
TOWN OF LISBON, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2020

TOWN OF LISBON, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Lisbon, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, CT, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Lisbon, CT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10, budgetary comparison information on pages 49-56, and Pension and OPEB schedules on pages 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020, on our consideration of the Town of Lisbon, CT's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lisbon, CT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lisbon, CT's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
November 3, 2020

TOWN OF LISBON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Lisbon, CT, we offer readers of the Town of Lisbon, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Lisbon, CT for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Lisbon, CT exceeded its liabilities at the close of the most recent fiscal year by \$17,078,170 (*net position*). Governmental activities reflect an unrestricted net position in the amount of \$3,104,803 which may be used to meet ongoing obligations to citizens and creditors. Restricted Net Position of \$987,023 is restricted for various programs such as small cities loans, road repairs and maintenance, education, and others.
- In the Town's business-type activities, total net position decreased by \$128,343.
- As of the close of the current fiscal year, the Town of Lisbon, CT's governmental funds reported combined ending fund balances of \$5,948,682, an increase of \$822,660 in comparison with the prior year. Of this amount, \$2,567,144 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,567,144 or 19.67 percent of total General Fund budget basis expenditures and transfers. The total fund balance of the General Fund was \$2,738,457 or 20.98 percent of total General Fund budget basis expenditures and transfers.
- The Town has a contract with a major taxpayer, Wheelabrator, to pay \$1,000,000 in lieu of taxes annually as well as royalties of approximately \$150,000. This is approximately 10% of the general fund revenues. This contract is coming to an end in December 2020. A new 10-year agreement was signed that will begin January 2021. Wheelabrator will pay \$417,500 in lieu of taxes annually as well as royalties of approximately \$150,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF LISBON, CONNECTICUT
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June 30, 2020

Both of the government-wide financial statements distinguish functions of the Town of Lisbon, CT that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lisbon, CT include education, public safety, general government, public works, health and welfare, and recreation. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities. The business-type activities of the Town of Lisbon, CT include fees to customers to help it cover all or most of the cost of certain services it provides.

The government-wide financial statements can be found on pages 11-12 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 of Lisbon, CT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lisbon, CT 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.

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

The Town of Lisbon, CT, maintains ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Nonrecurring Fund and the Town Aid Roads Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Lisbon, CT, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary Funds. The Town maintains one proprietary fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

TOWN OF LISBON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

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

The basic fiduciary fund financial statements can be found on pages 20-21 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 the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-48 of this report.

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 of Lisbon, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,078,170 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 7,182,608	\$ 6,337,267	\$ 154,825	\$ 182,305	\$ 7,337,433	\$ 6,519,572
Capital Assets	11,840,790	12,116,405	2,369,684	2,474,344	14,210,474	14,590,749
Total Assets	<u>19,023,398</u>	<u>18,453,672</u>	<u>2,524,509</u>	<u>2,656,649</u>	<u>21,547,907</u>	<u>21,110,321</u>
Deferred Outflows						
of Resources	<u>780,282</u>	<u>681,382</u>	<u>-</u>	<u>-</u>	<u>780,282</u>	<u>681,382</u>
Long-term Liabilities	3,612,269	4,282,724	-	-	3,612,269	4,282,724
Other Liabilities	<u>1,042,051</u>	<u>1,030,518</u>	<u>55,487</u>	<u>59,314</u>	<u>1,097,538</u>	<u>1,089,832</u>
Total Liabilities	<u>4,654,320</u>	<u>5,313,242</u>	<u>55,487</u>	<u>59,314</u>	<u>4,709,807</u>	<u>5,372,556</u>
Deferred Inflows						
of Resources	<u>540,212</u>	<u>73,196</u>	<u>-</u>	<u>-</u>	<u>540,212</u>	<u>73,196</u>
Net Position:						
Net Investment						
in Capital Assets	10,516,222	10,510,315	2,369,684	2,474,344	12,885,906	12,984,659
Restricted	988,123	948,670	-	-	988,123	948,670
Unrestricted	<u>3,104,803</u>	<u>2,289,631</u>	<u>99,338</u>	<u>123,021</u>	<u>3,204,141</u>	<u>2,412,652</u>
Total Net Position	<u>\$ 14,609,148</u>	<u>\$ 13,748,616</u>	<u>\$ 2,469,022</u>	<u>\$ 2,597,365</u>	<u>\$ 17,078,170</u>	<u>\$ 16,345,981</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$98,753 primarily due to depreciation being greater than fixed asset additions and the pay down of related debt.

The Town's restricted net position of \$988,123 increased by \$39,453 compared to last years restricted net position of \$948,670.

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The Town's unrestricted net position of \$3,204,141 increased by \$791,489 compared to last years unrestricted net position of \$2,412,652. This increase is primarily due to the current year's increase in Net Position resulting from higher than anticipated tax collections and grant revenues.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 9,986,275	\$ 9,504,361	\$ -	\$ -	\$ 9,986,275	\$ 9,504,361
Unrestricted Grants & Contributions	333,010	327,644	-	-	333,010	327,644
Unrestricted Investment Income	118,974	148,399	2,583	3,633	121,557	152,032
<i>Program Revenues:</i>						
Charges for Services	483,632	546,940	98,489	118,593	582,121	665,533
Operating Grants and Contributions	5,114,385	5,612,277	-	-	5,114,385	5,612,277
Capital Grants and Contributions	237,427	410,764	-	-	237,427	410,764
Total Revenues	16,273,703	16,550,385	101,072	122,226	16,374,775	16,672,611
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,774,604	1,786,990	-	-	1,774,604	1,786,990
Fire Protection	224,019	225,990	-	-	224,019	225,990
Police Protection	151,557	162,890	-	-	151,557	162,890
Highways and Streets	764,370	898,328	-	-	764,370	898,328
Seniors and Senior Center	148,320	153,260	-	-	148,320	153,260
Recreation	95,663	105,004	-	-	95,663	105,004
Education	12,201,501	12,951,945	-	-	12,201,501	12,951,945
Interest on Long-Term Debt	53,137	21,284	-	-	53,137	21,284
<i>Business-Type Activities:</i>						
Water Pollution Control Authority	-	-	229,415	267,791	229,415	267,791
Total Expenses	15,413,171	16,305,691	229,415	267,791	15,642,586	16,573,482
Change in Net Position	860,532	244,694	(128,343)	(145,565)	732,189	99,129
Beginning Net Position	13,748,616	13,503,922	2,597,365	2,742,930	16,345,981	16,246,852
Ending Net Position	\$ 14,609,148	\$ 13,748,616	\$ 2,469,022	\$ 2,597,365	\$ 17,078,170	\$ 16,345,981

Governmental activities. Governmental activities increased the Town of Lisbon, CT's net position by \$860,532.

Key elements of this increase are as follows:

- Property tax revenues increased by \$481,914. This is the only significant source of funding the Town can increase to offset decreasing funding from the state. And, with the State's financial condition being so weak and a loss of significant revenues from the trash energy plant, property tax rates are expected to continue to increase.

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Sixty-one percent (61%) of the revenues of the Town were derived from property taxes, followed by thirty-five percent (35%) from grants and contributions, three percent (3%) from charges for services and one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-nine percent (79%) of the expenses of the Town relate to education, five percent (5%) relate to highways and streets, two percent (2%) relate to fire and police protection, two percent (2%) relate to seniors and recreation, and twelve percent (12%) relate to general government.

Business-Type activities. The business-type activities consist of the Water Pollution Control Authority. The Authority's cost and expenses are a direct result of the amount of waste flowing from the Town into the Jewett City Waste Water Treatment Plant. Revenue and expenses will vary from year to year based on the flow from the residences and businesses connected to the system.

The activity of the Authority has been relatively consistent as the system has not been expanding to significant new users in recent years. The Authority shows a loss each year, but it is primarily due to the depreciation expense, a non-cash expense, and any repairs needed to the lines. This year depreciation totaled \$104,660 and the decrease in net position totaled \$128,343.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Town of Lisbon, CT'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 of Lisbon, CT'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 of Lisbon, CT's governmental funds reported combined ending fund balances of \$5,948,682, an increase of \$822,660 in comparison with the prior year. Forty-three percent (43%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of Lisbon, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,567,144. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 19.67 percent of total General Fund budget basis expenditures and transfers.

The fund balance of the Town of Lisbon, CT's General Fund increased by \$639,956 during the current fiscal year. Along with the budgeted surplus, key factors in this increase are as follows:

- Revenues coming in greater than budgeted, primarily in property taxes, education grants, building permits and investment income.
- Expenditures coming in less than budgeted, primarily in non-allocated expenditures, highways and streets, and recreation.

Town Aid Road Fund. The fund balance of the Town Aid Road Fund increased by \$78,351 during the current fiscal year. This increase is primarily attributable to interest and dividends of \$8,667 and spending \$69,684 less than the current years Town Aid Road grant received.

TOWN OF LISBON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$147,321 during the current fiscal year. This increase is primarily related to an authorized transfer from unassigned fund balance of the General Fund in the amount of \$110,000 to fund future capital projects and purchases, along with grants and interest and dividends received, less the current year capital outlays.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Transfers do not increase the total budget, but instead move appropriations from one department to another department. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property Taxes	\$ 8,586,200	\$ 9,002,675	\$ 416,475
Intergovernmental	2,942,765	3,197,209	254,444
Local Revenues	1,309,300	1,386,322	77,022
Investment Income	40,000	72,848	32,848
Total Revenues	<u>12,878,265</u>	<u>13,659,054</u>	<u>780,789</u>
EXPENDITURES			
Selectmen	3,249,216	3,031,536	217,680
Education	9,598,391	9,586,291	12,100
Capital Outlay	23,000	16,552	6,448
Debt Service	304,142	304,142	-
Total Expenditures	<u>13,174,749</u>	<u>12,938,521</u>	<u>236,228</u>
OTHER FINANCING SOURCES (USES)			
Appropriation from Fund Balance	423,432	-	(423,432)
Transfers	(110,000)	(110,000)	-
Total Other Financing Sources (Uses)	<u>313,432</u>	<u>(110,000)</u>	<u>(423,432)</u>
INCREASE (DECREASE)			
IN FUND BALANCE	<u>\$ 16,948</u>	<u>\$ 610,533</u>	<u>\$ 593,585</u>

The original approved budget projected a surplus of \$16,948. The Town approved additional appropriations from fund balance of \$27,074 during the year. There was also an approved \$396,358 that was appropriated from fund balance to pay off the MERS buy-in liability.

Actual revenues came in \$780,789 greater than budget. Much of this is due to higher than expected revenues from the State (above budget by \$254,444), offset by higher than expected tax collections (above budget by \$416,475), building permits (above budget by \$47,844) and investment income (above budget by \$32,848).

Expenditures were \$236,228 under the final budget with a number of appropriations significantly under budget which is primarily made up of non-allocated selectmen's expenditures which was \$86,288 under budget, registrars of voters which was \$14,242 under budget, highways and streets which was \$44,837 under budget, and recreation which was \$29,599 under budget.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Lisbon, CT's reported value in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$14,210,474 (net of accumulated depreciation). This reported value in capital assets includes land, buildings and systems, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$380,275, which consisted of capital additions of \$312,228, offset by current year depreciation of \$688,898 and disposal of assets of \$3,605.

	<u>2020</u>	<u>2019</u>
<i>Governmental Activities:</i>		
Land	\$ 2,612,463	\$ 2,612,463
Buildings and Systems	6,366,347	6,730,186
Machinery and Equipment	889,577	970,887
Infrastructure	1,972,403	1,802,869
	\$ 11,840,790	\$ 12,116,405
	<u>2020</u>	<u>2019</u>
<i>Business-type Activities:</i>		
Buildings and Systems	\$ 2,369,684	\$ 2,474,344

Major capital asset events during the current fiscal year included the following:

- The addition of a Skid Steer which was abandoned property assimilated by the Town.
- The addition of Harvest Road which is a new subdivision.
- Purchase and disposal of mowers.

Additional information on the Town of Lisbon, CT's capital assets can be found in Note 6 on page 32 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Lisbon, CT had long-term debt and liabilities outstanding of \$3,612,269.

	<u>2020</u>	<u>2019</u>
G.O. Bonds	\$ 645,000	\$ 865,000
Unamortized Premium	49,568	66,090
Compensated Absences	338,958	339,977
OPEB Liability	1,637,423	1,693,888
Net Pension Liability	941,320	954,953
MERS Buy-In	-	362,816
Total	\$ 3,612,269	\$ 4,282,724

The Town of Lisbon, CT's total long-term debt and liabilities decreased \$670,455 (15.65 percent) during the current fiscal year due to decreases in the Net Pension and OPEB Liabilities and paydowns of the General Obligation Bonds. The Town also paid off its MERS buy-in liability of \$362,816. Additional information on the Town of Lisbon, CT's long-term debt can be found in Note 7 on pages 33-34 of this report.

TOWN OF LISBON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget.
- The Town receives approximately \$1,150,000 of funding in lieu of taxes and royalties per year from Wheelabrator, a trash to energy plant in the Town. The current agreement expires in December 2020. The Town has negotiated a new 10-year agreement beginning in January 2021 in the amount of \$417,500 and tipping fees of \$0.50 per ton of non-Lisbon trash estimated at \$100,000 plus per year. Depending on the impact of development, it is estimated that the impact in lost revenue will result in a 0.5 mill increase in the 2021 and 2022 budgets.

All of these factors were considered in preparing the Town of Lisbon, CT's budget for the 2021 fiscal year and the Boards of Selectmen and Finance are preparing a plan of action for the worst-case scenarios.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Lisbon, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Finance, Town of Lisbon, 1 Newent Road, Lisbon, CT 06351.

TOWN OF LISBON, CONNECTICUT

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 6,522,373	\$ 141,370	\$ 6,663,743
Investments	4,162	-	4,162
Restricted Cash	107,109	-	107,109
Receivables, Net of Allowance	539,015	13,455	552,470
Other Assets	9,949	-	9,949
Capital Assets:			
Assets Not Being Depreciated	2,612,463	-	2,612,463
Assets Being Depreciated, Net	<u>9,228,327</u>	<u>2,369,684</u>	<u>11,598,011</u>
Total Assets	<u>19,023,398</u>	<u>2,524,509</u>	<u>21,547,907</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	484,150	-	484,150
Deferred Outflows - OPEB	<u>296,132</u>	-	<u>296,132</u>
Total Deferred Outflows of Resources	<u>780,282</u>	-	<u>780,282</u>
Liabilities			
Accounts Payable and Accrued Items	231,568	55,487	287,055
Unearned Revenue	64,505	-	64,505
Performance Bonds	107,109	-	107,109
Accrued Interest Payable	8,869	-	8,869
Bond Anticipation Note	630,000	-	630,000
Noncurrent Liabilities:			
Due Within One Year	275,114	-	275,114
Due In More Than One Year	<u>3,337,155</u>	-	<u>3,337,155</u>
Total Liabilities	<u>4,654,320</u>	<u>55,487</u>	<u>4,709,807</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	88,613	-	88,613
Deferred Inflows - OPEB	<u>451,599</u>	-	<u>451,599</u>
Total Deferred Inflows of Resources	<u>540,212</u>	-	<u>540,212</u>
Net Position			
Net Investment in Capital Assets	10,516,222	2,369,684	12,885,906
Restricted:			
Nonexpendable	1,100	-	1,100
Expendable	987,023	-	987,023
Unrestricted	<u>3,104,803</u>	<u>99,338</u>	<u>3,204,141</u>
Total Net Position	<u>\$ 14,609,148</u>	<u>\$ 2,469,022</u>	<u>\$ 17,078,170</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT
Statement of Activities
For the Year Ended June 30, 2020

Functions/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,774,604	\$ 247,062	\$ 5,500	\$ -	\$ (1,522,042)		\$ (1,522,042)
Fire Protection	224,019	-	-	-	(224,019)		(224,019)
Police Protection	151,557	-	-	-	(151,557)		(151,557)
Highways and Streets	764,370	-	179,511	237,427	(347,432)		(347,432)
Seniors and Senior Center	148,320	21,297	255	-	(126,768)		(126,768)
Recreation	95,663	32,251	-	-	(63,412)		(63,412)
Education	12,201,501	183,022	4,929,119	-	(7,089,360)		(7,089,360)
Interest Expense	53,137	-	-	-	(53,137)		(53,137)
Total Governmental Activities	<u>15,413,171</u>	<u>483,632</u>	<u>5,114,385</u>	<u>237,427</u>	<u>(9,577,727)</u>		<u>(9,577,727)</u>
Business-Type Activities:							
Water Pollution Control Authority	<u>229,415</u>	<u>98,489</u>	<u>-</u>	<u>-</u>		<u>(130,926)</u>	<u>(130,926)</u>
Total Primary Government	<u>\$ 15,642,586</u>	<u>\$ 582,121</u>	<u>\$ 5,114,385</u>	<u>\$ 237,427</u>		<u>(130,926)</u>	<u>(9,708,653)</u>
General Revenues:							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					9,986,275	-	9,986,275
Grants and Contributions not Restricted to Specific Programs					333,010	-	333,010
Unrestricted Investment Earnings					118,974	2,583	121,557
Total General Revenues and Transfers					<u>10,438,259</u>	<u>2,583</u>	<u>10,440,842</u>
Change in Net Position					860,532	(128,343)	732,189
Net Position at Beginning of Year					<u>13,748,616</u>	<u>2,597,365</u>	<u>16,345,981</u>
Net Position at End of Year					<u>\$ 14,609,148</u>	<u>\$ 2,469,022</u>	<u>\$ 17,078,170</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 3,549,237	\$ 2,278,234	\$ 598,903	\$ 95,999	\$ 6,522,373
Investments	-	-	-	4,162	4,162
Restricted Cash	107,109	-	-	-	107,109
Receivables, Net of Allowance	249,633	-	-	289,382	539,015
Other Assets	-	-	-	9,949	9,949
Total Assets	<u>\$ 3,905,979</u>	<u>\$ 2,278,234</u>	<u>\$ 598,903</u>	<u>\$ 399,492</u>	<u>\$ 7,182,608</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 229,669	\$ -	\$ 844	\$ 1,055	\$ 231,568
Bond Anticipation Note	630,000	-	-	-	630,000
Unearned Revenue	-	9,463	-	55,042	64,505
Performance Bonds	107,109	-	-	-	107,109
Total Liabilities	<u>966,778</u>	<u>9,463</u>	<u>844</u>	<u>56,097</u>	<u>1,033,182</u>
Deferred Inflows of Resources					
Unavailable Revenue:					
Property Taxes and Interest	153,187	-	-	-	153,187
Sewer Assessment Charges	47,557	-	-	-	47,557
Total Deferred Inflows of Resources	<u>200,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,744</u>
Fund Balances					
Nonspendable	-	-	-	1,100	1,100
Restricted	46,669	-	598,059	342,295	987,023
Committed	-	2,048,756	-	-	2,048,756
Assigned	124,644	220,015	-	-	344,659
Unassigned	2,567,144	-	-	-	2,567,144
Total Fund Balances	<u>2,738,457</u>	<u>2,268,771</u>	<u>598,059</u>	<u>343,395</u>	<u>5,948,682</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,905,979</u>	<u>\$ 2,278,234</u>	<u>\$ 598,903</u>	<u>\$ 399,492</u>	<u>\$ 7,182,608</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

Fund balances reported in governmental funds Balance Sheet \$ 5,948,682

**Amounts reported for governmental activities in the government- wide
Statement of Net Position are different because:**

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

<i>Capital Assets</i>	23,962,040
<i>Depreciation</i>	(12,121,250)

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

<i>Property taxes and interest receivable greater than 60 days</i>	153,187
<i>Assessments receivable greater than 60 days</i>	47,557

Certain changes related to pensions and OPEB are deferred and amortized over time.

240,070

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Bonds payable</i>	(645,000)
<i>Bond premiums</i>	(49,568)
<i>Net Pension Liability - MERS</i>	(941,320)
<i>OPEB liability</i>	(1,637,423)
<i>Accrued interest</i>	(8,869)
<i>Compensated Absences</i>	<u>(338,958)</u>

Net position of governmental activities \$ 14,609,148

TOWN OF LISBON, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Nonmajor Governmental Funds	Total
Revenues					
Property Taxes, Interest and Lien Fees	\$ 9,002,675	\$ -	\$ -	\$ -	\$ 9,002,675
Intergovernmental Revenues	4,284,721	18,677	179,511	380,818	4,863,727
Charges for Services	1,386,322	33,000	-	203,786	1,623,108
Interest and Dividends	72,848	37,381	8,667	78	118,974
Other	-	-	-	-	-
Total Revenues	<u>14,746,566</u>	<u>89,058</u>	<u>188,178</u>	<u>584,682</u>	<u>15,608,484</u>
Expenditures					
Current:					
General Government	1,995,441	-	-	8,752	2,004,193
Fire Protection	176,482	-	-	-	176,482
Police Protection	151,557	-	-	-	151,557
Highway and Streets	541,959	-	109,827	-	651,786
Seniors and Senior Center	119,957	-	-	26,825	146,782
Recreation	47,516	-	-	-	47,516
Education	10,688,004	-	-	592,073	11,280,077
Debt Service:					
Principal	220,000	-	-	-	220,000
Interest	39,142	-	-	-	39,142
Capital Outlay	16,552	51,737	-	-	68,289
Total Expenditures	<u>13,996,610</u>	<u>51,737</u>	<u>109,827</u>	<u>627,650</u>	<u>14,785,824</u>
Excess/(Deficiency) of Revenues over Expenditures	749,956	37,321	78,351	(42,968)	822,660
Other Financing Sources/(Uses)					
Transfers In	-	110,000	-	-	110,000
Transfers Out	(110,000)	-	-	-	(110,000)
Total Other Financing Sources/(Uses)	<u>(110,000)</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	639,956	147,321	78,351	(42,968)	822,660
Fund Balances at Beginning of Year	<u>2,098,501</u>	<u>2,121,450</u>	<u>519,708</u>	<u>386,363</u>	<u>5,126,022</u>
Fund Balances at End of Year	<u>\$ 2,738,457</u>	<u>\$ 2,268,771</u>	<u>\$ 598,059</u>	<u>\$ 343,395</u>	<u>\$ 5,948,682</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

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, 2020

Net change in fund balances - total governmental funds	\$ 822,660
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**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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 as depreciation expense.

<i>Capital outlay</i>	312,228
<i>Depreciation expense</i>	(584,238)
<i>Loss on Disposal</i>	(3,605)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

<i>Property taxes and interest collected accrual basis change</i>	19,465
<i>Assessment revenue accrual basis change</i>	(11,342)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>General obligation bond principal payments</i>	220,000
<i>Amortization of premium</i>	16,522

<i>Amortization of deferred outflows related to pension and OPEB benefits</i>	98,900
<i>Amortization of deferred inflows related to pension and OPEB benefits</i>	(467,016)

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, including the change in:

<i>Accrued interest</i>	3,025
<i>Net Pension Liability - MERS</i>	13,633
<i>MERS payable</i>	362,816
<i>OPEB liability</i>	56,465
<i>Compensated Absences</i>	<u>1,019</u>

Change in net position of governmental activities	<u>\$ 860,532</u>
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The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2020

	Water Pollution Control Authority Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 141,370
Usage Receivable	13,455
Total Current Assets	<u>154,825</u>
Capital Assets:	
Buildings and Improvements	4,186,405
Less Accumulated Depreciation	<u>(1,816,721)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,369,684</u>
Total Assets	<u>\$ 2,524,509</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Current Liabilities:	
Accounts Payable	<u>\$ 55,487</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	2,369,684
Unrestricted	<u>99,338</u>
Total Net Position	<u>\$ 2,469,022</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Water Pollution Control Authority Fund
OPERATING REVENUES	
Charges for Services	\$ 98,489
OPERATING EXPENSES	
Contractual Services	124,096
Other Supplies and Expenses	659
Depreciation Expense	104,660
Total Operating Expenses	229,415
Operating Income/(Loss)	(130,926)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	2,583
Change in Net Position	(128,343)
Net Position - Beginning of Year	2,597,365
Net Position - End of Year	\$ 2,469,022

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2020

	Water Pollution Control Authority Fund
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 98,424
Payments to Suppliers	<u>(128,582)</u>
Net Cash Provided by Operating Activities	<u>(30,158)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>2,583</u>
Net Cash Provided by Investing Activities	<u>2,583</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(27,575)
Cash and Cash Equivalents at Beginning of Year	<u>168,945</u>
Cash and Cash Equivalents at End of Year	<u>\$ 141,370</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	<u>\$ (130,926)</u>
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	104,660
Change in Assets and Liabilities:	
(Increase) Decrease in Usage Receivable	(65)
Increase (Decrease) in Accounts Payable	<u>(3,827)</u>
Total Adjustments	<u>100,768</u>
Net Cash Provided by Operating Activities	<u>\$ (30,158)</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	Custodial Funds Student Activities
Assets	
Cash and Cash Equivalents	\$ <u>33,995</u>
Net Position	
Restricted for Individuals and Organizations	\$ <u>33,995</u>

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Custodial Funds Student Activities
Additions	
Charges for Services	\$ 27,525
Deductions	
Activities	25,536
Change in Net Position	1,989
Net Position at Beginning of Year	32,006
Net Position at End of Year	\$ 33,995

The notes to the financial statements are an integral part of this statement

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Lisbon, Connecticut (the “Town”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Reporting Entity

The Town is a municipal corporation governed by a selectmen town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the Town financial matters.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Lisbon (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Lisbon.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds which are reported by type. Since the governmental

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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.

Property taxes when levied, licenses, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Governmental Funds are those through which most governmental functions typically are financed. The following are the Town's major governmental funds:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.
- The *Capital Nonrecurring Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- The *Town Aid Road Fund* is used to account for the expenditures against the state grant of the same name. This grant can only be used for expenditures for the Town's roads.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

The town reports the following major proprietary funds:

- The *Water Pollution Control Authority Fund* accounts for connection and usage fees and expenditures for the sewer system which is available to certain residents and businesses.

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

- The *Custodial Funds* account for resources held by the Town in a purely custodial capacity on behalf of student groups.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise funds are charges to customers for services. Operating expenses for the Enterprise funds include the cost of services, administrative expenses, depreciation, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled investment funds, with original maturities of three months or less from the date of acquisition. This definition also applies to the proprietary funds statement of cash flows.

Investments - In general, State of Connecticut Statutes 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 whose portfolios are limited to obligations of the United States and its agencies, 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. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Taxes Receivable - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible motor vehicle and personal property taxes and interest in the amount of \$16,858. Property taxes are assessed as of October 1 and billed the following July. Real property bills are payable in two installments, July 1 and January 1. Motor vehicle and personal property taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditure/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables. They arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for machinery, equipment, vehicles, land, and buildings and systems, and \$25,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and Systems	20 - 40
Machinery, Equipment, and Vehicles	5 - 20
Infrastructure	20 - 50

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Long-term obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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 payments, are reported as debt service expenditures.

Compensated absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred outflow or inflow of resources related to pensions and OPEB results from differences between expected and actual experience, the net difference between projected and actual earnings, change in proportional share, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits (active employees and inactive employees) other than the net difference between projected and actual earnings which is included in expense over a five-year period and Town contributions subsequent to the measurement date which is included in the subsequent year.

The Town also reports unavailable revenue from property taxes and related interest in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund equity and net position– Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaid expenditures. Examples of items legally or contractually required to be maintained intact are the corpus of permanent funds.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Indicates amounts that can be used only for specific purposes pursuant to formal action of the Town's highest level of decision-making authority. The Board of Finance can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned Fund Balance – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of Town Officials.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications.

When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

Fair Value of Financial Instruments

In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Certificates of Deposit are reported at amortized cost and are excluded from the fair value disclosures.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A formal, legally approved, annual budget is adopted for the General Fund only.

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list that will be sufficient to cover, together with other income or revenue surplus appropriated, the amounts appropriated and any revenue deficit of the Town.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations that they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations.

A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. During the year, \$27,074 of additional appropriations were made from fund balance. These increased the original budget by the same amount.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository".

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

The following is a summary of cash and cash equivalents at June 30, 2020:

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Cash	\$ 5,014,833	\$ 141,370	\$ 33,995	\$ 5,190,198
Cash Equivalents	1,507,540	-	-	1,507,540
Restricted Cash	107,109	-	-	107,109
Total	<u>\$ 6,629,482</u>	<u>\$ 141,370</u>	<u>\$ 33,995</u>	<u>\$ 6,804,847</u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires 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. The following is a reconciliation of the Town's deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 6,804,847
Less: Cash Equivalents (STIF)	(1,507,540)
Plus: Investments (CDs)	4,162
	<u>\$ 5,301,469</u>

At year-end, the Town's carrying amount of deposits subject to custodial credit risk was \$5,301,469 and the bank balance was \$5,582,191. Of the bank balance, Federal Depository Insurance Corporation insured \$549,746.

As of June 30, 2020, \$5,032,445 of the Town's bank balance of \$5,582,191 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,479,200
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>553,245</u>
Total	<u>\$ 5,032,445</u>

Cash Equivalents

At June 30, 2020, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$1,507,540. STIF is rated AAAM by Standard and Poor's and has an average maturity of under 60 days.

Investments

The following is a summary of investments at June 30, 2020:

	Governmental <u>Funds</u>
Certificates of Deposit	<u>\$ 4,162</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Custodial Credit Risk - Investments. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's does not have a policy for custodial credit risk.

Credit Risk – The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

Concentrations of Credit Risk – The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2020, the Town had the following investments subject to interest rate risk:

	<u>Total</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Certificates of Deposit	\$ 4,162	\$ -	\$ 4,162	\$ -

NOTE 4 – RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>WPCA</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 180,882	\$ -	\$ -	\$ 180,882
Interest, Liens, and Fees	38,052	-	-	38,052
Assessments	47,557	-	-	47,557
Usage Charges	-	13,455	-	13,455
Loans	-	-	274,842	274,842
Intergovernmental	-	-	7,872	7,872
Accounts	-	-	6,668	6,668
Gross Receivables	<u>266,491</u>	<u>13,455</u>	<u>289,382</u>	<u>569,328</u>
Less allowance for uncollectibles:				
Property taxes	(13,928)	-	-	(13,928)
Interest, Liens, and Fees	<u>(2,930)</u>	<u>-</u>	<u>-</u>	<u>(2,930)</u>
Total allowance	<u>(16,858)</u>	<u>-</u>	<u>-</u>	<u>(16,858)</u>
Net Total Receivables	<u>\$ 249,633</u>	<u>\$ 13,455</u>	<u>\$ 289,382</u>	<u>\$ 552,470</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
General Fund:		
Property Taxes and Interest	\$ 153,187	\$ -
Assessments	47,557	-
Capital Nonrecurring Fund:		
Advances on Grants	-	9,463
Other Governmental Funds:		
Advances on Grants	-	54,240
Prepaid Meals	-	802
	\$ 200,744	\$ 64,505
Total Unavailable/Unearned Revenue for Governmental Funds		

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) inter-fund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2020, there were no outstanding balances between funds.

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2020 were as follows:

Transfer Out:	Transfer In:	Total
General Fund	Capital Nonrecurring Fund	\$ 110,000

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2020:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 2,612,463	\$ -	\$ -	\$ 2,612,463
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,612,463</u>	<u>-</u>	<u>-</u>	<u>2,612,463</u>
Capital assets, being depreciated				
Buildings and Systems	14,609,240	-	-	14,609,240
Machinery & Equipment	3,980,625	36,775	(9,012)	4,008,388
Infrastructure	<u>2,456,496</u>	<u>275,453</u>	<u>-</u>	<u>2,731,949</u>
Total capital assets, being depreciated	<u>21,046,361</u>	<u>312,228</u>	<u>(9,012)</u>	<u>21,349,577</u>
Less accumulated depreciation for:				
Buildings and Systems	7,879,054	363,839	-	8,242,893
Machinery & Equipment	3,009,738	114,480	(5,407)	3,118,811
Infrastructure	<u>653,627</u>	<u>105,919</u>	<u>-</u>	<u>759,546</u>
Total accumulated depreciation	<u>11,542,419</u>	<u>584,238</u>	<u>(5,407)</u>	<u>12,121,250</u>
Total capital assets, being depreciated	<u>9,503,942</u>	<u>(272,010)</u>	<u>(3,605)</u>	<u>9,228,327</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 12,116,405</u>	<u>\$ (272,010)</u>	<u>\$ (3,605)</u>	<u>\$ 11,840,790</u>
<i>Business-Type Activities:</i>				
Capital assets, being depreciated				
Buildings and Systems	\$ 4,186,405	\$ -	\$ -	\$ 4,186,405
Less accumulated depreciation for:				
Buildings and Systems	<u>1,712,061</u>	<u>104,660</u>	<u>-</u>	<u>1,816,721</u>
Total accumulated depreciation	<u>1,712,061</u>	<u>104,660</u>	<u>-</u>	<u>1,816,721</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 2,474,344</u>	<u>\$ (104,660)</u>	<u>\$ -</u>	<u>\$ 2,369,684</u>

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 12,815
Fire Protection	47,412
Highways and Streets	128,493
Recreation	48,147
Seniors and Senior Center	1,538
Education	<u>345,833</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 584,238</u>
Business-Type Activities:	
WPCA	<u>\$ 104,660</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
General Obligation Bonds	\$ 865,000	\$ -	\$ 220,000	\$ 645,000	\$ 220,000
Unamortized Premium	<u>66,090</u>	<u>-</u>	<u>16,522</u>	<u>49,568</u>	<u>16,522</u>
Total Bonds Payable	931,090	-	236,522	694,568	236,522
Compensated Absences	339,977	8,288	9,307	338,958	38,592
OPEB Liability	1,693,888	-	56,465	1,637,423	-
Net Pension Liability	954,953	-	13,633	941,320	-
MERS Buy-In	<u>362,816</u>	<u>-</u>	<u>362,816</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,282,724</u>	<u>\$ 8,288</u>	<u>\$ 678,743</u>	<u>\$ 3,612,269</u>	<u>\$ 275,114</u>

Each governmental fund liability is liquidated by the respective fund to which it relates, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds outstanding as of June 30, 2020 consisted of the following:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal Outstanding June 30, 2020</u>
Water/Schools Refunding Bonds	2012	\$ 3,560,000	2 - 3%	7/15/2022	\$ 645,000

The annual debt service requirements of the Town's general obligation bonds are as follows:

<u>Year(s)</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 220,000	\$ 16,050	\$ 236,050
2022	215,000	9,525	224,525
2023	<u>210,000</u>	<u>3,150</u>	<u>213,150</u>
Total	<u>\$ 645,000</u>	<u>\$ 28,725</u>	<u>\$ 673,725</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2020 totaled \$22,650.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

NOTE 8 – SHORT-TERM LIABILITIES

Bond Anticipation Notes

The Town uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the Town's Bond Anticipation Notes for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note	\$ 675,000	\$ 630,000	\$ 675,000	\$ 630,000

The outstanding bond anticipation note carries an interest rate of 2.05% and matures in August 2020. Total interest incurred and expensed on bond anticipation notes during the year was \$16,492.

NOTE 9 – TAX ABATEMENTS

The Town hosts Wheelabrator, a trash to energy plant. When the plant was built, the Town entered into a contract with Wheelabrator which abated property taxes on the plant in exchange for \$1,000,000 annual payments in lieu of property taxes per year. The contract also required that Wheelabrator pay royalties to the Town annually. These are approximately \$150,000 per year. The agreement is set to expire in December 2020. A new 10-year agreement was signed which will begin December 2020. The new agreement includes annual payments of \$417,500 in lieu of property taxes along with royalties of approximately \$150,000 per year.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 10 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	General Fund	Capital Nonrecurring Fund	Town Aid Road Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 1,100	\$ 1,100
Restricted for:					
General Government	\$ -	\$ -	\$ -	\$ 4,601	\$ 4,601
Public Works	-	-	598,059	-	598,059
Town Clerk Documents	46,669	-	-	-	46,669
Small Cities Loans	-	-	-	296,341	296,341
Education	-	-	-	32,590	32,590
Senior and Senior Center	-	-	-	8,763	8,763
Total Restricted	<u>\$ 46,669</u>	<u>\$ -</u>	<u>\$ 598,059</u>	<u>\$ 342,295</u>	<u>\$ 987,023</u>
Committed to:					
Capital	\$ -	\$ 2,048,756	\$ -	\$ -	\$ 2,048,756
Total Committed	<u>\$ -</u>	<u>\$ 2,048,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,048,756</u>
Assigned:					
Education	\$ 124,644	\$ -	\$ -	\$ -	\$ 124,644
Capital	-	220,015	-	-	220,015
Total Assigned	<u>\$ 124,644</u>	<u>\$ 220,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,659</u>
Unassigned:	<u>\$ 2,567,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,567,144</u>

NOTE 11 – RETIREMENT BENEFITS

Connecticut State Teacher’s Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System (the “System”). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers’ Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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 the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of 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.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% of average annual salary times years of credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. The contributions made by the State on behalf of the District for the year ended June 30, 2020 were estimated to be \$986,305, and were recognized as revenues and expenditures in the General Fund.

Employees: Effective July 1, 1992, participants are required to contribute 6.00% of their annual salary to the System as required by the CGS Section 10-183b(7). Effective January 1, 2018, participants are required to contribute 7.00%. For the year ended June 30, 2020 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$227,199. Covered payroll for the town for the year ended June 30, 2020 was approximately \$3,245,696.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>13,030,038</u>
Total	\$	<u>13,030,038</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized benefits expense and contribution revenue of \$986,305 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,600,311 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

The long-term expected rate of return on pension investments was determined using a log-normal distributions 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 Treasurer's Office are summarized in the following table:

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Connecticut Municipal Employees' Retirement System

Plan Description: All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions: The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement: For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average of the three highest paid years of service not in excess of the year's breakpoint, times years of service. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

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

Disability Retirement – Service Connected: Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability, 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 – Non-Service Connected: Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

TOWN OF LISBON, CONNECTICUT

Notes to the Financial Statements

Death Benefit: Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Contributions - Member: Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Contributions – Employer: Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports a total liability of \$941,320 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2019, the Town’s proportion was 0.255%.

For the year ended June 30, 2020, the Town recognized pension expense of \$284,396. As of June 30, 2020, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 79,811	\$ -
Difference between projected and actual earnings	38,321	-
Difference between expected and actual experience	102,507	84,843
Change of assumptions	248,615	-
Change in proportional share	14,896	3,770
Total	\$ 484,150	\$ 88,613

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

Year ended June 30:	
2021	\$ 133,737
2022	88,775
2023	105,552
2024	(12,338)
	\$ 315,726

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases, including inflation	3.50-10.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	7.00 Percent

Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees for the period after retirement and for dependent beneficiaries. The RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by Police and Fire for the period after retirement and for dependent beneficiaries. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table projected to 2020 by Scale BB is used.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

The long-term expected rate of return on pension investments was determined using a statistical 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	20.00%	5.30%
Developed Market International	11.00%	5.10%
Emerging Market International	9.00%	7.40%
Core Fixed Income	16.00%	1.60%
Inflation Linked Bond	5.00%	1.30%
Emerging Market Debt	5.00%	2.90%
High Yield Bonds	6.00%	3.40%
Real Estate	10.00%	4.70%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	3.20%
Liquidity Fund	<u>1.00%</u>	0.90%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension'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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net Pension Liability as of June 30, 2020	\$ 1,341,382	\$ 941,320	\$ 604,366

Other Post-Employment Benefits

Plan Description: The Town currently provides to certain retired employees Other Post-Employment Benefits ("OPEB"). The plan provides healthcare insurance benefits for eligible retirees and their spouses. The plan is currently being funded on a pay as you go basis. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria of GASB No. 75.

Contributions: The Town recommended contributions are actuarially determined on an annual basis using the entry age normal method. Contributions are established by contract and may be amended by union negotiations. The Town's total plan contribution (implicit rate subsidy) was \$16,822 and the teacher's retirement board subsidy was \$2,860.

Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes.

Employees Covered by Benefit Terms: As of July 1, 2019, the following employees are covered by the benefit terms:

Retirees and beneficiaries receiving benefits	3
Active plan members	38
	41

Total OPEB Liability: The Town's total OPEB liability of \$1,397,351 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined based upon a July 1, 2019 actuarial valuation for the Town using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.21% (Prior 3.51%)
Inflation Rate	2.60%

Healthcare Cost Trend Rates:

Initial Medical Trend Rate	6.50%
Ultimate Medical Trend Rate	4.60%
Year Ultimate Medical Trend Rate Reached	2027

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

The discount rate used is equal to the published Bond Buyer GO 20-Bond Municipal Index as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

The current valuation reflects changes in the actuarial assumptions to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan. The following areas had changes in assumptions:

- Interest decreased from 3.51% to 2.21%.
- Mortality tables changed from RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017 to Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.
- Utilization changed from 100% of current active members will elect medical coverage at retirement to 80% of current active members will elect medical coverage at retirement.
- Healthcare cost trend rates changed from 7.50% in 2017 reduced to an ultimate rate of 4.60% in 2023 and later to 6.50% in 2019 reduced to an ultimate rate of 4.60% in 2027 and later.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/19	\$ 1,693,888
Changes for the year:	
Service Cost	67,666
Interest	61,488
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(429,213)
Changes in Assumptions or other Inputs	263,276
Benefit Payments	(19,682)
Net Changes	(56,465)
Balance at 6/30/20	\$ 1,637,423

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 1,891,745	\$ 1,637,423	\$ 1,429,196

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,397,351	\$ 1,637,423	\$ 1,931,540

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$109,982. As of June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 412,351
Change of assumptions	296,132	39,248
Total	\$ 296,132	\$ 451,599

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

Year ended June 30:	
2021	\$ (16,312)
2022	(16,312)
2023	(16,312)
2024	(16,312)
2025	(16,312)
Thereafter	(73,907)
	\$ (155,467)

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one-third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$26,957.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.50%
Prior Measurement Date	3.87%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate

Measurement Date	3.50%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.87%, net of OPEB plan investment expense, Including price inflation

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate Rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate Rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 1,692,929	\$ 2,032,108	\$ 2,485,188

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 2,421,662	\$ 2,032,108	\$ 1,721,902

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>2,032,108</u>
Total	<u>\$ 2,032,108</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$26,957 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$148,703) for OPEB expense and revenue related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

NOTE 13 – LITIGATION AND CONTINGENCIES

The Town is not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have an adverse, material effect on the Town's financial position.

NOTE 14 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 87 – Leases - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

NOTE 15 – RISKS AND UNCERTAINTIES

The World Health Organization declared the coronavirus outbreak ("COVID-19") a pandemic. The impact of COVID-19 could negatively affect the Town's operations, vendors, and/or taxpayer base. The extent to which the COVID-19 impacts the Town's financial position will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or its impact, among others.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 16 – SUBSEQUENT EVENTS

On August 7, 2020, the Town issued a General Obligation Bond Anticipation Note for \$585,000 and paid \$45,000 from the General Fund to pay off the maturing Bond Anticipation Note. The Note matures on August 6, 2021 and carries an interest rate of 1.34%.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Property Taxes	\$ 8,576,200	\$ 8,576,200	\$ 8,993,242	\$ 417,042
Benefit Assessment - WPCA	10,000	10,000	9,433	(567)
Sewer Assessment	-	-	-	-
Total Property Taxes	<u>8,586,200</u>	<u>8,586,200</u>	<u>9,002,675</u>	<u>416,475</u>
Intergovernmental				
Education				
Education Cost Sharing	2,748,930	2,748,930	3,024,043	275,113
Other Educational Grants	12,219	12,219	3,900	(8,319)
Total Education	<u>2,761,149</u>	<u>2,761,149</u>	<u>3,027,943</u>	<u>266,794</u>
Other				
Pequot Funds	11,287	11,287	11,287	-
Municipal Stabilization Grant	139,316	139,316	139,316	-
Other Grants	23,683	23,683	12,208	(11,475)
Total Other	<u>174,286</u>	<u>174,286</u>	<u>162,811</u>	<u>(11,475)</u>
Tax Relief				
Veterans	3,000	3,000	2,184	(816)
Totally Disabled	500	500	441	(59)
Payment in Lieu of Taxes - State Property	3,830	3,830	3,830	-
Total Tax Relief	<u>7,330</u>	<u>7,330</u>	<u>6,455</u>	<u>(875)</u>
Total Intergovernmental	<u>2,942,765</u>	<u>2,942,765</u>	<u>3,197,209</u>	<u>254,444</u>
Local Revenues				
Fees				
Land Fees	18,000	18,000	25,601	7,601
Preservation Fees	750	750	1,110	360
TC Farm Fund MERS	1,000	1,000	1,295	295
Planning and Zoning Fees	4,000	4,000	9,427	5,427
Miscellaneous Fees	600	600	6,562	5,962
Local Capital Improvement Fees	1,800	1,800	1,665	(135)
Sports License Fees	100	100	76	(24)
Dog License Fees	350	350	8,807	8,457
Total Fees	<u>26,600</u>	<u>26,600</u>	<u>54,543</u>	<u>27,943</u>
Permits				
Building Permits	52,500	52,500	100,344	47,844
Pistol Permits	2,000	2,000	1,950	(50)
Total Permits	<u>54,500</u>	<u>54,500</u>	<u>102,294</u>	<u>47,794</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Charges for Services				
Conveyance Tax	\$ 30,000	\$ 30,000	\$ 49,186	\$ 19,186
Copies	7,000	7,000	8,572	1,572
Total Charges for Services	<u>37,000</u>	<u>37,000</u>	<u>57,758</u>	<u>20,758</u>
Wheelabrator				
Contract Fee	1,000,000	1,000,000	975,477	(24,523)
Host Community Royalties	150,000	150,000	155,406	5,406
Total Wheelabrator	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,130,883</u>	<u>(19,117)</u>
Other				
Telecommunications Property	8,000	8,000	8,247	247
Recreation Committee Program Fees	33,000	33,000	32,251	(749)
Senior Van Donation Box	200	200	255	55
Refunds	-	-	91	91
Total Other	<u>41,200</u>	<u>41,200</u>	<u>40,844</u>	<u>(356)</u>
Total Local Revenues	<u>1,309,300</u>	<u>1,309,300</u>	<u>1,386,322</u>	<u>77,022</u>
Investment Income	<u>40,000</u>	<u>40,000</u>	<u>72,848</u>	<u>32,848</u>
Total Revenues	<u>12,878,265</u>	<u>12,878,265</u>	<u>13,659,054</u>	<u>780,789</u>
EXPENDITURES				
General Government				
Selectmen's Office				
First Selectman's Salary	50,014	50,014	50,013	1
Second Selectman's Salary	5,389	5,389	5,387	2
Third Selectman's Salary	5,389	5,389	5,389	-
Bookkeeper's Salary	31,200	32,558	32,557	1
Secretary/Clerk's Salary	39,281	39,391	39,390	1
Selectmens' Supplies	3,000	3,000	2,922	78
Supplies and Expenses	3,000	3,000	1,082	1,918
Total Selectmen's Office	<u>137,273</u>	<u>138,741</u>	<u>136,740</u>	<u>2,001</u>
Town Clerk's Office				
Town Clerk's Salary	49,287	49,287	49,287	-
Assistant Town Clerk's Salary	22,683	22,997	22,997	-
Records Management Service	13,000	13,000	11,441	1,559
Supplies and Expenses	6,000	6,000	5,662	338
Vital Statistics	1,500	1,500	1,495	5
Document Preservation Grant	1	1	-	1
Total Town Clerk's Office	<u>92,471</u>	<u>92,785</u>	<u>90,882</u>	<u>1,903</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Tax Collector's Office				
Tax Collector's Salary	\$ 41,885	\$ 41,885	\$ 41,885	\$ -
Tax Clerk's Wages	7,334	8,834	7,943	891
Contracted Service	2,896	2,896	2,844	52
Computer Management/Support	5,252	5,252	4,752	500
On-line Bill Pay	1,275	1,275	1,275	-
Tax Refunds	4,000	12,000	11,602	398
Supplies and Expense	4,250	4,250	3,971	279
Delinquent Motor Vehicle tax Fee	550	550	-	550
Total Tax Collector's Office	<u>67,442</u>	<u>76,942</u>	<u>74,272</u>	<u>2,670</u>
Assessor's Office				
Assessor's Salary	49,359	49,359	46,830	2,529
Assessor's Clerk Salary	8,913	18,066	16,076	1,990
Tax Mapping	7,500	7,500	7,073	427
Computer Maintenance/Support	14,014	14,014	14,014	-
Supplies and Expenses	3,375	3,375	3,268	107
Total Assessor's Office	<u>83,161</u>	<u>92,314</u>	<u>87,261</u>	<u>5,053</u>
Treasurer's Office				
Treasurer's Salary	19,798	19,798	19,797	1
Deputy Treasurer's Salary	1,000	1,000	1,000	-
Supplies and Expenses	150	150	-	150
Bank Charges	100	100	-	100
Total Treasurer's Office	<u>21,048</u>	<u>21,048</u>	<u>20,797</u>	<u>251</u>
Board of Finance				
Auditor	17,050	17,050	17,050	-
Supplies and Expenses	1,500	1,500	898	602
Total Board of Finance	<u>18,550</u>	<u>18,550</u>	<u>17,948</u>	<u>602</u>
Planning and Zoning				
Purchased Services	54,000	58,849	58,849	-
Supplies and Expenses	3,600	3,600	3,151	449
Total Planning and Zoning	<u>57,600</u>	<u>62,449</u>	<u>62,000</u>	<u>449</u>
Zoning Board of Appeals				
Supplies and Expenses	2,500	2,500	1,669	831
Board of Tax Review				
Salaries	825	825	825	-
Supplies and Expenses	225	225	181	44
Total Board of Tax Review	<u>1,050</u>	<u>1,050</u>	<u>1,006</u>	<u>44</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Conservation Committee				
Enforcement Officer	\$ 8,000	\$ 8,000	\$ 4,638	\$ 3,362
Supplies and Expenses	1,800	1,800	1,227	573
Total Conservation Committee	<u>9,800</u>	<u>9,800</u>	<u>5,865</u>	<u>3,935</u>
Recycling Committee				
Purchased Services	55,730	55,730	53,000	2,730
Supplies	100	100	-	100
Total Recycling Committee	<u>55,830</u>	<u>55,830</u>	<u>53,000</u>	<u>2,830</u>
Registrars of Voters				
Democratic Registrar's Salary	8,683	8,683	8,683	-
Republican Registrar's Salary	8,683	8,683	8,683	-
Purchased Services	3,500	3,500	800	2,700
Supplies and Expense	36,000	36,000	24,458	11,542
Democratic Deputy Registrar	300	300	300	-
Republican Deputy Registrar	300	300	300	-
Total Registrars of Voters	<u>57,466</u>	<u>57,466</u>	<u>43,224</u>	<u>14,242</u>
Clerk to the Boards				
Clerk to the Boards	10,000	10,000	6,937	3,063
Supplies and Expenses	600	600	479	121
Total Clerk to the Boards	<u>10,600</u>	<u>10,600</u>	<u>7,416</u>	<u>3,184</u>
Non-Allocated Expenditures				
Employee Insurance	265,254	265,254	258,985	6,269
Social Security and Medicare	60,461	60,461	58,531	1,930
Municipal Education	4,000	4,000	2,848	1,152
Unemployment Compensation	4,000	4,000	433	3,567
Union Related Contingency	5,600	-	-	-
Pension	500	500	-	500
Town Share Retirement Compensation	75,030	75,030	63,757	11,273
Employee Retirement Accrued Liability	436,358	428,427	404,428	23,999
Town Counsel	45,000	45,000	40,904	4,096
Town Engineer	50,000	65,000	62,900	2,100
Insurance and Bonding	222,592	222,592	212,168	10,424
Payroll Service	6,000	6,000	4,888	1,112
Consulting Fees/Contracted Services	55,000	55,000	48,546	6,454
Town Hall Utilities	27,000	27,000	20,609	6,391
Town Hall Maintenance	10,000	10,000	9,859	141
Town Hall Equipment Maintenance	1,500	1,500	1,500	-
Town Hall Computer	7,500	7,500	7,342	158

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Non-Allocated Expenditures (Continued)				
Town Hall Copier Maintenance	\$ 2,000	\$ 2,000	\$ 1,841	\$ 159
Town Hall Postage	10,000	10,000	7,432	2,568
Town Hall Supplies and Expense	3,250	3,250	3,248	2
Advertising and Communications	4,500	4,500	1,957	2,543
Walking Weekend	150	150	150	-
Donations	1,650	1,650	1,200	450
Auditors Contracted Services	1,000	1,000	-	1,000
Total Non-Allocated Expenditures	<u>1,298,345</u>	<u>1,299,814</u>	<u>1,213,526</u>	<u>86,288</u>
Town Memberships				
Town Memberships	<u>97,553</u>	<u>97,553</u>	<u>97,257</u>	<u>296</u>
Other Protection and Prevention				
Building Inspector Wages	27,500	27,500	27,494	6
Animal Control Officer's Salary	13,464	13,464	13,463	1
Zoning Enforcement Wages	10,000	10,000	9,988	12
Building Inspector Supplies and Expenses	2,500	2,500	2,006	494
Dog Damages	1	1	-	1
ZEO Supplies and Expenses	400	400	-	400
Total Other Protection and Prevention	<u>53,865</u>	<u>53,865</u>	<u>52,951</u>	<u>914</u>
Health and Welfare				
Public Health Nursing	2,500	2,500	-	2,500
Health Department	28,252	28,252	28,251	1
Sewer Line Fees	2,500	2,500	-	2,500
Total Health and Welfare	<u>33,252</u>	<u>33,252</u>	<u>28,251</u>	<u>5,001</u>
Total General Government	<u>2,097,806</u>	<u>2,124,559</u>	<u>1,994,065</u>	<u>130,494</u>
Fire Protection				
Lisbon Volunteer Fire Department	111,000	111,000	111,000	-
LVFD SCBA's	2,800	2,800	2,228	572
Hydrant Rental	32,200	33,621	33,620	1
Recruitment/Retention	17,479	17,479	17,479	-
Fire Marshal's Salary	8,574	8,574	4,615	3,959
Fire Marshal Supplies and Expense	3,000	3,000	2,734	266
Dept. of Emergency Mgmt. Director's Stipend	1,750	1,750	1,750	-
Tree Warden Stipend	600	600	600	-
Burning Official	200	200	200	-
Dept. of Emergency Mgmt. Expense	3,000	3,000	2,256	744
Total Fire Protection	<u>180,603</u>	<u>182,024</u>	<u>176,482</u>	<u>5,542</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Police Protection				
Resident State Trooper Contract	\$ 146,863	\$ 138,863	\$ 138,863	\$ -
Trooper's Supplies and Expenses	3,000	3,000	2,940	60
Resident State Trooper Overtime	10,000	10,000	9,754	246
Total Police Protection	<u>159,863</u>	<u>151,863</u>	<u>151,557</u>	<u>306</u>
Highways and Streets				
Highway Department Salaries	249,600	256,296	256,296	-
Street Lighting	33,000	33,000	24,001	8,999
Contracted Services	50,000	50,000	38,503	11,497
Town Garage Utilities	40,000	40,000	38,995	1,005
Town Equipment and Trucks	85,000	85,000	79,973	5,027
Highway Department Supplies	8,000	8,000	7,986	14
Road Repair and Maintenance	49,500	49,500	49,296	204
General Road Repair	20,000	20,000	11,866	8,134
Town Garage Maintenance	15,000	15,000	14,741	259
Sanitation	30,000	30,000	20,302	9,698
Total Highways and Streets	<u>580,100</u>	<u>586,796</u>	<u>541,959</u>	<u>44,837</u>
Seniors and Senior Center				
Senior Coordinator's Salary	44,132	44,242	44,242	-
Van Driver's Salary	24,141	24,141	20,493	3,648
Senior Meal Site Wages	17,982	18,076	18,075	1
Senior Center Coverage Wages	4,800	4,800	4,171	629
Senior Citizen's Services	3,500	3,500	3,486	14
Senior Center Utilities	15,000	15,000	13,861	1,139
Senior Center Maintenance	11,000	9,500	9,474	26
Senior Van Maintenance	2,500	4,000	3,155	845
Senior Coordinator Supplies	1,000	1,000	677	323
Senior Center Supplies	1,200	1,200	1,140	60
Senior Center Copier Expense	1,400	1,400	1,183	217
Total Seniors and Senior Center	<u>126,655</u>	<u>126,859</u>	<u>119,957</u>	<u>6,902</u>
Recreation				
Special Events	49,500	49,500	37,437	12,063
Recreation Purchased Services	19,000	19,000	7,998	11,002
Recreation Supplies	1,265	1,265	24	1,241
Recreation Maintenance of Municipal Rec Field:	2,150	2,150	-	2,150
Lisbon Meadows Park	5,200	5,200	2,057	3,143
Total Recreation	<u>77,115</u>	<u>77,115</u>	<u>47,516</u>	<u>29,599</u>
Education				
Board of Education	9,598,391	9,598,391	9,586,291	12,100

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary Basis	Variance
Capital Outlay				
Capital Improvements	\$ 20,000	\$ 20,000	\$ 15,132	\$ 4,868
Equipment, Furniture, Fixtures	3,000	3,000	1,420	1,580
Total Capital Outlay	23,000	23,000	16,552	6,448
Debt Service				
Principal, General Obligation Bond	220,000	220,000	220,000	-
Principal, Hoydilla Property	45,000	45,000	45,000	-
Interest, General Obligation Bond	22,650	22,650	22,650	-
Interest, Hoydilla Property	16,492	16,492	16,492	-
Total Debt Service	304,142	304,142	304,142	-
Total Expenditures	13,147,675	13,174,749	12,938,521	236,228
Excess (Deficiency) of Revenues				
Over Expenditures	(269,410)	(296,484)	720,533	1,017,017
Other Financing Sources and (Uses)				
Appropriation from Fund Balance	396,358	423,432	-	(423,432)
Transfers Out	(110,000)	(110,000)	(110,000)	-
Total Other Financing Sources and (Uses)	286,358	313,432	(110,000)	(423,432)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis	\$ 16,948	\$ 16,948	610,533	\$ 593,585
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			1,013,262	
Expenditures from Teachers' Retirement and OPEB			(1,013,262)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			74,250	
Expenditures from Excess Cost Grant			(74,250)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(133,801)	
Current Year Encumbrances			124,644	
Change in Accrued Payroll:				
Board of Education			(5,044)	
General Government			(1,376)	
Paydown of BAN is Reclassed Against Outstanding Balance			45,000	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis			\$ 639,956	

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

Notes to Required Supplementary Information:

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1) The Town does not recognize revenue or expenditure amounts for the State Teachers' Pension and OPEB on-behalf amounts from the State of Connecticut. 2) The excess cost grant is net against the expenditures in accordance with state statutes. 3) Encumbrances are treated as expenditures against the budget in the year committed. 4) Payroll is budgeted on a cash basis. 5) Revenues and expenditures from refunding or renewing long-term debt or lease proceeds is included in the budget as the net revenue or expenditure.

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Proportionate Share of the Net Pension Liability and Schedule of Contributions
Last Six Fiscal Years

**Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68**

	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.255%	0.250%	0.251%	0.251%	0.197%	0.197%
Town's Portion of Net Pension Liability	<u>\$ 941,320</u>	<u>\$ 954,953</u>	<u>\$ 414,874</u>	<u>\$ 492,619</u>	<u>\$ 269,858</u>	<u>\$ 202,758</u>
Town's Covered Payroll	<u>\$ 655,648</u>	<u>\$ 702,823</u>	<u>\$ 597,453</u>	<u>\$ 597,453</u>	<u>\$ 437,388</u>	<u>\$ 437,388</u>
Town's Portion of Net Pension Liability as a % of Covered Payroll	143.57%	135.87%	69.44%	82.45%	61.70%	46.36%
Plan Fiduciary Net Position as a % of Total Pension Liability	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

**Schedule of Employer Contributions
Since Inception of GASB 68**

	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 79,811	\$ 72,945	\$ 71,152	\$ 67,990	\$ 49,478	\$ 48,686
Town's Contributions in Relation to the Contractually Required Contribution	<u>79,811</u>	<u>72,945</u>	<u>71,152</u>	<u>67,990</u>	<u>49,478</u>	<u>48,686</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>					
Town's Covered Payroll	\$ 655,648	\$ 702,823	\$ 597,453	\$ 597,453	\$ 437,388	\$ 437,388
Town's Contributions as a Percentage of Covered Payroll	12.17%	10.38%	11.91%	11.38%	11.31%	11.13%

Notes to Schedule of Employer Contributions

The actuarially determined contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in the schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	3.25%
Salary Increases	4.25%-11.00%, including inflation
Investment rate of return	8.00% net of investment expense, including inflation

See accountant's report.

TOWN OF LISBON, CONNECTICUT
State Teachers' Retirement System
Proportionate Share of Net Pension Liability
Last Six Fiscal Years

Schedule of Proportionate Share of Net Pension Liability

	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>13,030,038</u>	<u>10,046,917</u>	<u>10,663,253</u>	<u>11,249,813</u>	<u>8,517,731</u>	<u>7,872,936</u>
Total	<u>\$ 13,030,038</u>	<u>\$ 10,046,917</u>	<u>\$ 10,663,253</u>	<u>\$ 11,249,813</u>	<u>\$ 8,517,731</u>	<u>\$ 7,872,936</u>
Town's covered payroll	<u>\$ 3,289,182</u>	<u>\$ 3,097,173</u>	<u>\$ 3,133,413</u>	<u>\$ 3,074,214</u>	<u>\$ 3,075,670</u>	<u>\$ 3,098,730</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

The actuarially determined contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date.

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

Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 State Teachers' Retirement System
 Proportionate Share of Net OPEB Liability
 Last Three Fiscal Years

Schedule of Proportionate Share of Net OPEB Liability

	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	2,032,108	2,008,405	2,744,583
Total	\$ 2,032,108	\$ 2,008,405	\$ 2,744,583
Town's covered payroll	\$ 3,289,182	\$ 3,097,173	\$ 3,133,413
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Other Post Employment Benefits (OPEB)
 Schedule of Changes in Total OPEB Liability
 Last Three Fiscal Years

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 67,666	\$ 59,080	\$ 60,760
Interest	61,488	61,674	55,622
Differences Between Expected and Actual Experience	(429,213)	(22,655)	(5,334)
Changes of Assumptions	263,276	69,404	(53,609)
Benefit Payments	<u>(19,682)</u>	<u>(16,221)</u>	<u>(15,423)</u>
Net Change in Total OPEB Liability	(56,465)	151,282	42,016
Total OPEB Liability - Beginning	<u>1,693,888</u>	<u>1,542,606</u>	<u>1,500,590</u>
Total OPEB Liability - Ending*	<u>\$ 1,637,423</u>	<u>\$ 1,693,888</u>	<u>\$ 1,542,606</u>
Covered Payroll	\$ 2,876,639	\$ 3,063,360	\$ 2,985,731
Total OPEB Liability as a Percentage of Covered Payroll	56.92%	55.30%	51.67%

* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

Notes to Schedule

Measurement Date	June 30, 2020
Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.60%
Healthcare Cost Trend Rates	6.50%, reducing by 0.25% each year to an ultimate rate of 4.60% per year.

See accountant's report.

TOWN OF LISBON, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	SPECIAL REVENUE FUNDS					PERMANENT FUNDS		Total
	Miscellaneous		After School	Shooting	Education		Preston	
	Town Grant Fund	Cafeteria Fund	Child Care Fund	Stars Fund	Grants Fund	Palmer Fund	Learned Fund	
Assets								
Cash and Cash Equivalents	\$ 45,299	\$ 4,179	\$ 9,604	\$ 4,733	\$ 28,385	\$ 697	\$ 3,102	\$ 95,999
Investments	-	-	-	4,162	-	-	-	4,162
Receivables, Net	274,842	206	6,668	-	7,666	-	-	289,382
Other Assets	-	9,361	588	-	-	-	-	9,949
Due from Other Funds	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 320,141</u>	<u>\$ 13,746</u>	<u>\$ 16,860</u>	<u>\$ 8,895</u>	<u>\$ 36,051</u>	<u>\$ 697</u>	<u>\$ 3,102</u>	<u>\$ 399,492</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ 147	\$ 776	\$ -	\$ 132	\$ -	\$ -	\$ -	\$ 1,055
Unearned Revenues	21,751	802	-	-	32,489	-	-	55,042
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>21,898</u>	<u>1,578</u>	<u>-</u>	<u>132</u>	<u>32,489</u>	<u>-</u>	<u>-</u>	<u>56,097</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	100	1,000	1,100
Restricted	298,243	12,168	16,860	8,763	3,562	597	2,102	342,295
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>298,243</u>	<u>12,168</u>	<u>16,860</u>	<u>8,763</u>	<u>3,562</u>	<u>697</u>	<u>3,102</u>	<u>343,395</u>
Total Liabilities and Fund Balances	<u>\$ 320,141</u>	<u>\$ 13,746</u>	<u>\$ 16,860</u>	<u>\$ 8,895</u>	<u>\$ 36,051</u>	<u>\$ 697</u>	<u>\$ 3,102</u>	<u>\$ 399,492</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS					PERMANENT FUNDS		Total
	Miscellaneous		After School	Shooting	Education	Palmer	Preston	
	Town Grant Fund	Cafeteria Fund	Child Care Fund	Stars Fund	Grants Fund	Fund	Learned Fund	
Revenues								
Intergovernmental Revenues	\$ 5,500	\$ 80,647	\$ -	\$ -	\$ 294,671	\$ -	\$ -	\$ 380,818
Charges for Services	4,474	74,624	79,698	16,290	28,700	-	-	203,786
Interest Income	-	-	-	71	-	1	6	78
Other Revenue	-	-	-	-	-	-	-	-
Total Revenues	9,974	155,271	79,698	16,361	323,371	1	6	584,682
Expenditures								
General Government	8,752	-	-	-	-	-	-	8,752
Police Protection	-	-	-	-	-	-	-	-
Seniors and Senior Center	5,785	-	-	21,040	-	-	-	26,825
Education	-	184,108	84,595	-	323,370	-	-	592,073
Total Expenditures	14,537	184,108	84,595	21,040	323,370	-	-	627,650
Excess/(Deficiency) of Revenues Over Expenditures	(4,563)	(28,837)	(4,897)	(4,679)	1	1	6	(42,968)
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(4,563)	(28,837)	(4,897)	(4,679)	1	1	6	(42,968)
Fund Balances at Beginning of Year	302,806	41,005	21,757	13,442	3,561	696	3,096	386,363
Fund Balances at End of Year	\$ 298,243	\$ 12,168	\$ 16,860	\$ 8,763	\$ 3,562	\$ 697	\$ 3,102	\$ 343,395

See accountant's report.

TOWN OF LISBON, CONNECTICUT

Schedule of Debt Limitation

June 30, 2020

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 8,510,353

Reimbursement for Revenue Loss on:

Tax Relief for Elderly and Disabled - Prior Fiscal Year 415

Base \$ 8,510,768

	<u>General Purposes</u> (2.25 x base)	<u>Schools</u> (4.50 x base)	<u>Sewers</u> (3.75 x base)	<u>Urban Renewal</u> (3.25 x base)	<u>Pension Deficit</u> (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	<u>\$ 19,149,228</u>	<u>\$ 38,298,456</u>	<u>\$ 31,915,380</u>	<u>\$ 27,659,996</u>	<u>\$ 25,532,304</u>
Indebtedness:					
Bonds Payable**	<u>630,000</u>	<u>219,300</u>	<u>425,700</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>630,000</u>	<u>219,300</u>	<u>425,700</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 18,519,228</u>	<u>\$ 38,079,156</u>	<u>\$ 31,489,680</u>	<u>\$ 27,659,996</u>	<u>\$ 25,532,304</u>

**Includes \$630,000 of Bond Anticipation Notes.

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$59,575,376.

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2020

List of 10/1:	Outstanding July 1, 2019	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2020
			Additions	Deductions		Taxes	Interest	Liens	Total		
2018		\$ 8,864,841	\$ 40,207	\$ 25,589	\$ 8,879,459	\$ 8,766,840	\$ 30,219	\$ 40	\$ 8,797,099	\$ -	\$ 112,619
2017	\$ 117,411	-	37,254	1,964	152,701	105,623	15,841	564	122,028	-	47,078
2016	32,340	-	32,759	1,615	63,484	44,804	8,906	212	53,922	8,519	10,161
2015	8,709	-	-	4,197	4,512	636	2,431	48	3,115	-	3,876
2014	7,230	-	-	364	6,866	4,266	4,026	48	8,340	-	2,600
2013	6,271	-	-	364	5,907	1,359	4,127	48	5,534	-	4,548
2012	1,739	-	-	362	1,377	1,128	367	24	1,519	249	-
2011	633	-	366	731	268	-	-	-	-	268	-
	\$ 174,333	\$ 8,864,841	\$ 110,586	\$ 35,186	\$ 9,114,574	8,924,656	65,917	984	8,991,557	\$ 9,036	\$ 180,882
Net Grand List - October 1, 2018					Total Suspense Collections	1,945	2,437	-	4,382		
Tax Rate: 23.23 mills					Total Collections	\$ 8,926,601	\$ 68,354	\$ 984	\$ 8,995,939		

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Changes in Fund Balance by Project
Capital Nonrecurring Fund
For the Year Ended June 30, 2020

	<u>Beginning Fund Balance</u>	<u>Current Year Appropriations</u>	<u>Internal Fund Transfers</u>	<u>Current Year Expenditures</u>	<u>Current Year Revenues</u>	<u>Ending Fund Balance</u>
Committed Fund Balance:						
Bundy Hill Road Bridge	\$ 388,416	\$ -	\$ -	\$ (33,060)	\$ -	\$ 355,356
LCS Oil Tank Removal	284,894	-	-	-	-	284,894
School Window Project	122,922	-	-	-	-	122,922
1 South Burham Highway	54,500	-	-	-	-	54,500
Ford F-550 Mason Dump Truck	1,000	-	-	-	-	1,000
Open Space Fees	82,400	-	-	-	33,000	115,400
Capital Projects	327,659	30,000	-	-	-	357,659
Plan of Conservation and Development	165,028	10,000	-	-	-	175,028
Salt Shed Construction	190,000	15,000	-	-	-	205,000
Public and Safety Vehicles	130,104	40,000	-	-	-	170,104
Revaluation	62,800	10,000	-	-	-	72,800
Strawberry Fields Sidewalks	-	-	-	(18,677)	18,677	-
Land Purchases	57,345	5,000	-	-	-	62,345
GIS Assessor Mapping	46,250	-	-	-	-	46,250
Lisbon Meadow Park Improvements	15,498	-	-	-	-	15,498
Voting Machine Replacement	10,000	-	-	-	-	10,000
Watershed Review/Appraisal	-	-	-	-	-	-
Total Committed Fund Balance	<u>1,938,816</u>	<u>110,000</u>	<u>-</u>	<u>(51,737)</u>	<u>51,677</u>	<u>2,048,756</u>
Assigned Fund Balance:						
Undesignated	<u>182,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,381</u>	<u>220,015</u>
Total Fund Balance	<u>\$ 2,121,450</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ (51,737)</u>	<u>\$ 89,058</u>	<u>\$ 2,268,771</u>

See accountant's report.