94%	3,397
2021	76,977,021	29,613,718	-	106,590,739	7.75%	3,641
2022	69,594,270	27,244,768	145,902	96,984,940	5.91%	3,372

Note: Details regarding the Town's outstanding debt, including general obligation bonds and notes payable, may be found in the notes to the basic financial statements.

⁽¹⁾ Presented net of original issuance discounts and premiums.

⁽²⁾ Personal income and population data can be found on the Schedule of Demographic and Economic Statistics

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds ⁽¹⁾	Less: Amount Available in Debt Service Reserve ⁽²⁾	Total	Percentage of Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2013	\$ 58,250,772	\$ 149,098	\$ 58,101,674	1.99%	\$ 1,971
2014	52,153,739	143,576	52,010,163	1.77%	1,760
2015	61,840,929	137,875	61,703,054	2.23%	2,083
2016	56,739,246	169,825	56,569,421	2.02%	1,905
2017	69,314,732	204,218	69,110,514	2.44%	2,362
2018	63,930,680	643,248	63,287,432	2.22%	2,163
2019	73,120,624	597,509	72,523,115	2.52%	2,477
2020	67,393,592	659,648	66,733,944	2.32%	2,290
2021	76,977,021	555,160	76,421,861	2.62%	2,622
2022	69,594,270	420,706	69,173,564	2.33%	2,405

Note: Details regarding the Town's outstanding debt, including general obligation bonds and notes, may be found in the notes to the basic financial statements.

⁽¹⁾ This is the general bonded debt of governmental activities, net of original issuance discounts and premiums.

⁽²⁾ This is the amount restricted for debt service principal payments.

⁽³⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

⁽⁴⁾ Population data can be found in the Schedule of Demographic and Economic Statistics.

Direct Governmental Activities Debt
For the Year Ended June 30, 2022
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 96,839,038
Lease Payable	<u>145,902</u>
Total direct debt	<u><u>\$ 96,984,940</u></u>

Sources: Town Records

Note: The Town is not subject to the debt of overlapping governments.

Note: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from Office of Policy and Management, State of Connecticut.

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 546,150,612	\$ 557,393,872	\$ 572,489,561	\$ 586,826,772	\$ 603,236,522	\$ 620,008,333	\$ 617,954,897	\$ 653,022,650	\$ 653,020,578	\$ 662,830,000
Total net debt applicable to limit	97,774,518	94,557,160	74,731,513	71,649,008	101,614,411	100,054,482	98,337,888	102,057,225	99,799,473	114,529,996
Legal debt margin	\$ 448,376,094	\$ 462,836,712	\$ 497,758,048	\$ 515,177,764	\$ 501,622,111	\$ 519,953,851	\$ 519,617,009	\$ 550,965,425	\$ 553,221,105	\$ 548,300,004
Total net debt applicable to the limit as a percentage of debt limit	17.90%	16.96%	13.05%	12.21%	16.84%	16.14%	15.91%	15.63%	15.28%	17.28%

Schedule of Debt Limitation
June 30, 2022
(Unaudited)

Total tax collections (including interest and lien fees) for year ended June 30, 2021	\$ 94,690,000
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Reimbursement for revenue loss on: Tax relief for the elderly freeze	-
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Base for debt limitation computation	<u>\$ 94,690,000</u>
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	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation: ⁽¹⁾					
2-1/4 times base	\$ 213,052,500	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	426,105,000	-	-	-
3-3/4 times base	-	-	355,087,500	-	-
3-1/4 times base	-	-	-	307,742,500	-
3 times base	-	-	-	-	284,070,000
Total debt limitation	213,052,500	426,105,000	355,087,500	307,742,500	284,070,000
Indebtedness: ⁽²⁾					
Bonds and notes	48,578,314	20,072,554	24,813,900	-	-
Leases Payable	145,902	-	-	-	-
Bonds authorized but unissued	14,807,816	5,376,510	735,000	-	-
Total net indebtedness	63,532,032	25,449,064	25,548,900	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 149,520,468	\$ 400,655,936	\$ 329,538,600	\$ 307,742,500	\$ 284,070,000

The total net indebtedness above amounts to:	<u>\$ 114,529,996</u>
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In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$ 662,830,000</u>
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⁽¹⁾ Per Connecticut General Statutes, Section 7-347(b).

⁽²⁾ There is no overlapping debt.

Source: Schedule was taken from footnote 6 in the financial statements.

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Personal Income ⁽²⁾	Median Household Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2013	29,472	\$ 42,172	\$ 1,242,893,184	\$ 107,486	42.0	4,652	6.5%
2014	29,546	42,043	1,242,202,478	106,322	43.1	4,594	5.0%
2015	29,620	43,583	1,290,928,460	107,716	42.9	4,523	3.3%
2016	29,694	44,280	1,314,850,320	106,489	43.7	4,393	4.6%
2017	29,254	45,164	1,321,227,656	108,559	45.1	4,342	2.8%
2018	29,254	45,164	1,321,227,656	108,559	45.0	4,284	2.9%
2019	29,274	47,012	1,376,229,288	107,579	45.8	4,270	2.4%
2020	29,147	48,968	1,427,270,296	112,945	46.0	4,188	4.7%
2021	29,147	52,013	1,516,022,911	120,546	46.2	4,122	5.0%
2022 ⁽⁵⁾	28,766	57,009	1,639,920,894	132,682	45.4	4,160	2.2%

(1) U.S. Census Bureau

(2) Connecticut Economic Resource Center Data Finder - Applied Geographic Solutions

(3) Cheshire Public Schools

(4) Connecticut Department of Labor

(5) FY 2022 estimates received from Advance CT

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2022			2012		
	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment ⁽³⁾
Bozzuto's Inc.	1,254	1	8.35%	1,277	1	8.78%
State of CT Dept. of Correction	1,041	2	6.93%	706	3	4.85%
Town of Cheshire (4)	966	3	6.43%	823	2	5.66%
Macy's Logistics	622	4	4.14%	400	5	3.44%
Collins Aerospace	330	5	2.20%	-	-	0.00%
Whole Foods	320	6	2.13%	-	-	0.00%
Hanwha Aerospace	265	7	1.76%	-	-	0.00%
Omnicare	220	8	1.46%	220	9	1.51%
Elim Park Baptist Home	207	9	1.38%	327	7	2.25%
Eversource	176	10	1.17%	-	-	0.00%
UTC Aerospace	-	-	0.00%	350	6	2.41%
Alexion Pharmaceuticals	-	-	0.00%	526	4	2.48%
Webster Bank	-	-	0.00%	260	8	1.79%
EOAC Technologies	-	-	0.00%	215	10	1.48%

⁽¹⁾ Full-time

⁽²⁾ Percentage of Connecticut Department of Labor Quarterly Census of Employment and Wages, by Town 2021 Q1 (15,021 jobs)

⁽³⁾ Percentage of Connecticut Department of Labor Quarterly Census of Employment and Wages, by Town 2011 (14,429 jobs)

⁽⁴⁾ Full-time equivalents

Sources: Town Records

**Full-Time Equivalent Town Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)**

Functions/Program	Fiscal Year									
	2013 (*)	2014 (*)	2015 (*)	2016 (*)	2017 (*)	2018 (*)	2019 (*)	2020 (*)	2021 (*)	2022 (*)
Administration & Finance:										
Town Manager	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Town Clerk	4.3	4.4	4.4	4.4	4.4	4.4	4.0	3.0	3.0	3.0
Elections	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	16.8	16.0	16.0	16.0	16.0	15.1	15.1	13.1	13.7	13.7
General Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9	0.1	0.1
Public Property	2.8	2.8	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Planning/Economic Development	6.4	6.4	6.4	6.4	5.4	6.4	5.4	5.7	4.7	4.7
Public Safety:										
Police Department	60.0	60.0	60.0	60.0	59.0	60.0	61.0	62.0	63.0	62.0
Animal Control	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Fire Department	5.1	5.1	6.1	6.1	6.1	5.1	5.1	5.3	5.3	5.3
Building Department	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works:										
Public Works	27.9	26.5	26.7	26.8	26.8	30.7	31.1	31.0	32.0	32.0
Water Pollution Control	9.3	9.3	9.3	9.3	9.3	9.3	9.3	8.3	8.3	7.8
Social Services:										
Youth & Social Services **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senior/Transportation Services **	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services **	15.2	14.3	14.9	15.0	15.0	15.2	15.8	16.0	16.0	16.0
Cultural Services:										
Performing & Fine Arts	2.5	2.4	2.3	2.4	2.5	2.7	2.7	3.0	3.0	3.0
Library	24.7	24.9	26.2	25.9	25.3	24.7	24.7	21.1	21.1	20.3
Leisure Services:										
Parks & Recreation	10.0	10.0	10.0	10.0	10.0	4.5	4.5	4.0	4.4	4.5
Community Pool	13.7	13.5	14.0	14.0	13.9	13.9	13.9	14.2	14.2	14.2
Education	612.6	615.1	633.4	630.6	626.1	631.4	642.5	755.5	754.4	771.1
Total	823.2	822.6	844.0	841.1	834.0	837.6	849.3	957.2	956.3	971.8

(*) Full-time equivalents by functions/programs are the applicable FY Council's Approved numbers.

** The Youth and Social Services and the Senior and Transportation Services Depts. were consolidated into the Human Services Dept. during FY 11-12.

Source: Town Records

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Violent Crimes	13	8	9	7	6	9	12	11	4	5
Property Crimes	158	224	206	235	224	227	204	232	205	214
Criminal Arrests	597	558	567	414	343	336	479	385	324	198
Motor Vehicle Arrests	1,476	1,678	1,879	1,711	1,112	785	1,019	821	597	532
Accidents	474	663	572	677	646	679	497	538	503	633
Total Incidents	31,262	30,336	26,689	29,898	31,969	30,263	32,239	32,770	33,551	37,322
Fire:										
Total fire runs	713	757	739	772	758	997	935	884	902	902
Total rescue runs	25	25	25	20	33	51	15	45	46	36
Property loss	\$ 208,025	\$ 575,002	\$ 153,173	\$ 1,795,500	\$ 510,000	\$ 554,221	\$ 89,065	\$ 640,700	\$ 625,712	\$ 398,252
* Building safety:										
Total permits	2,150	1,943	1,878	1,266	1,861	1,795	2,131	2,003	2,489	2,504
Total fees collected	\$ 425,278	\$ 502,877	\$ 407,076	\$ 452,216	\$ 379,477	\$ 422,752	\$ 529,319	\$ 562,778	\$ 683,779	\$ 879,514
Library:										
Loans	424,041	419,438	407,843	390,677	366,471	339,161	359,025	253,538	220,951	266,463
eLoans	-	-	-	-	-	-	29,504	38,392	42,617	39,060
Waste Disposal:										
Garbage generated (ton)	16,668	14,701	13,190	13,748	6,819	6,871	6,899	7,641	8,055	7,817
Parks and Recreation:										
Recreation Programs	566	605	602	447	408	387	432	336	223	376
Recreation Participants	5,523	6,026	5,852	6,539	3,096	3,104	3,548	2,795	1,542	2,977
Aquatic Programs	120	120	60	176	600	205	208	210	200	275
Aquatic Participants	1,100	1,100	600	1,083	1,387	1,343	1,338	1,697	1,125	1,721
Pool Annual Pass Use	29,000	31,000	5,200	417	33,611	35,863	38,628	26,270	34,000	42,735
Pool Pass Users	6,000	6,400	4,150	2,835	7,713	8,639	12,303	8,597	7,800	1,680
Park Fields - Fall	22	22	22	22	22	22	22	22	22	22
Park Fields - Spring	25	25	25	25	25	25	25	25	25	25

Source: Town Records

Note: *Totals for permits & fees do not include zoning permits & fees collected by the Building Department and fees collected for copies are not included in totals.

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	60	60	60	60	60	60	62	62	62	1
Fire, Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Miles of Streets	152	152	152	152	152	152	152	152	152	152
Private	2	2	2	2	2	2	2	2	2	2
State Highways	26	26	26	26	26	26	26	26	26	26
Miles of Sidewalks	106	106	106	106	106	106	106	106	115	115
Parks & Recreation:										
Acreage - Parks	330	330	330	330	340	340	340	340	330	330
Acreage - Open Space	1,384	1,508	1,508	1,508	1,508	1,508	1,508	1,553	1,508	1,508
Parks and Recreation Areas	11	11	11	11	11	11	11	11	11	11
Athletic Diamonds	24	24	24	24	24	24	24	24	24	24
Rollerblading Rinks	1	1	1	1	1	1	1	1	1	1
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Tennis Courts	14	14	14	14	14	14	14	11	12	12
Pickle Ball Courts	-	-	-	-	-	-	-	6	6	6
Swimming Areas	2	2	2	2	2	2	2	2	2	2
Outdoor Volleyball Courts	4	4	4	4	4	4	4	4	4	4
Picnic Pavilions	7	7	7	7	7	7	7	7	7	7
Community Centers	1	1	1	1	1	1	1	1	1	1
Playgrounds	5	5	5	5	5	5	5	5	5	5
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	124,576	131,809	135,615	134,053	123,333	177,294	148,971	107,222	99,599	98,235
Water:										
Miles of Water Mains	150	150	150	151	151	151	151	151	152	153
Number of Service Connections	6,777	6,793	6,814	6,861	6,889	6,907	6,929	6,935	6,992	7,008
Daily Average Consumption	2,980,000 g	2,880,000 g	3,260,000 g	2,900,000 g	3,100,000 g	3,100,000 g	2,900,000 g	2,390,000 g	3,350,000 g	3,120,000 g
Maximum Daily Consumption	5,353,000 g	4,980,000 g	5,240,000 g	5,180,000 g	5,233,000 g	5,000,000 g	5,360,000 g	5,650,000 g	5,930,000 g	4,900,000 g
Wastewater:										
Miles of Sanitary Sewers	122	122	122	122	122	122	122	122	122	122
Miles of Storm Sewers	76	76	76	77	77	77	77	77	77	77
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Pump Stations	9	9	9	9	9	9	9	9	9	9
Daily Average Treatment	2,677,500 g	2,660,000 g	2,660,000 g	2,660,000 g	2,200,000 g	2,490,000 g	2,850,000 g	2,400,000 g	2,400,000g	2,400,000g
Maximum Daily Capacity	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000g	4,000,000g

Source: Town Records