

Town of Cromwell, Connecticut
Annual Comprehensive Financial Report



For the Year Ended June 30, 2023

**Annual Comprehensive Financial Report
of the
Town of Cromwell, Connecticut**



For the Year Ended June 30, 2023

**Prepared By
Finance Department**

**Sharon DeVoe
Finance Director**

Town of Cromwell, Connecticut
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents

		<u>Page</u>
	<u>Introductory Section</u>	
	Letter of Transmittal	1-5
	Organizational Chart	6
	Principal Officials	7
	Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2022	8
	<u>Financial Section</u>	
	Independent Auditors' Report	9-11
	Management's Discussion and Analysis	12-20
<u>Exhibits</u>	<u>Basic Financial Statements</u>	
	<u>Government-Wide Financial Statements</u>	
A	Statement of Net Position	21-22
B	Statement of Activities	23
	<u>Fund Financial Statements</u>	
C	Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position	24-25
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27-28
F	Statement of Net Position - Proprietary Funds	29
G	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	30
H	Statement of Cash Flows - Proprietary Funds	31
I	Statement of Fiduciary Net Position - Fiduciary Funds	32

Town of Cromwell, Connecticut
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents

<u>Exhibits</u>		<u>Page</u>
J	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	33
K	Notes to Financial Statements	34-87
<u>RSI</u>	<u>Required Supplementary Information</u>	
	<u>Budgetary Comparison Schedules</u>	
	<u>General Fund</u>	
1A	Schedule of Revenues and Other Financing Sources - Budget and Actual – General Fund	88-89
1B	Schedule of Expenditures and Other Financing Uses - Budget and Actual – General Fund	90-91
	<u>Sewer Usage Fund</u>	
1C	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sewer Usage Fund	92
1D	Notes to Required Supplementary Information	93
	<u>Employees' Pension Plan</u>	
2A	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns	94
2B	Schedule of Contributions	95
2C	Notes to Required Supplementary Information	96
	<u>Connecticut Municipal Employees' Retirement System</u>	
3A	Schedule of Proportionate Share of the Collective Net Pension Liability and Schedule of Contributions	97
3B	Notes to Required Supplementary Information	98
	<u>Connecticut State Teachers' Retirement System</u>	
4A	Schedule of Proportionate Share of the Collective Net Pension Liability and Schedule of Contributions	99
4B	Notes to Required Supplementary Information	100

Town of Cromwell, Connecticut

**Annual Comprehensive Financial Report
For the Year Ended June 30, 2023**

Table of Contents

		<u>Page</u>
<u>RSI</u>	<u>Other Post-Employment Benefit (OPEB) Plan</u>	
5A	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns	101
5B	Schedule of Contributions	102
5C	Notes to Required Supplementary Information	103
	<u>Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan</u>	
6A	Schedule of Proportionate Share of the Collective Net OPEB Liability and Schedule of Contributions	104
6B	Notes to Required Supplementary Information	105
<u>Schedules</u>	<u>Supplemental Informaiton</u>	
	<u>General Fund</u>	
1	Combining Balance Sheet	106
2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
3	Report of Tax Collector	108
	<u>Other Governmental Funds</u>	
4	Combining Balance Sheet	109-110
5	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	111-112
6	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Dog License Fund	113
	<u>Internal Service Funds</u>	
7	Combining Statement of Net Position	114
8	Combining Statement of Revenues, Expenses and Changes in Net Position	115
9	Combining Statement of Cash Flows	116

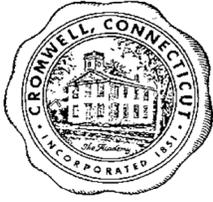
Town of Cromwell, Connecticut

**Annual Comprehensive Financial Report
For the Year Ended June 30, 2023**

Table of Contents

<u>Tables</u>	<u>Statistical Section</u>	<u>Page</u>
	<u>Financial Trend</u>	
1	Net Position by Component	117
2	Changes in Net Position	118
3	Fund Balances - Governmental Funds	119
4	Changes in Fund Balances - Governmental Funds	120
	<u>Revenue Capacity</u>	
5	Assessed and Estimated Actual Value of Taxable Property	121
6	Principal Property Taxpayers	122
7	Property Tax Rates, Levies and Collections	123
8	Direct and Overlapping Property Tax Rates	124
	<u>Debt Capacity</u>	
9	Ratios of Outstanding Debt by Type	125
10	Ratios of General Bonded Debt Outstanding	126
11	Direct and Overlapping Governmental Activities Debt	127
12	Schedule of Debt Limitation	128
13	Legal Debt Margin Information	129
	<u>Demographic and Economic Information</u>	
14	Demographic and Economic Statistics	130
15	Principal Employers	131
	<u>Operating Information</u>	
16	Full-Time Equivalent Employees by Function/Program	132
17	Operating Indicators by Function/Program	133
18	Capital Asset Statistics by Function/Program	134

Introductory Section



Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

January 18, 2024

To the Town Manager, Town Council, Board of Finance and Citizens of the Town of Cromwell:

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023, as well as Town Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, in conformity with generally accepted accounting principles (GAAP) and based upon a comprehensive framework of internal control that it has established for this purpose. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition to internal accounting controls, the Town maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual referendum and as may be amended during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level. The Town maintains annual budgets for other funds, such as the Sewer Usage Fund and the Dog License Fund. The Town also maintains project length budgets for all capital projects.

PKF O'Connor Davies, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, was appointed by the Town Council. PKF O'Connor Davies has issued an unmodified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2023. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

This report includes all of the funds and accounts of the Town, and includes all activities controlled or dependent on the Town. The Cromwell Board of Education and the Cromwell Water Pollution Control Authority are considered departments of the Town and therefore, these activities are included in this report. The Cromwell Fire/Water District and the Mattabassett District are governmental entities having operations within the Town, but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

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

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's discussion and analysis (MD&A). The MD&A is intended to complement this transmittal letter and should be read in conjunction with it and can be found immediately following the independent auditors' report.

Profile of the Town of Cromwell

The Town comprises 13.5 square miles in the approximate geographical center of the State. It is 14 miles south of Hartford and 28 miles northeast of New Haven. The Connecticut River forms the eastern boundary of the Town. A major north/south highway, Interstate 91, with two Cromwell exits, runs through the Town. Also, Connecticut Routes 99, 372 and 3 bisect the Town. The Central Connecticut Expressway (Route 9) enhances the Town's location as it connects I-95 in Old Saybrook, I-91 in Cromwell and I-84, the State's major east/west highway, in New Britain. Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. The estimated 2023 population of Cromwell is 14,225.

The Town of Cromwell municipal government operates under a Town Charter with a Council/Manager form of government. The legislative power of the Town is vested in a combination of a Mayor and the six-member Town Council, with a Board of Finance responsible for presenting fiscal operating budgets for Referendum approval. The Town Manager is the chief executive and administrative officer and is responsible for the administration of all Town matters with the exception of education.

The Town provides a full range of municipal services including public safety (police, animal control and civil preparedness), public works (roads, building and grounds, solid waste management, engineering, motor pool and building inspections), health, sanitation, zoning compliance, senior citizen services, youth services, social services, recreation, library, education and schools and general government administrative service. As a separate legal entity, the Cromwell Fire District provides fire, ambulance and water services.

Local Economy and Major Initiatives

The Town's position as a residential community is illustrated by the fact that approximately 59.5% of the October 2021 grand list was residential; down 1.5% from the previous year. At June 30, 2023, 96.3% of the Town's available labor force was employed, down from 96.6% the previous year. This compares favorably to the Hartford labor market area rate of 96.1% and the State rate of 96.4%.

Cromwell's location in the center of the State makes it a great place to live and work and continues to draw a variety of residential and commercial development. The town's newest residential developments provide homes for a variety of different lifestyles, ages and income brackets. The high end sector includes the 75 single family homes at Arbor Meadows off of Field Road. The subdivision was planned to be built out in five years but will be finished in four years due to the high demand for these luxury homes starting at \$700,000. Two other subdivisions are now under construction including the 9 lot Vista Estates Subdivision on Hicksville Road and the 8 lot Scheu Farm Subdivision on Woodside Road. A new 6 lot subdivision was approved on Evergreen Road.

The demand for multi-family development is also high. The Landon (162 luxury units on at the former Nike site on Country Squire Drive) completely leased out within months of opening. The Special Permit and Site Plan for the 100 Berlin Road Mixed Use Development proposed for the former Red Lion at 100 Berlin Road (State Route 372) was approved in November of 2022. This project will include 254 luxury apartments, 20 townhouse condominiums and 30,000 square feet of commercial space. The project will begin construction in the spring of 2024.

Steady growth continues on Berlin Road (State Route 372), Shunpike Road (State Route 3) and Main Street (State Route 99) the main commercial thoroughfares of Cromwell. The Shop Rite Shopping Center at the corner of Berlin Road and Shunpike Road has added new tenants including a Gold Fish swim school and a Texas Roadhouse restaurant. Renovation continues at the Cross Roads Shopping Center at 34 Shunpike Road with a new building façade and a reconstructed parking lot with new landscaping and lighting.

Cromwell is a great town for small businesses and in 2023 we saw Lorenzo's Pizza and Martini Bar on Berlin Road, Nostalgia Restaurant on Main Street, Float Forty-One on Shunpike Road and Jessica's Color Room Salon on Main Street all open. A new AutoZone store at 48 Berlin Road and a new Popeye's Chicken restaurant at 195 West Street were both approved in 2023 and construction is expected to start in early 2024.

A new 26,000 square foot medical office building for Middlesex Hospital adjacent to the existing office medical building on 180 Shunpike Road is expected to begin construction in 2024.

Regulatory boards and commissions, to the extent possible, continue to evaluate the impact their decisions have on the grand list. Diversification of the grand list is considered as part of the Town's economic development initiatives.

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

Programs and Services:

- A Charter Revision Committee was established to review the existing Town Charter, as required by State Statute. Charter revisions were on the ballot for November 8, 2022. The proposed Charter Amendments contained in the Charter revision Commission's report passed with a yes vote by the Cromwell voters.
- The Health Department continued to provide full public health services including food service audits and full public health environmental services including subsurface sewage disposal and private well water monitoring. Additionally, the health department continues to provide communicable disease surveillance and response as well as provide the public with a full range of vaccination services yearly. The health department also provides for health monitoring of our senior population on a regular basis as well as a full range of wellness and preventative health programing.
- The Town of Cromwell Farmer's Market was in its second year administered by the Recreation Department with consultation with a local farmer. The operation ran 14 weeks through the summer with 48 vendors, guest vendors, food trucks and live bands.

The Cromwell Belden Public Library in partnership with Connecticut Library Consortium and Maureen Sullivan began the important work of creating a Strategic Plan. This three- year plan will be available to the public in early 2024 and will be the framework to keep the Library the Heart of the Town of Cromwell. CBPL also was awarded a grant from the Community Foundation of Middlesex County to implement and raise awareness of the Town of Cromwell's Food Scrap Recycling program.

This grant opportunity afforded the library to collaborate with the Town's Transfer Station and will pay for the Blue Earth contract for one year and supply 200 residents with the bins needed to participate. The library continues to offer an array of programs, materials and opportunities for education and enjoyment.

Capital Projects:

- The taxpayers of the Town of Cromwell voted to approved the construction of a new middle school and central office in June 2022. This project will be partially funded with State grants and is anticipated to be completed sometime in 2025 with a total approved budget of \$58.6 million. A second referendum was held and approved on May 18, 2023 for an additional appropriation of \$13,995,600 increasing the approved budget to \$72,600,000.
- The Town continued work on two infrastructure projects, funded primarily through Federal/State grant funds, as well as other improvements to infrastructure.
- Long-range capital planning continues, considering projects such as roof replacements at two existing schools, a multi-sports field complex at the Cromwell High School, a community/senior center, and other necessary maintenance on facilities.

Cromwell's growth in both residential and commercial areas reflect its strong and healthy local economy. Cromwell has maintained a AAA credit rating from Standard & Poor's Rating Agency since 2014.

Long-Term Financial Planning

The Town of Cromwell established a Long-Range Capital Planning Committee in March 2007 and has successfully made strategic improvements to the Town's infrastructure and facilities, using a combination of cash reserves and debt. This Committee reviews capital improvement requests from various departments, including Education, with a short- and long-term perspective, prioritizing needs and using financial forecasting and analysis. The Town seeks to maintain stable mill rates along with adequate funding for the capital needs of the community.

The Town's Capital Improvement Program, approved annually by the Town Council, includes a 5-year planning document. The Town has historically used unassigned General Fund fund balance to support a Capital and Non-Recurring Fund. The improvements to be funded with cash reserves.

As part of long-range planning, efforts were renewed on behalf of the Board of Education to construct a new middle school. The project was approved by the voters, including a second referendum held in May 2023 to approval an additional \$13,995,600 due to increase constructions costs.

Relevant Financial Policies and Practices

Cromwell's Town Council has formally adopted key financial policies. The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements.

The Town adhered to the adopted Fund Balance Policy adopted January 8, 2020. The level of unassigned fund balance that the Town strives to maintain is an amount no less than 15% of the Town's general fund budget and no greater than 17%, with the intent of the Town to aim for an amount equal to 60 days of operating expenses from the current operating budget. In accordance with prudent budgeting practices, the Unassigned Fund Balance will not be used on a routine basis to lower taxes or to offset normal operating expenditures.

Instead of requesting capital and nonrecurring items out of General Fund the Town Manager requested and the Board of Finance committed the capital and nonrecurring requests out of the American Rescue Funds. This included items such as upgrades to 16' diesel mower, road improvements, police station roof, senior center flooring, pavilion at Watrous Park, Franklin/McRossen field renovations, electric aiming Devices, leaf vacuum and boxes, Human Services/Recreation vehicle and three police vehicles. These items were approved during the budget process by the Board of Finance.

The Town's Debt Management and Capital Planning policy is used in assessing and planning the Town's capital needs, the determination of appropriate funding methods, and the management of debt and capital assets at a portfolio level.

Certificate of Achievement and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

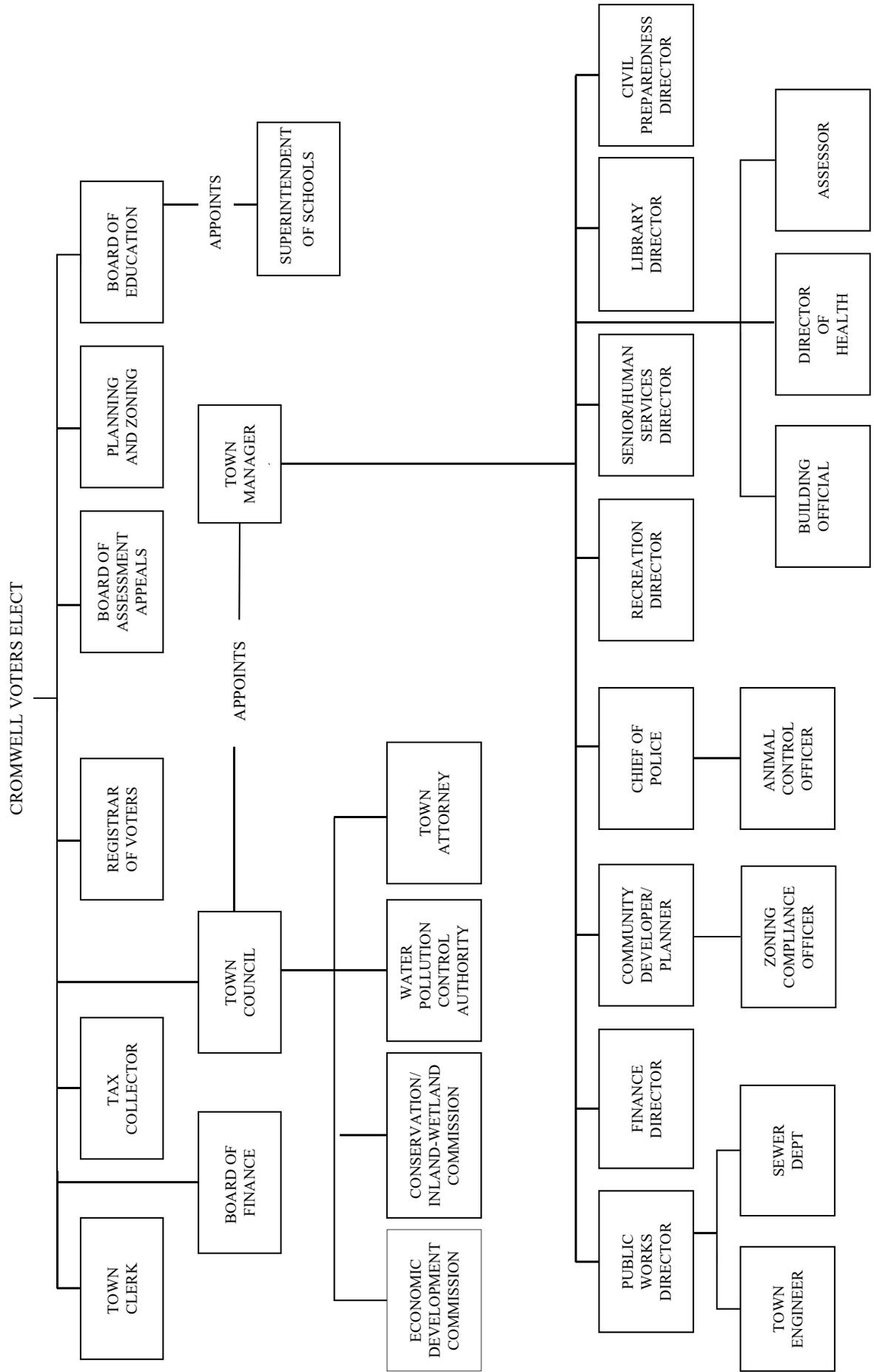
The preparation of this comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department, to whom I extend my sincere appreciation. I also thank the Town Manager, the Town Council, and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Sharon DeVoe

Sharon DeVoe
Director of Finance/Town Treasurer

ORGANIZATIONAL CHART



Town of Cromwell, Connecticut

**Principal Officials
June 30, 2023**

Mayor
Town Clerk
Tax Collector

Steve Fortenbach
JoAnn Doyle
Douglas Sienna

Town Council

Jennifer Donohue
Paula Luna
Jack Henehan

Al Waters
Jay Polke
James Demetriades

Board of Finance

John Ireland, Chairman
Steve Wygonowski, Vice-Chairman
Brian Stermer

Matthew Blanchette
Daniel Kelly
Edwin Maley, Jr.

Board of Education

Celine Kelleher, Chairman
Kathryn Russ, Secretary
Laurie Cantwell
Kelly Cloutier
Kelly Franklin

Jennifer Lamberson
Dipti Post
Alan Schumann
Matt Zabroski

Superintendent of Schools

Enza Macri

Administration

Town Manager
Animal Control Officer
Assessor
Building Official
Chief of Police
Developer/Planner
Director of Finance
Director of Human Services/Senior Center/Youth Services
Director of Public Works
Director of Recreation
Library Director
Town Engineer
Zoning Officer

Anthony J. Salvatore
Cheryl Gagnon
Shawna Baron
John Egan
Frederick Sifodaskalakis
Stuart Popper
Sharon DeVoe
Amy Saada
Louis Spina
Scott Kieras
Kara Canney
Jonathan Harriman
Bruce Driska



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Cromwell
Connecticut**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditors' Report

**Town Council
Town of Cromwell, Connecticut**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Cromwell, Connecticut ("Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 18, 2024



Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

Management's Discussion and Analysis For the Year Ended June 30, 2023

As management of the Town of Cromwell, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

Total net position	\$ 117,585,656
Unrestricted net position	4,497,518

The change in net position was \$28,524 and was due to the following:

The significant factors for the change are as follows:

Governmental funds activity:

➤ positive operations of the general fund of	\$ 2,138,885
➤ negative operations of the sewer usage fund of	(959,652)
➤ negative operations of the capital projects fund of	(2,235,622)
➤ positive operations of the school cafeteria fund	211,865

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation/amortization expense of	(1,781,333)
➤ net long-term debt activity of	2,816,444
➤ change in net pension liability of	(3,744,555)
➤ change in pension and OPEB deferred outflows/inflows of resources of	3,010,347

- The Town's governmental funds reported combined fund balance of \$24,910,328, a decrease of \$722,105 compared to the prior year. The change is based on the operating results of each major fund noted above and described in further detail in the Financial Analysis of the Town's Funds section.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,139,538 or 22.23% of total general fund budgetary expenditures and transfers out.
- Net capital assets decreased by \$1,783,259 or 1.48%. The decrease is attributable to depreciation/amortization expense in excess of net capital asset additions.
- The Town's total long-term debt decreased by \$2,816,444 or 17.39% due to scheduled principal payments of \$2,979,595 offset by the issuance of lease and subscriptions payable of \$163,151.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Town of Cromwell's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

Government-wide financial statements

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

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

The statement of activities presents information showing how the Town's net position changed during the 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 reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, culture and recreation, human services and education.

Fund financial statements

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

Governmental funds

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

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

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, Sewer Usage Fund and Capital Projects Fund, which are considered to be major funds.

Governmental funds (continued)

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the combining statements on Schedules 4 and 5.

Proprietary funds

The Town maintains two proprietary funds, both of which are internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its dental benefits and heart and hypertension claims. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds

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

Notes to 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.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

Other information

The combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,585,656 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (88.11%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide financial analysis (continued)

**Summary Statement of Net Position
June 30**

	2023	2022
Current and other assets	\$ 33,826,191	\$ 32,002,878
Capital assets (net)	118,550,525	120,333,784
Total assets	152,376,716	152,336,662
Deferred outflows of resources	6,002,257	5,415,131
Current liabilities outstanding	7,736,529	6,536,878
Long-term liabilities outstanding	29,671,185	27,899,480
Total liabilities	37,407,714	34,436,358
Deferred inflows of resources	3,385,603	5,758,343
Net position:		
Net investment in capital assets	103,603,636	102,528,113
Restricted	9,484,502	9,732,792
Unrestricted	4,497,518	5,296,187
Total net position	\$ 117,585,656	\$ 117,557,092

A small portion of the Town's net position, 8.07%, represents resources that are subject to external restrictions on how they may be used.

The unrestricted balance is 3.82% and may be used to meet the Town's ongoing obligations to citizens and creditors.

Government-wide financial analysis (continued)

The following table detailed the revenues and expenses for the fiscal year with a comparison to the prior year. The Town's net position increased by \$28,564 as detailed below:

**Statement of Changes in Net Position
For the Years Ended June 30**

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,046,508	\$ 5,609,119
Operating grants and contributions	16,188,407	15,556,433
Capital grants and contributions	330,768	3,149,953
General revenues:		
Property taxes	48,827,330	47,283,072
Grants and contributions not restricted to specific programs	408,184	134,946
Income from investments	874,186	62,523
Gain on sale of capital assets	-	95,404
Other	66,519	176,135
Total revenues	<u>71,741,902</u>	<u>72,067,585</u>
Expenses:		
General government	5,052,765	4,560,169
Public safety	6,617,852	5,582,040
Public works	10,786,107	10,460,599
Culture and recreation	1,598,878	1,608,204
Human services	966,555	870,652
Education	46,446,133	44,348,097
Interest	245,048	245,548
Total expenses	<u>71,713,338</u>	<u>67,675,309</u>
Change in net position	28,564	4,392,276
Net position - July 1	<u>117,557,092</u>	<u>113,164,816</u>
Net position - June 30	<u>\$ 117,585,656</u>	<u>\$ 117,557,092</u>

Significant revenue related changes are as follows:

- Operating grants and contributions increased by \$631,974 primarily due to an increase of \$961,268 for the State Teacher's retirement on behalf of amount offset by a decrease in education grants of \$252,585 and a decrease in public safety grants of \$86,036.
- Capital grants and contributions decreased by \$2,819,185 primarily due to the decrease in ARPA grant revenues of \$2,047,830.

Government-wide financial analysis (continued)

Significant expense related changes are as follows:

- General government expenses increased by \$492,596 primarily due to an increase in salaries and an increase in pension expenses of \$148,612.
- Public safety expenses increased by \$1,035,812 primarily due to an increase in pension expense of \$1,131,630 offset by decreased OPEB expense and other employee benefits.
- Education expenses increased by \$2,098,036 primarily due to an increase in the operation budget of \$1,238,894 and increases in State Teachers on behalf amounts of \$961,268.

Financial analysis of the Town's funds

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

Governmental funds

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

The Town reports fund balance in 5 categories. The following are the categories and definitions:

- Nonspendable fund balance - not in spendable form such as inventories and prepaid expenditures.
- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).
- Unassigned fund balance - amounts available for any purpose.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$24,910,328, an decrease of \$722,105 in comparison with the prior year.

The components of fund balance are as follows:

Nonspendable	\$ 6,237
Restricted	9,478,265
Committed	3,058,555
Assigned	227,733
Unassigned	<u>12,139,538</u>
Total	<u>\$ 24,910,328</u>

Governmental funds (continued)

General fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,139,538 compared to \$9,025,537 in the prior year. The increase is a result of positive operations of \$2,138,885. The restricted fund balance of \$5,000,000 is restricted by court order as the Town appeals a judgment.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.23% of total general fund budgetary expenditures and transfers out, while total fund balance represents 31.80% of that same amount.

General fund budgetary highlights

The difference between the original budget and the final amended budget was \$164,000. The additional appropriation was for a transfer to the tax collector budget for tax appeal settlements.

Revenues

- Property taxes revenues were \$760,131 in excess of the amount budgeted due to conservative budgeting practices related to COVID
- Intergovernmental revenues were in excess of the amount budgeted by \$280,609 due to \$293,839 of unbudgeted monies received for the municipal revenue sharing grant
- Income from investments was in excess of the amount budgeted by \$648,201 due to the continued high interest rates

Expenditures

- General government expenditures were underspent by \$608,757 due substantially to the lower than anticipated costs for employee benefits of \$499,784. The savings was due to a combination of conservative budgeting and vacancies.
- Public works expenditures were underspent by \$677,191 due to highway department, contracted services and tipping fees being less than anticipated.

Sewer usage fund. The fund accounts for the Town's sewer usage operations. During the year, revenues exceeded expenditures by \$63,348, before transfers out, as compared to \$471,536 in the prior year. The decrease is primarily due to the change in unearned revenues as compared to the prior year. This was offset by \$107,268 less expenditures than planned. Fund balance at year end was \$2,404,358.

Capital projects fund. This fund accounts for various capital nonrecurring projects. The Capital Projects Fund's net change in fund balance was a decrease of \$2,235,622. This is a result of the timing of the spending and the financing of projects.

Proprietary funds

The dental insurance internal service fund and the heart and hypertension fund are the Town's proprietary funds. Unrestricted net position at year end was \$251,241, an increase of \$21,712 due to claims being less than anticipated.

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$118,550,525 (net of accumulated depreciation/amortization). This investment in capital assets is as follows:

**Capital Assets
(Net of Accumulated Depreciation/Amortization)
June 30**

	2023	2022
Land	\$ 8,814,575	\$ 8,814,575
Construction in progress	2,417,070	6,106,274
Intangible right-to-use assets	159,164	44,986
Buildings and improvements	51,024,579	53,125,900
Improvements other than buildings	2,390,889	1,556,993
Furniture and equipment	2,493,065	2,467,315
Infrastructure	51,251,183	48,217,741
Total	\$ 118,550,525	\$ 120,333,784

The capital assets (net of depreciation/amortization) decreased in the current year by \$1,783,259. The decrease is due to depreciation/amortization expense exceeding net capital asset additions. In the current year, the Town had net capital asset additions totaling \$3,276,750 and disposals totaling \$4,817.

Construction in progress:

- School building project
\$ 1,496,150

Improvements other than buildings:

- Watrous park tennis courts
864,118

Equipment:

- Police cars
287,771
- Freightliner truck
243,902

Infrastructure:

- North Road Bridge
2,383,340
- Coles Road
2,505,743

Additional information on the Town's capital assets can be found in Note III D.

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$13,377,835. All debt is backed by the full faith and credit of the Town.

Long-Term Debt		
June 30		
	2023	2022
General obligation bonds	\$ 12,910,000	\$ 15,695,000
Equipment financing notes	311,959	465,284
Leases	39,833	33,995
Subscriptions	116,043	-
Total	\$ 13,377,835	\$ 16,194,279

During the current fiscal year, the Town's total long-term debt decreased by \$2,816,444 due to scheduled principal payments of \$2,979,595 offset by the issuance of leases and subscriptions payable of \$163,151.

The Town maintains an AAA credit rating from Standard and Poor's investor service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$355,822,530, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III E.

Economic factors and next year's budgets and rates

- The unemployment rate for the State is currently 3.6%, which is a decrease from a rate of 4.0% in the prior year. The Town's unemployment rate was 3.7% as compared to 3.4% in the prior year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2024 fiscal year.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report or requests for additional financial information contact the Finance Department, Town of Cromwell, 41 West Street, Cromwell, Connecticut 06416 or visit www.cromwellct.com.

**Basic
Financial
Statements**

Town of Cromwell, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2023

Assets

Current assets:	
Cash	\$ 8,378,731
Investments	21,705,402
Receivables (net):	
Property taxes	568,809
Intergovernmental	268,282
Assessments and usage	237,836
Other	990,943
Other assets	<u>17,925</u>
Total current assets	<u>32,167,928</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	343,650
Investments	167,523
Permanently restricted:	
Investments	<u>6,237</u>
Total restricted assets	<u>517,410</u>
Receivables (net):	
Property taxes	988,482
Assessments and usage	<u>152,371</u>
Total receivables (net)	<u>1,140,853</u>
Capital assets (net of accumulated depreciation/amortization):	
Land	8,814,575
Construction in progress	2,417,070
Intangible right-to-use assets	159,164
Buildings and improvements	51,024,579
Improvements other than buildings	2,390,889
Furniture and equipment	2,493,065
Infrastructure	<u>51,251,183</u>
Total capital assets (net of accumulated depreciation/amortization)	<u>118,550,525</u>
Total noncurrent assets	<u>120,208,788</u>
Total assets	<u>152,376,716</u>

Deferred Outflows of Resources

Deferred charge on refunding	76,300
Pension related	5,637,856
OPEB related	<u>288,101</u>
Total deferred outflows of resources	<u>6,002,257</u>

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

(Continued)

Town of Cromwell, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2023

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 1,647,142
Retainage payable	11,705
Accrued payroll and related liabilities	267,375
Accrued interest payable	43,844
Unearned revenue	4,058,678
Overpayments	182,090
Long-term debt	1,139,848
Compensated absences	281,753
Claims payable	104,094

Total current liabilities	<u>7,736,529</u>
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Noncurrent liabilities:

Performance bonds	406,528
Long-term debt and related liabilities	13,421,514
Compensated absences	1,127,013
Net pension liability	12,611,865
Net OPEB liability	2,064,753
Claims payable	39,512

Total noncurrent liabilities	<u>29,671,185</u>
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Total liabilities	<u>37,407,714</u>
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Deferred Inflows of Resources

Pension related	844,800
OPEB related	2,540,803

Total deferred inflows of resources	<u>3,385,603</u>
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Net Position

Net investment in capital assets	103,603,636
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Restricted for:

Endowments:

Nonexpendable	6,237
Expendable	4,526
Judgment appeal	5,000,000
Sewer operations	2,404,358
Culture and recreation	239,243
Human services	38,429
Education	641,637
Sewer debt service	679,955
ARPA funded projects	470,117
Unrestricted	4,497,518

Total net position	<u>\$ 117,585,656</u>
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The notes to financial statements are an integral part of this statement.

(Concluded)

Town of Cromwell, Connecticut

Governmental Activities
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 5,052,765	\$ 747,127	\$ -	\$ -	\$ (4,305,638)
Public safety	6,617,852	768,464	20,953	-	(5,828,435)
Public works	10,786,107	2,149,729	-	330,768	(8,305,610)
Culture and recreation	1,598,878	391,602	138,746	-	(1,068,530)
Human services	966,555	33,520	37,273	-	(895,762)
Education	46,446,133	956,066	15,991,435	-	(29,498,632)
Interest	245,048	-	-	-	(245,048)
Total	\$ 71,713,338	\$ 5,046,508	\$ 16,188,407	\$ 330,768	(50,147,655)
General revenues:					
Property taxes					48,827,330
Grants and contributions not restricted to specific programs					408,184
Income from investments					874,186
Other					66,519
Total general revenues					50,176,219
Change in net position					28,564
Net position - July 1, 2022					117,557,092
Net position - June 30, 2023					\$ 117,585,656

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

Town of Cromwell, Connecticut

Governmental Funds
Balance Sheet
June 30, 2023

	General	Sewer Usage	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 648,214	\$ 2,984,893	\$ 2,122,407	\$ 2,307,133	\$ 8,062,647
Restricted cash	339,887	-	-	-	339,887
Investments	17,620,804	1,000,000	2,996,227	13,371	21,630,402
Restricted investments	166,760	-	-	7,000	173,760
Receivables (net):					
Property taxes	1,557,291	-	-	-	1,557,291
Intergovernmental	-	-	28,093	240,189	268,282
Sewer use charges and assessments	-	278,824	66,633	-	345,457
Other	982,446	1,865	1,309	5,323	990,943
Due from other funds	2,968	-	7,521	-	10,489
Other	-	-	-	17,925	17,925
Total assets	\$ 21,318,370	\$ 4,265,582	\$ 5,222,190	\$ 2,590,941	\$ 33,397,083
<u>Liabilities</u>					
Accounts payable	\$ 1,108,905	\$ 23,764	\$ 450,122	\$ 64,351	\$ 1,647,142
Retainage payable	-	9,231	2,474	-	11,705
Accrued payroll and related liabilities	244,248	11,288	-	11,839	267,375
Due to other funds	7,521	-	-	2,968	10,489
Unearned revenue	460,756	1,521,877	2,047,830	28,215	4,058,678
Overpayments	165,850	16,240	-	-	182,090
Performance bonds	406,528	-	-	-	406,528
Total liabilities	2,393,808	1,582,400	2,500,426	107,373	6,584,007
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	1,557,291	-	-	-	1,557,291
Sewer use charges and assessments	-	278,824	66,633	-	345,457
Total deferred inflows of resources	1,557,291	278,824	66,633	-	1,902,748
<u>Fund Balances</u>					
Nonspendable	-	-	-	6,237	6,237
Restricted	5,000,000	2,404,358	1,150,072	923,835	9,478,265
Committed	-	-	1,505,059	1,553,496	3,058,555
Assigned	227,733	-	-	-	227,733
Unassigned	12,139,538	-	-	-	12,139,538
Total fund balances	17,367,271	2,404,358	2,655,131	2,483,568	24,910,328
Total liabilities, deferred inflows of resources and fund balances	\$ 21,318,370	\$ 4,265,582	\$ 5,222,190	\$ 2,590,941	\$ 33,397,083

(Continued)

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

Town of Cromwell, Connecticut
Reconciliation of Fund Balance to Net Position
June 30, 2023

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1 of 2)	<u>\$ 24,910,328</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets (net)	120,333,784
Current year additions (net of construction in progress)	3,276,750
Depreciation/amortization expense	(5,058,083)
Disposal of assets	<u>(1,926)</u>
Total	<u>118,550,525</u>
Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:	
Sewer use charges and assessments interest and lien accrual	52,250
Allowance for doubtful accounts	(7,500)
Deferred charge on refunding	76,300
Deferred outflows related to pensions	5,637,856
Deferred outflows related to OPEB	<u>288,101</u>
Total	<u>6,047,007</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax - accrual basis change	1,557,291
Sewer use and assessments receivable - accrual basis change	<u>345,457</u>
Total	<u>1,902,748</u>
Internal service funds are used by management for risk financing activities:	
The assets and liabilities of the internal service funds are included in the statement of net position	<u>251,241</u>
Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(13,221,959)
Leases	(39,833)
Subscriptions	(116,043)
Premium	(1,183,527)
Compensated absences	(1,408,766)
Net pension liability	(12,611,865)
Net OPEB liability	(2,064,753)
Accrued interest payable	(43,844)
Deferred inflows related to pensions	(844,800)
Deferred inflows related to OPEB	<u>(2,540,803)</u>
Total	<u>(34,076,193)</u>
Net position (Exhibit A)	<u><u>\$ 117,585,656</u></u>

(Concluded)

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

Town of Cromwell, Connecticut

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	General	Sewer Usage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 48,779,253	\$ -	\$ -	\$ -	\$ 48,779,253
Intergovernmental	12,293,245	-	53,492	4,473,103	16,819,840
Charges for services	1,598,148	2,306,592	21,350	1,403,385	5,329,475
Income from investments	722,085	57,468	80,238	10,445	870,236
Contributions	-	-	-	107,519	107,519
Other	66,519	-	-	-	66,519
Total revenues	<u>63,459,250</u>	<u>2,364,060</u>	<u>155,080</u>	<u>5,994,452</u>	<u>71,972,842</u>
Expenditures:					
Current:					
General government	6,920,327	-	-	130,015	7,050,342
Public safety	4,278,530	-	-	100,435	4,378,965
Public works	4,070,294	2,154,450	-	-	6,224,744
Culture and recreation	897,662	-	-	280,788	1,178,450
Human services	729,266	-	-	28,700	757,966
Education	40,374,265	-	-	5,120,230	45,494,495
Debt service	3,299,499	130,000	3,755	-	3,433,254
Capital outlay	-	16,262	4,323,620	-	4,339,882
Total expenditures	<u>60,569,843</u>	<u>2,300,712</u>	<u>4,327,375</u>	<u>5,660,168</u>	<u>72,858,098</u>
Excess (deficiency) of revenues over expenditures	<u>2,889,407</u>	<u>63,348</u>	<u>(4,172,295)</u>	<u>334,284</u>	<u>(885,256)</u>
Other financing sources (uses):					
Issuance of debt	-	-	163,151	-	163,151
Transfers in	70,999	-	1,844,521	-	1,915,520
Transfers out	(821,521)	(1,023,000)	(70,999)	-	(1,915,520)
Net other financing sources (uses)	<u>(750,522)</u>	<u>(1,023,000)</u>	<u>1,936,673</u>	<u>-</u>	<u>163,151</u>
Net change in fund balances	2,138,885	(959,652)	(2,235,622)	334,284	(722,105)
Fund balances - July 1, 2022	<u>15,228,386</u>	<u>3,364,010</u>	<u>4,890,753</u>	<u>2,149,284</u>	<u>25,632,433</u>
Fund balances - June 30, 2023	<u>\$ 17,367,271</u>	<u>\$ 2,404,358</u>	<u>\$ 2,655,131</u>	<u>\$ 2,483,568</u>	<u>\$ 24,910,328</u>

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

Town of Cromwell, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of the Activities
For the Year Ended June 30, 2023

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (722,105)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense:

Capital outlay	3,276,750
Depreciation/amortization expense	<u>(5,058,083)</u>
Total	<u>(1,781,333)</u>

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

Loss on disposal of capital assets	<u>(1,926)</u>
------------------------------------	----------------

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

Change in property tax - accrual basis change	48,077
Change in sewer use/assessments - accrual basis change	(12,591)
Change in sewer interest and lien revenue	<u>(270,376)</u>
Total	<u>(234,890)</u>

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

Debt issued or incurred:	
Leases	(21,152)
Subscriptions	(141,999)
Principal repayments:	
Bonds and notes	2,938,325
Leases	15,314
Subscriptions	<u>25,956</u>
Total	<u>2,816,444</u>

(Continued)

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

Town of Cromwell, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of the Activities
For the Year Ended June 30, 2023

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:

Change in/amortization of:	
Premium	\$ 439,213
Compensated absences	168,090
Net pension liability	(3,744,555)
Net OPEB liability	93,574
Accrued interest payable	14,474
Deferred charges	(50,481)
Deferred outflows related to pension	588,247
Deferred inflows related to pension	1,891,388
Deferred outflows related to OPEB	49,360
Deferred inflows related to OPEB	481,352
Total	<u>(69,338)</u>
Internal service funds are used by management for risk financing activities:	
The net revenue (expense) of the activities of the internal service funds is reported with governmental activities	<u>21,712</u>
Change in net position (Exhibit B)	<u>\$ 28,564</u>

(Concluded)

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

Town of Cromwell, Connecticut

Proprietary Funds
Statement of Net Position
June 30, 2023

		<u>Internal Service Funds</u>
	<u>Assets</u>	
Cash		\$ 319,847
Investments		75,000
		<u>394,847</u>
	<u>Liabilities</u>	
Current liability:		
Claims payable		104,094
Noncurrent liability:		
Claims payable		<u>39,512</u>
Total liabilities		<u>143,606</u>
	<u>Net Position</u>	
Unrestricted		<u><u>\$ 251,241</u></u>

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

Town of Cromwell, Connecticut

Proprietary Funds
 Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2023

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 311,067
Operating expenses:	
Claims	<u>293,305</u>
Operating income (loss)	17,762
Nonoperating revenues:	
Income from investments	<u>3,950</u>
Change in net position	21,712
Total net position - July 1, 2022	<u>229,529</u>
Total net position - June 30, 2023	<u><u>\$ 251,241</u></u>

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

Town of Cromwell, Connecticut

**Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023**

	<u>Internal Service Funds</u>
Cash flows from (used in) operating activities:	
Cash received for charges for services	\$ 311,067
Cash paid for benefits and claims	<u>(293,405)</u>
Net cash from (used in) operating activities	17,662
Cash flows from (used in) investing activities:	
Income from investments	<u>3,950</u>
Net increase (decrease) in cash	21,612
Cash and cash equivalents - July 1, 2022	<u>373,235</u>
Cash and cash equivalents - June 30, 2023	<u><u>\$ 394,847</u></u>
Reconciliation to Exhibit F cash:	
Cash and cash equivalents per above	\$ 394,847
Cash and cash equivalents reported as investments	<u>(75,000)</u>
Cash - Exhibit F	<u><u>\$ 319,847</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 17,762
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Increase (decrease) in:	
Claims payable	<u>(100)</u>
Net cash from operating activities	<u><u>\$ 17,662</u></u>

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

Town of Cromwell, Connecticut
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	<u>Pension and OPEB Trust Funds</u>	<u>Private- Purpose Trust Fund</u>
<u>Assets</u>		
Cash	\$ 486,003	\$ 52,008
Investments:		
Bank money market	1,953,157	-
Common stock	13,360,003	-
Common stock - international	3,397,142	-
U.S. treasury obligations	185,732	-
Corporate bonds	7,435,980	-
International bonds	43,183	-
Real estate investment trusts	3,369,187	-
Fixed income mutual fund	392,826	-
	<u>30,137,210</u>	<u>-</u>
Total investments	<u>30,137,210</u>	<u>-</u>
Total assets	<u>30,623,213</u>	<u>52,008</u>
<u>Liabilities</u>		
Accounts payable	<u>-</u>	<u>2,000</u>
<u>Net Position</u>		
Restricted for:		
Pensions	28,316,563	-
OPEB	2,306,650	-
Individuals	-	50,008
	<u>-</u>	<u>50,008</u>
Total net position	<u>\$ 30,623,213</u>	<u>\$ 50,008</u>

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

Town of Cromwell, Connecticut

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	<u>Pension and OPEB Trust Funds</u>	<u>Private- Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,156,453	\$ -
Plan members	270,796	-
State Teachers' Retirement subsidy	<u>31,679</u>	<u>-</u>
Total contributions	<u>1,458,928</u>	<u>-</u>
Investment income (loss):		
Net change in fair value of investments	1,465,973	-
Interest and dividends	<u>755,636</u>	<u>272</u>
Total investment income (loss)	2,221,609	272
Less investment expenses	<u>(244,884)</u>	<u>-</u>
Net investment income (loss)	<u>1,976,725</u>	<u>272</u>
Total additions	<u>3,435,653</u>	<u>272</u>
Deductions:		
Benefits	2,088,780	-
Administration	25,299	-
Scholarships	<u>-</u>	<u>1,000</u>
Total deductions	<u>2,114,079</u>	<u>1,000</u>
Changes in net position	1,321,574	(728)
Net position - July 1, 2022	<u>29,301,639</u>	<u>50,736</u>
Net position - June 30, 2023	<u><u>\$ 30,623,213</u></u>	<u><u>\$ 50,008</u></u>

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

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023**History and organization**

The Town of Cromwell, Connecticut (“Town”) operates under a Mayor-Council form of government established by a charter. The Town offers a full range of services authorized by the charter, including general government, public safety, public works, culture and recreation, human services and education to its residents.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable for the pension and OPEB trust funds and therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension and OPEB trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds do not issue separate financial statements.

I. Summary of significant accounting policies**A. 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. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Measurement focus, basis of accounting and financial statement presentation (continued)

Expenditure reimbursement type grants, certain intergovernmental revenues, charges for services, 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. 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.

The Town reports the following major governmental funds:

General Fund	The Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
Sewer Usage Fund	Accounts for and reports resources and expenditures that are restricted for the operation and maintenance of the sewer plant and related infrastructure. The major source of revenue is sewer use fees.
Capital Projects Fund	Accounts for and reports resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are primarily financed through grants and the issuance of debt.

Additionally, the Town reports the following fund types:

Special Revenue Funds	Accounts for and reports the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.
Permanent Funds	Reports resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.
Internal Service Fund	Accounts for risk financing activities for dental insurance benefits and heart and hypertension as allowed by GASB Statement No. 10.
Pension Trust Fund	Accounts for the activities of the Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.
OPEB Trust Fund	Accounts for the activities of the OPEB Plan, which accumulates resources for OPEB benefits.
Private-Purpose Trust Fund	Accounts for the receipt of private donations to be used for student awards.

Town of Cromwell, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****B. Measurement focus, basis of accounting and financial statement presentation (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. The principal operating revenues of the Town's internal service fund are charges to other funds for dental insurance and heart and hypertension claims.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town pension plans and OPEB, the Connecticut State Teachers' Retirement System (TRS), and the Connecticut State Retiree Health Insurance Plan (RHIP) have been determined on the same basis as they are reported by the Town's pension and OPEB plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

b. 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 (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31.00% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

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

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

The Town's pension and OPEB funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The investment guidelines are as follows:

Asset Class	Target Allocation	
	Pension Plan	OPEB Plan
Equities	38.00%	50.00%
International equity	20.00%	20.00%
Fixed income	28.00%	23.00%
REITs	14.00%	2.50%
Cash	0.00%	2.00%
Commodities	0.00%	2.50%
Total	100.00%	100.00%

c. Method used to value investments

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

d. Risk policies

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure.
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town maintains a diversified portfolio to minimize the risk of loss resulting from an over-concentration of assets in a specific issuer.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk.

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 1.50% to 38.00% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1, and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds and endowments. Performance bonds are temporarily restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. The endowment trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Buildings and improvements	10-50	\$ 5,000
Improvements other than buildings	3-20	5,000
Infrastructure	10-65	5,000
Furniture and equipment	3-20	5,000
Intangible right-to-use-leased assets	Lease term	20,000
Intangible right-to-use subscription assets	Subscription term	20,000

5. 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, represents a consumption of net assets 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, represents an acquisition of net assets 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 statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members.

Town of Cromwell, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. Contributions subsequent to the measurement date will be recognized in the subsequent year.

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the refunded or refunding debt.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

7. Long-term liabilities

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

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

8. Lease and subscription liabilities

The Town is a lessee for noncancellable leases of buildings and equipment. Additionally, the Town has certain software subscriptions that require recognition in the financial statements. The Town recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset (lease/subscription asset) in the government-wide financial statements. The Town recognizes lease/subscription liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease/subscription, the Town initially measures the lease/subscription liability at the present value of payments expected to be made during the term. Subsequently, the lease/subscription liability is reduced by the principal portion of payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

Key estimates and judgments related to leases and subscriptions include:

Discount rate	The Town uses the interest rate charged by the lessor/subscription vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate.
Term	The lease/subscription term includes the noncancellable period of the lease/agreement.
Payments	Lease/subscription payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease or subscriptions and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

9. Net position and fund balances

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

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation/amortization and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted Net Position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted Net Position	This category presents the net position of the Town which is not classified in the preceding two categories.

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

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Town Council.
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s fund balance policy, the Town Council has by resolution authorized the Finance Director to assign fund balance. Intent is also expressed by a properly approved purchase order (encumbrance).
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

Minimum fund balance policy

The Town Council has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of an amount no less than 15.00% of the Town’s general fund budget and no greater than 17.00%, with the goal of an amount equal to 60 days of operating expenditures from the current operating budget. Any excess funds may be utilized for other purposes, such as capital improvement needs or to take advantage of opportunities that would have a positive impact for the Town, including but not limited to land acquisition or land development rights.

Town of Cromwell, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Exceptions to this policy may be considered for an unassigned fund balance between 12.00% and 15.00% if funds are used to support grant opportunities with the expectation of full reimbursement of the Town's appropriation within a specified period of time. In accordance with prudent budgeting practices, the unassigned fund balance will not be used on a routine basis to lower taxes or to offset normal operating expenditures.

10. Use of estimates

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

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Basis of budgeting**

The Town has legally adopted annual budgets for the General Fund, Sewer Usage and Dog License fund. The legal level of control is the department level for the General Fund and the fund level for all other funds.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

B. Donor-restricted endowments

The Town has received certain endowments for the cemetery. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Trustee. At year end, there was no appreciation available for appropriation.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Capital projects authorizations

The following is a summary of certain capital projects:

Project	Project Authorization	Cumulative Expenditures	Balance
Coles Road	\$ 2,716,078	\$ 2,628,509	\$ 87,569
North Road Extension Bridge	3,026,600	2,432,540	594,060
Public Works Facility	9,300,000	8,546,436	753,564
Sewer Rehabilitation	1,595,000	1,573,777	21,223
Industrial Park	1,445,000	1,412,147	32,853
Middle School and Central Offices	72,600,000	-	72,600,000
Total	\$ 90,682,678	\$ 16,593,409	\$ 74,089,269

III. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance, including certificates of deposit and bank money market accounts classified as investments, was exposed to custodial credit risk as follows:

Bank balance	<u>\$ 23,496,229</u>
Uninsured and uncollateralized	\$ 13,636,804
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>6,196,093</u>
Total amount subject to custodial credit risk	<u>\$ 19,832,897</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceeded the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)**2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Certificates of deposit - CDARS	\$ 1,713,699	\$ -	\$ 1,713,699	\$ -	\$ -
Bank money market	16,262,548	-	16,262,548	-	-
Common stock	13,360,003	13,360,003	-	-	-
Common stock - international	3,397,142	3,397,142	-	-	-
U.S. treasury obligations	682,702	-	496,969	70,462	115,271
U.S. government and agency obligations	690,185	-	243,210	446,975	-
Corporate bonds	7,435,980	-	212,047	7,056,801	167,132
International bonds	43,183	-	-	37,369	5,814
Real estate investment trusts	3,369,187	3,369,187	-	-	-
Fixed income mutual fund	392,826	-	-	-	392,826
Pooled fixed income	4,668,917	-	4,668,917	-	-
Total	52,016,372	<u>\$20,126,332</u>	<u>\$23,597,390</u>	<u>\$7,611,607</u>	<u>\$681,043</u>
Less fiduciary funds	<u>(30,137,210)</u>				
Other funds	<u>\$21,879,162</u>				

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)

b. The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
<u>Investments by fair value level</u>			
Common stock	\$ 13,360,003	\$ 13,360,003	\$ -
Common stock - international	3,397,142	3,397,142	-
U.S. treasury obligations	682,702	682,702	-
U.S. government and agency obligations	690,185	690,185	-
Corporate bonds	7,435,980	-	7,435,980
International bonds	43,183	43,183	-
Real estate investment trusts	3,369,187	3,369,187	-
Fixed income mutual fund	392,826	392,826	-
Total investments by fair value level	<u>29,371,208</u>	<u>\$ 21,935,228</u>	<u>\$ 7,435,980</u>
<u>Other investments</u>			
Certificates of deposit - CDARS	1,713,699		
Bank money market	16,262,548		
Pooled fixed income	<u>4,668,917</u>		
Total other investments	<u>22,645,164</u>		
Total investments	<u>\$ 52,016,372</u>		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)

c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Type of Investment	Ratings							Total
	AAA	AA	A	BBB	BB	B	Unrated	
Certificates of deposits - CDARS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,713,699	\$ 1,713,699
U.S. treasury obligations	682,702	-	-	-	-	-	-	682,702
U.S. government and agency obligations	-	690,185	-	-	-	-	-	690,185
Corporate bonds	-	603,628	4,215,649	2,436,830	147,739	32,134	-	7,435,980
International bonds	-	-	31,694	-	11,489	-	-	43,183
Fixed Income mutual fund	-	-	-	-	-	-	392,826	392,826
Pooled fixed income	4,668,917	-	-	-	-	-	-	4,668,917
Total	\$ 5,351,619	\$ 1,293,813	\$ 4,247,343	\$ 2,436,830	\$ 159,228	\$ 32,134	\$ 2,106,525	\$ 15,627,492

d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

Type of Investment	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
Certificates of deposits - CDARS	\$ 1,713,699	\$ 500,000	\$ 1,213,699
Common stock	13,360,003	500,000	12,860,003
Common stock - international	3,397,142	-	3,397,142
U.S. treasury obligations	682,702	-	682,702
U.S. government and agency obligations	690,185	-	690,185
Corporate bonds	7,435,980	-	7,435,980
International bonds	43,183	-	43,183
Total	\$ 27,322,894	\$ 1,000,000	\$ 26,322,894

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

	Property taxes		
	Taxes	Interest and Lien Fees	Total
Current portion	\$ 438,412	\$ 130,397	\$ 568,809
Long-term portion	1,032,770	530,712	1,563,482
Less allowance for uncollectible	(325,000)	(250,000)	(575,000)
Net long-term portion	707,770	280,712	988,482
Total (net)	\$ 1,146,182	\$ 411,109	\$ 1,557,291
	Sewer use charges and assessments		
	Use Charges and Assessments	Interest and Lien Fees	Total
Current portion	\$ 211,711	\$ 26,125	\$ 237,836
Long-term portion	133,746	26,125	159,871
Less allowance for uncollectible	(6,500)	(1,000)	(7,500)
Net long-term portion	127,246	25,125	152,371
Total (gross)	\$ 345,457	\$ 52,250	\$ 397,707

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General fund:			
Education grants	N/A	\$ 2,968	\$ -
Capital projects	N/A	-	7,521
Capital projects:			
General fund	N/A	7,521	-
Other governmental funds:			
Education grants	General fund	-	2,968
Totals		<u>\$ 10,489</u>	<u>\$ 10,489</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding Fund	Transfers In	Transfers Out
General fund:			
Capital projects	N/A	\$ 70,999	\$ 821,521
Sewer usage:			
Capital projects	N/A	-	1,023,000
Capital projects:			
General fund	N/A	821,521	70,999
Sewer usage	N/A	1,023,000	-
Total capital projects		<u>1,844,521</u>	<u>70,999</u>
Total		<u>\$ 1,915,520</u>	<u>\$ 1,915,520</u>

Transfers are used to move budgeted appropriations from the general fund and sewer usage fund for funding of capital projects.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Capital assets, not being depreciated/ amortized:</u>				
Land	\$ 8,814,575	\$ -	\$ -	\$ 8,814,575
Construction in progress	6,106,274	2,349,070	6,038,274	2,417,070
Total capital assets, not being depreciated/ amortized	14,920,849	2,349,070	6,038,274	11,231,645
<u>Capital assets, being depreciated/ amortized:</u>				
Intangible right-to-use assets	49,627	163,151	4,817	207,961
Buildings and improvements	89,487,210	-	-	89,487,210
Improvements other than buildings	2,612,170	864,118	-	3,476,288
Furniture and equipment	11,496,603	689,702	-	12,186,305
Infrastructure	114,478,226	5,248,983	-	119,727,209
Total capital assets, being depreciated/ amortized	218,123,836	6,965,954	4,817	225,084,973
Total capital assets	233,044,685	9,315,024	6,043,091	236,316,618
<u>Less accumulated depreciation/ amortization for:</u>				
Intangible right-to-use assets	4,641	47,047	2,891	48,797
Buildings and improvements	36,361,310	2,101,321	-	38,462,631
Improvements other than buildings	1,055,177	30,222	-	1,085,399
Furniture and equipment	9,029,288	663,952	-	9,693,240
Infrastructure	66,260,485	2,215,541	-	68,476,026
Total accumulated depreciation and amortization	112,710,901	5,058,083	2,891	117,766,093
Total capital assets being depreciated/ amortized, net	105,412,935	1,907,871	1,926	107,318,880
Capital assets, net	\$ 120,333,784	\$ 4,256,941	\$ 6,040,200	\$ 118,550,525

Town of Cromwell, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Capital assets (continued)

Intangible right-to-use assets by category are as follows:

<u>Type</u>	<u>Asset</u>	<u>Accumulated Amortization</u>
Intangible right-to-use equipment	\$ 65,962	\$ 20,397
Intangible right-to-use subscription assets	<u>141,999</u>	<u>28,400</u>
Total intangible right-to use assets	<u>\$ 207,961</u>	<u>\$ 48,797</u>

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

General government	\$ 354,697
Public safety	259,294
Public works	2,629,846
Culture and recreation	149,689
Human services	11,232
Education	<u>1,653,325</u>
Total depreciation/amortization expense	<u>\$ 5,058,083</u>

Town of Cromwell, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities

Bonds, notes, leases, and subscriptions are direct obligations and pledge the full faith and credit of the Town.

1. Summary of changes

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion	Long-term Portion
Bonds:										
General purpose:										
Improvement	\$ 3,787,000	4/18/2013	2023	4.00%	\$ 415,626	\$ -	\$ 415,626	\$ -	\$ -	\$ -
Improvement	5,326,800	10/8/2016	2026	3.00%-4.00%	4,240,662	-	242,500	3,998,162	315,250	3,682,912
Refunding	6,540,000	12/28/2017	2029	4.00%-5.00%	1,891,000	-	539,000	1,352,000	191,750	1,160,250
Refunding	6,940,000	5/30/2019	2039	3.00%-5.00%	6,685,000	-	265,000	6,420,000	280,000	6,140,000
Total general purpose	22,593,800				13,232,288	-	1,462,126	11,770,162	787,000	10,983,162
Schools:										
Improvement	598,000	4/18/2013	2023	4.00%	84,374	-	84,374	-	-	-
Refunding	9,690,000	4/18/2013	2023	4.00%	1,000,000	-	1,000,000	-	-	-
School	193,200	10/8/2016	2036	3.00%-4.00%	554,338	-	7,500	546,838	9,750	537,088
Refunding	6,540,000	12/28/2017	2029	4.00%-5.00%	824,000	-	231,000	593,000	133,250	459,750
Total schools	17,021,200				2,462,712	-	1,322,874	1,139,838	143,000	996,838
Total bonds	\$ 39,615,000				15,695,000	-	2,785,000	12,910,000	930,000	11,980,000
Notes (direct borrowings):										
Equipment financing notes			2023-2025	1.20%-2.69%	465,284	-	153,325	311,959	165,566	146,393
Total bonds and notes					16,160,284	-	2,938,325	13,221,959	1,095,566	12,126,393

Town of Cromwell, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion	Long-term Portion
Leases payable					\$ 33,995	\$ 21,152	\$ 15,314	\$ 39,833	\$ 17,158	\$ 22,675
Subscription payable					-	141,999	25,956	116,043	27,124	88,919
Total long-term debt					16,194,279	163,151	2,979,595	13,377,835	1,139,848	12,237,987
Premium					1,622,740	-	439,213	1,183,527	-	1,183,527
Total long-term debt and related liabilities					17,817,019	163,151	3,418,808	14,561,362	1,139,848	13,421,514
Compensated absences					1,576,856	-	168,090 *	1,408,766	281,753	1,127,013
Net pension liability					8,867,310	7,181,961	3,437,406	12,611,865	-	12,611,865
Net OPEB liability					2,158,327	452,074	545,648	2,064,753	-	2,064,753
Heart and hypertension claims payable					131,706	1,724	1,724	131,706	92,194	39,512
Total long-term liabilities					<u>\$ 30,551,218</u>	<u>\$ 7,798,910</u>	<u>\$ 7,571,676</u>	<u>\$ 30,778,452</u>	<u>\$ 1,513,795</u>	<u>\$ 29,264,657</u>

*Net change

All long-term liabilities are generally liquidated by the general fund except for claims payable which is liquidated from the internal service fund.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities (continued)**2. The following is a summary of principal and interest amounts of bond and note maturities:**

Fiscal Year Ended June 30,	Bonds Principal	Notes Principal	Total Interest
2024	\$ 930,000	\$ 165,566	\$ 540,282
2025	960,000	146,393	517,321
2026	965,000	-	444,300
2027	900,000	-	401,000
2028	1,015,000	-	356,500
2029	970,000	-	309,100
2030	710,000	-	263,950
2031	725,000	-	231,800
2032	740,000	-	199,000
2033	760,000	-	165,300
2034	775,000	-	138,100
2035	795,000	-	107,100
2036	810,000	-	79,950
2037	825,000	-	52,350
2038	505,000	-	30,900
2039	525,000	-	15,750
Total	<u>\$ 12,910,000</u>	<u>\$ 311,959</u>	<u>\$ 3,852,703</u>

3. Assets pledged as collateral

The Town's outstanding equipment financing notes of \$311,959 are secured with collateral of the equipment purchased.

4. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 114,371,528	\$ 15,950,162	\$ 98,421,366
Schools	228,743,055	1,139,838	227,603,217
Sewers	190,619,213	-	190,619,213
Urban renewal	165,203,318	-	165,203,318
Pension deficit	152,495,370	-	152,495,370

The total overall statutory debt limit for the Town is equal to 7 times the annual receipts for the prior year taxation:

\$ 355,822,530

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities (continued)

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

5. Overlapping debt

A summary of overlapping debt is presented below:

<u>Debt outstanding</u>	<u>Total</u>	<u>Overlapping</u>
Cromwell Fire District	\$ 5,196,997	\$ 4,180,000
Mattabasset District	<u>42,215,883</u>	<u>3,634,788</u>
Total	<u>\$ 47,412,880</u>	<u>\$ 7,814,788</u>

6. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

General purpose	\$ 4,301,000
Schools	<u>72,600,000</u>
Total	<u>\$ 76,901,000</u>

7. Leases

Lease agreements are summarized as follows:

<u>Description</u>	<u>Year</u>	<u>Lease Term (years)</u>	<u>Interest Rate*</u>	<u>Original Amount</u>	<u>Balance June 30, 2023</u>
Map plotter	2022	1.67	1.20%	\$ 9,667	\$ 3,261
Library copier	2023	5.00	2.69%	21,152	20,941
Postage meters - Education	2022	3.42	1.20%	18,426	8,982
Postage meters - Town	2022	4.00	1.20%	<u>16,717</u>	<u>6,649</u>
Totals				<u>\$ 65,962</u>	<u>\$ 39,833</u>

*All interest rates have been imputed based on the Town's estimated incremental borrowing rate as there were no interest rates specified in the lease agreement.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities (continued)

Description	Terms
Map plotter	The lease is not renewable and the Town will not acquire the equipment at the end of the term.
Library copier	The lease is not renewable and the Town will not acquire the equipment at the end of the term.
Postage meters	The lease is not renewable and the Town will not acquire the equipment at the end of the term.

The following is a summary of lease payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2024	\$ 17,158	\$ 682
2025	10,078	469
2026	4,341	339
2027	4,458	222
2028	3,798	102
Total	<u>\$ 39,833</u>	<u>\$ 1,814</u>

8. Subscription arrangements

Subscription arrangements are summarized as follows:

Description	Year	Subscription Term (years)	Interest Rate*	Original Amount	Balance June 30, 2023
Police body camera software	2023	5	4.50%	<u>\$ 141,999</u>	<u>\$ 116,043</u>

*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the subscription agreement.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Changes in long-term liabilities (continued)

Description	Terms
Police body camera software	The Town has a subscription arrangement for the police body camera software and cloud storage of camera footage. This arrangement does not include extension or termination terms.

The following is a summary of subscription payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2024	\$ 27,124	\$ 5,222
2025	28,345	4,001
2026	29,620	2,726
2027	<u>30,954</u>	<u>1,393</u>
Total	<u>\$ 116,043</u>	<u>\$ 13,342</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Fund balances and restricted net position

Fund balances are composed of the following:

Fund Balance Component	General	Sewer Usage	Capital Projects	Other Governmental Funds	Total
Nonspendable:					
Cemetery maintenance	\$ -	\$ -	\$ -	\$ 6,237	\$ 6,237
Restricted:					
Judgment appeal	5,000,000	-	-	-	5,000,000
Sewer operations *	-	2,404,358	-	-	2,404,358
Sewer debt service *	-	-	679,955	-	679,955
ARPA funded projects	-	-	470,117	-	470,117
Culture and recreation programs	-	-	-	239,243	239,243
Human services programs	-	-	-	38,429	38,429
Cafeteria operations *	-	-	-	641,637	641,637
Cemetery maintenance	-	-	-	4,526	4,526
Total restricted	5,000,000	2,404,358	1,150,072	923,835	9,478,265
Committed:					
Public safety programs	-	-	-	507,025	507,025
Public works	-	-	-	13,371	13,371
Culture and recreation programs	-	-	-	580,838	580,838
Human services programs	-	-	-	333	333
Education programs	-	-	-	451,929	451,929
Approved projects	-	-	1,505,059	-	1,505,059
Total committed	-	-	1,505,059	1,553,496	3,058,555
Assigned:					
Contingency	227,733	-	-	-	227,733
Unassigned	12,139,538	-	-	-	12,139,538
Total	\$ 17,367,271	\$ 2,404,358	\$ 2,655,131	\$ 2,483,568	\$ 24,910,328

* The amount of net position restricted by enabling legislation totaled:

\$ 3,725,950

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

IV. Other information

A. Risk management

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain limited risks for employee dental claims. The Town contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the Town's liability for worker's compensation, general liability and medical claims. Settled claims have not exceeded commercial coverage in any of the past 3 years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act. The liability is adjusted annually to reflect cost of living increases. The plan is funded by budget appropriations.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance about that amount to the limit of liability of \$10,000,000 per occurrence.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for dental claims and heart and hypertension. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. All Town departments and agencies are charged premiums by the Internal Service Fund, which are included in department and agency expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Risk management (continued)

The Town records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements. The claims liability reported is based upon accounting principles which require that a liability for estimated claims incurred but not reported be accrued. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Current Portion	Long-Term Portion
<u>Dental insurance</u>						
2021-2022	\$ 12,000	\$ 309,697	\$ 309,697	\$ 12,000	\$ 12,000	\$ -
2022-2023	12,000	291,581	291,681	11,900	11,900	-
<u>Heart and hypertension</u>						
2021-2022	172,369	37,393	78,056	131,706	92,194	39,512
2022-2023	131,706	1,724	1,724	131,706	92,194	39,512
<u>Totals</u>						
2021-2022	184,369	347,090	387,753	143,706	104,194	39,512
2022-2023	\$ 143,706	\$ 293,305	\$ 293,405	\$ 143,606	\$ 104,094	\$ 39,512

B. Commitments and litigation

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

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

In October 2021, the court entered a judgment against the Town for discriminatory practices related to violations of Fair Housing laws for \$5,000,000 in punitive damages and \$181,000 in compensatory damages. The Town and legal counsel have identified a number of issues that will be raised in post-trial motions and on appeal which are believed to have substantial merit. The Town intends to vigorously pursue an appeal of the judgment. As part of the conditions of the appeal, the Town had to document to the court that the Town had the funds to pay the judgment if the appeal was unsuccessful. Based upon the court's requirement, the Town has restricted the \$5,000,000 in general fund fund balance.

Town of Cromwell, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****C. Tax abatements**

An economic development tax incentive program was enacted pursuant to Section 12-65b of the Connecticut General Statutes in June 2019. This program is intended to attract new businesses to the Town and encourage the expansion of existing businesses to strengthen the Town's tax base.

The program is designed to provide the Town with the opportunity to create new employment, enhance the tax base, encourage technological innovation or investment, or address other goals of the Town. The program is available for strategic businesses, locally owned small business, restaurants and other retail establishments, affordable housing, warehousing and distribution centers.

The economic development tax incentive amount is based upon the total cost of improvements to real property. The form of the adjustment or reduction in the assessed value of that portion of the real property is comprised of the qualifying new construction or expansion. Improvements of \$500,000 to \$3,000,000 will qualify for a 3 year phase-in, improvements of \$3,000,001 to \$10,000,000 will qualify for a 5 year phase-in and improvements valued at greater than \$10,000,001 will qualify for a 7 year phase-in.

There are currently 3 companies participating in the economic development tax incentive program.

The amount of the tax abatement under these programs was \$627,531.

D. Jointly governed organizations**The Mattabassett District**

The Mattabassett District (the "District") is a quasi-municipal district established in accordance with State Statutes to provide sewer treatment services for the constituent Towns of Berlin and Cromwell and the constituent Cities of New Britain and Middletown and contractually to the Metropolitan District and the Town of Farmington. As a result of the 2010 census data released in February 2011 and the June 2011 amendment to the state statutes creating the District, the Mattabassett Board of Directors representation is as follows: New Britain – five members, Middletown – four members, Berlin – three members and Cromwell – three members. The Town pays an annual assessment to the District. The annual assessment includes funds for the payment of the Town's portion of the District's debt service. The District's financial statements can be obtained from www.mattabassettdistrict.org/audits.

V. Pensions and other post-employment benefit plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town of Cromwell is the administrator of a single-employer public employee retirement system plan established and administered by the Town to provide benefits that covers the employees of the Town, except full-time policemen (covered by the State of Connecticut Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The plan is considered to be part of the Town of Cromwell's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

The Plan was established by Town Meeting. The plan does not issue a standalone report. Benefits and refunds of post-employment defined benefit plans are recognized when due and payable in accordance with the terms of the Plan.

Under the plan, all full-time employees are eligible except for police officers and teachers. Employees are 100 percent vested after ten years of service. Normal retirement age is sixty-two or five years of participation in the plan, whichever is later. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Town Council, and as agreed upon with the appropriate bargaining unit.

The general administration and management of the Town pension plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Retirement Board. This board shall be made up of five members consisting of the following officials of the Town of Cromwell: Mayor, Town Manager, Town Finance Director/Town Treasurer; the Business Manager from the Board of Education; and the Executive Director of the Cromwell Fire District.

b. Plan membership

As of July 1, 2022, the membership in the Plan is comprised of the following:

Retirees and beneficiaries receiving benefits	111
Inactive with vested benefits	95
Active plan members	<u>209</u>
Total	<u><u>415</u></u>

2. Benefit provisions

Normal retirement service requirement	62 or 5 years of participation in the plan, whichever is later
Normal retirement benefits	1.50% of average annual compensation during the highest 3 consecutive years of service multiplied by years of credited service
Early retirement service requirement	Age 55 plus 15 years of credited service
Early retirement benefits	Normal retirement benefit formula, subject to actuarial reduction
Vesting	10 years service

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**3. Contributions**

Each participant is required to contribute 2.50% of their pensionable wages to the plan.

The Town contributes actuarially determined amounts to finance the plan benefits not provided by participant contributions. The Town's contributions as a percentage of covered payroll was 8.82%.

4. Investments**a. Investment policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following is the Board's adopted asset allocation policy for the plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	25.00%	4.30%
U.S. mid cap equity	10.00%	5.50%
U.S. small cap equity	3.00%	6.10%
International developed equity	4.00%	4.40%
International emerging market equity	16.00%	7.40%
Fixed income	28.00%	4.40%
REITs	<u>14.00%</u>	4.00%
Total	<u>100.00%</u>	
Long-term expected nominal rate of return		<u>6.44%</u>
Inflation rate		<u>2.40%</u>

b. Concentrations

There were no investments in any one organization that represented 5.00% or more of the pension plan's net position.

c. Rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized above.

Town of Cromwell, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.45%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net pension liability

The components of the net pension liability were as follows:

Total pension liability	\$34,393,317
Plan fiduciary net position	<u>(28,316,563)</u>
Net pension liability	<u>\$ 6,076,754</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.33%</u>

6. Actuarial methods and significant assumptions

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percentage
Asset valuation method	5 year smoothing
Investment rate of return	6.90%
Inflation	2.40%
Salary increases	3.40%
Mortality rates	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-2021

7. Changes from prior year

a. Changes in assumptions

There were no changes in assumptions.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**b. Changes in benefit terms**

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total pension liability was 6.90%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as noted below.

The changes in net pension liability were as follows:

Valuation date: July 1, 2022	Increase (Decrease)		
Town	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at July 1, 2022	\$ 33,135,473	\$ 27,302,872	\$ 5,832,601
Service cost	958,955	-	958,955
Interest	2,288,570	-	2,288,570
Differences between expected and actual experience	(104,726)	-	(104,726)
Contributions - employer	-	926,407	(926,407)
Contributions - member	-	270,796	(270,796)
Net investment income	-	1,701,443	(1,701,443)
Benefit payments, including refunds of member contributions	(1,884,955)	(1,884,955)	-
Net change	1,257,844	1,013,691	244,153
Balance at June 30, 2023	\$ 34,393,317	\$ 28,316,563	\$ 6,076,754

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**10. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Net pension liability</u>	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town plan	<u>6.90%</u>	<u>\$ 9,694,188</u>	<u>\$ 6,076,754</u>	<u>\$ 2,981,137</u>

11. Pension expense and deferred outflows and inflows of resources

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 646,507	\$ 472,892	\$ 173,615
Changes in assumptions	300,085	116,261	183,824
Net difference between projected and actual earnings on pension plan investments	<u>1,961,525</u>	<u>-</u>	<u>1,961,525</u>
Total	<u>\$ 2,908,117</u>	<u>\$ 589,153</u>	<u>\$ 2,318,964</u>

For the fiscal year, the Town recognized pension expense of: \$ 1,561,242

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was 6.40 years.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

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

Year Ending June 30,		
2024	\$	542,512
2025		474,631
2026		1,266,151
2027		37,202
2028		5,016
Thereafter		<u>(6,548)</u>
Total	\$	<u>2,318,964</u>

B. Connecticut municipal employees’ retirement system

1. Plan description

The Connecticut Municipal Employees’ Retirement System (“MERS”) is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing multiple employer-defined benefit pension plan administered by the Connecticut State Retirement Commission.

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

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Police officers and firefighters with social security
- Police officers and firefighters without social security

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

Normal retirement	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Fire	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service

Early retirement	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)**3. Contributions**Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 6.00% of compensation.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.00% of compensation, if any, in excess of such base.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The collective net pension liability was measured as of June 30, 2022, and the collective total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportionate share of the collective net pension liability was based upon the Town's 2022 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date.

The Town's proportional share and change from the prior year was as follows:

<u>Plan Description</u>	<u>Proportional share</u>	<u>Change from prior year</u>
Police officers and firefighters with social security plan	6.281864%	0.260536%
The Town's proportional share of the collective net pension liability was:		<u>\$ 6,535,111</u>

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of the collective net pension liability.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows
Net difference between projected and actual earnings on pension plan investments	\$ 931,687	\$ -	\$ 931,687
Change in proportional share	149,149	59,453	89,696
Difference between expected and actual experience	953,079	196,194	756,885
Contributions subsequent to the measurement date	<u>695,824</u>	<u>-</u>	<u>695,824</u>
Total	<u>\$ 2,729,739</u>	<u>\$ 255,647</u>	2,474,092
Contributions subsequent to the measurement date to be recognized as a reduction of the collective net pension liability in the subsequent year			<u>(695,824)</u>
Net amortized amount of deferred inflows and outflows			<u>\$ 1,778,268</u>
For the fiscal year, the Town recognized pension expense of:			<u>\$ 1,240,642</u>

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2024	\$ 427,648
2025	364,173
2026	299,330
2027	<u>687,117</u>
Total	<u>\$ 1,778,268</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	<p><u>Employees:</u> Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB.</p> <p><u>Police and Fire:</u> RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB.</p> <p><u>Disabled:</u> For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.</p>

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Global equity	37.00%	6.90%
Public credit	2.00%	2.90%
Core fixed income	13.00%	0.40%
Liquidity fund	1.00%	(0.40%)
Risk mitigation	5.00%	0.10%
Private equity	15.00%	11.20%
Private credit	10.00%	6.20%
Real estate	10.00%	6.30%
Infrastructure and natural resources	<u>7.00%</u>	7.70%
Total	<u>100.00%</u>	

6. Discount rate

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

7. Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the Town's proportional share of the collective net pension liability of MERS, calculated using the discount rate, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town's proportional share of the collective net pension liability	<u>7.00%</u>	<u>\$ 9,129,940</u>	<u>\$ 6,535,111</u>	<u>\$ 4,367,412</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

C. Connecticut state teachers' retirement system

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System ("TRS"), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board ("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/trb.

2. Benefit provisions

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	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
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions

State of Connecticut

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 State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, 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.

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the collective net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the collective net pension liability, the related State support, and the total portion of the collective net pension liability that was associated with the Town were as follows:

Town's proportionate share of the collective net pension liability	\$ -
State's proportionate share of the collective net pension liability associated with the Town	<u>65,410,077</u>
Total	<u>\$65,410,077</u>
During the year, the Town recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of:	<u>\$ 5,157,116</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut state teachers' retirement system (continued)

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

5. Actuarial assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% 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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. 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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

There were no changes in assumptions from the prior measurement date.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut state teachers' retirement system (continued)**Long-term expected rate of return**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity fund	20.00%	5.40%
Developed market international stock fund	11.00%	6.40%
Emerging market international stock fund	9.00%	8.60%
Core fixed income fund	13.00%	0.80%
Emerging market debt fund	5.00%	3.80%
High yield bond fund	3.00%	3.40%
Real estate fund	19.00%	5.20%
Private equity	10.00%	9.40%
Private credit	5.00%	6.50%
Alternative investments	3.00%	3.10%
Liquidity fund	<u>2.00%</u>	(0.40%)
Total	<u>100.00%</u>	

6. Discount rate

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

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut state teachers' retirement system (continued)**7. Sensitivity of the collective net pension liability to changes in the discount rate**

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

D. Total pension plans

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Town	\$ 6,076,754	\$ 2,908,117	\$ 589,153	\$ 1,561,242
MERS	6,535,111	2,729,739	255,647	1,240,642
Total	<u>\$ 12,611,865</u>	<u>\$ 5,637,856</u>	<u>\$ 844,800</u>	<u>\$ 2,801,884</u>

E. Other post-employment benefit plan**1. Plan description****a. Plan administration**

The Town administers one single-employer defined benefit, post-retirement healthcare plan for the Town and Board of Education through the Town of Cromwell Other Post-Employment Benefit ("OPEB") trust fund. The plan provides health and life insurance benefits to eligible retirees and their spouses. The plan does not issue standalone financial reports.

b. Plan membership

As of July 1, 2021, the plan's membership consisted of:

Retirees and beneficiaries receiving benefits	50
Active members	<u>390</u>
Total	<u>440</u>

2. Benefit provisions

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Other post-employment benefit plan (continued)

3. Contributions

Town employees	Employees hired before October 1, 2012, pay any amount over \$6,000 with at least 10 years of service for ages 62 to 65. For ages 65 and above, the retiree pays 100 % of the cost
Police employees	Employees pay any amount over \$6,000 with at least 25 years of service up to age 65. For ages 65 and above, the retiree pays 100 % of the cost
Public works employees	100% of the cost of insurance up to age 65
Noncertified education employees	100% of the cost of insurance after 10-15 years of service upon retiring, for up to 5 years
Teachers and administrators	Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These retirees are required to contribute the cost of the insurance to the Town.
Employer	Actuarially determined on a bi-annual basis using the entry age normal method

4. Investments

a. Investment policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Other post-employment benefit plan (continued)

The following was the Board's adopted asset allocation policy for the Employees' OPEB Plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	28.00%	10.24%
U.S. mid cap equity	7.00%	6.02%
U.S. small cap equity	4.00%	6.20%
Emerging markets equity	5.00%	6.14%
Alternative equity	6.00%	8.80%
International equity	20.00%	3.32%
REITs	2.50%	6.07%
Fixed income	23.00%	8.81%
Cash	2.00%	(1.60%)
Commodities	2.50%	3.12%
Total	<u>100.00%</u>	
Long-term expected nominal rate of return		<u>6.91%</u>
Inflation rate		<u>2.40%</u>

b. Concentrations

There were no investments in any one organization that represents 5.00% or more of the OPEB plan's net position.

c. Rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation (see the discussion of the OPEB plan's investment policy) are summarized above.

d. The annual money-weighted rate of return on OPEB plan investments, net of investment expense was 12.42%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Other post-employment benefit plan (continued)**5. Net OPEB liability**

The components of the net OPEB liability were measured as of June 30, 2023, and were as follows:

Total OPEB liability	\$ 4,371,403
Plan fiduciary net position	<u>2,306,650</u>
Net OPEB liability	<u>\$ 2,064,753</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>52.77%</u>

6. Actuarial methods and significant assumptions:

Actuarial valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Investment rate of return	6.90%
Salary increases	2.40%
Inflation	2.40%
Healthcare cost trend rates:	
Initial medical trend rate	6.50%
Ultimate medical trend rate	4.40%
Mortality rates	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-2021

7. Changes from prior year**a. Changes in assumptions**

There were no changes in assumptions.

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total OPEB liability was 6.90%.

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

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Other post-employment benefit plan (continued)**9. Changes in the net OPEB liability**

The Town's OPEB liability was measured at June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as noted below.

<u>Valuation date: July 1, 2021</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at July 1, 2022	<u>\$4,157,094</u>	<u>\$ 1,998,767</u>	<u>\$ 2,158,327</u>
Service cost	161,038	-	161,038
Interest	291,036	-	291,036
Differences between expected and actual experience	(33,940)	-	(33,940)
Contributions - employer	-	230,046	(230,046)
Contributions - State Teachers' Retirement subsidy	-	31,679	(31,679)
Net investment income	-	275,282	(275,282)
Benefit payments, including refunds of member contributions	(203,825)	(203,825)	-
Administrative expenses	-	(25,299)	25,299
Net change	<u>214,309</u>	<u>307,883</u>	<u>(93,574)</u>
Balance at June 30, 2023	<u><u>\$4,371,403</u></u>	<u><u>\$ 2,306,650</u></u>	<u><u>\$ 2,064,753</u></u>

10. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, 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 discount rate:

<u>OPEB Liability</u>	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town OPEB Plan	<u>6.90%</u>	<u>\$2,514,857</u>	<u>\$ 2,064,753</u>	<u>\$ 1,669,986</u>

11. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>OPEB Liability</u>	<u>Trend Rate</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town OPEB Plan	<u>6.50% - 4.40%</u>	<u>\$1,611,834</u>	<u>\$ 2,064,753</u>	<u>\$ 2,605,987</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Other post-employment benefit plan (continued)**12. OPEB expense and deferred outflows of resources related to OPEB**

The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 23,984	\$ 1,779,911	\$ (1,755,927)
Changes in assumptions	191,731	760,892	(569,161)
Net difference between projected and actual earnings on OPEB plan investments	<u>72,386</u>	<u>-</u>	<u>72,386</u>
Total	<u>\$ 288,101</u>	<u>\$ 2,540,803</u>	<u>\$ (2,252,702)</u>

For the fiscal year, the Town recognized OPEB expense of: \$ (394,240)

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years for both plans. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 13.50 years.

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

<u>Year Ended June 30,</u>	
2024	\$ (244,714)
2025	(274,495)
2026	(194,225)
2027	(291,300)
2028	(269,280)
Thereafter	<u>(978,688)</u>
Total	<u>\$ (2,252,702)</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Connecticut state teachers’ retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	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
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Connecticut state teachers’ retirement board retiree health insurance plan (continued)

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System’s funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers’ Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

The Town reports no amounts for its proportionate share of the collective net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Town were as follows:

Town’s proportionate share of the collective net OPEB liability	\$ -
State’s proportionate share of the collective net OPEB liability associated with the Town	<u>5,728,423</u>
Total	<u>\$ 5,728,423</u>
During the year, the Town recognized OPEB expense and revenue for on-behalf amounts for contributions to the plan by the State of:	<u>\$ 72,942</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Connecticut state teachers’ retirement board retiree health insurance plan (continued)

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

5. Actuarial assumptions

The collective total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Discount rate	3.53%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2031
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2027

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.

6. Long-term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected geometric rate of return is 1.50%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2022.

7. Discount rate

The discount rate used to measure the collective total OPEB liability was 3.53%. The Municipal Bond Index Rate of 3.54% was used in the determination in the discount rate. 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 annual State contributions will equal the most recent 5-year average of state contributions.

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**8. Sensitivity of the collective net OPEB liability to changes in the discount rate and the health care cost trend rate**

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

9. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

G. Pension and other post-employment benefit plan statements

Combining Statement of Fiduciary Net Position
June 30, 2023

<u>Assets</u>	<u>Employee Pension Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Cash	\$ 486,003	\$ -	\$ 486,003
Investments:			
Bank money market	1,888,391	64,766	1,953,157
Common stock	12,113,941	1,246,062	13,360,003
Common stock - international	2,847,369	549,773	3,397,142
U.S. treasury obligations	185,732	-	185,732
Corporate bonds	7,435,980	-	7,435,980
International bonds	43,183	-	43,183
Real estate investment trusts	3,315,964	53,223	3,369,187
Fixed income mutual fund	-	392,826	392,826
Total investments	<u>27,830,560</u>	<u>2,306,650</u>	<u>30,137,210</u>
Total assets	<u>28,316,563</u>	<u>2,306,650</u>	<u>30,623,213</u>
<u>Net Position</u>			
Restricted for:			
Pension benefits	28,316,563	-	28,316,563
OPEB benefits	-	2,306,650	2,306,650
Total net position	<u>\$ 28,316,563</u>	<u>\$ 2,306,650</u>	<u>\$ 30,623,213</u>

Town of Cromwell, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Pension and other post-employment benefit plan statements (continued)

Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Employee Pension Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 926,407	\$ 230,046	\$ 1,156,453
Plan members	270,796	-	270,796
State Teachers' Retirement subsidy	-	31,679	31,679
	1,197,203	261,725	1,458,928
Total contributions			
Investment income (loss):			
Net change in fair value of investments	1,242,744	223,229	1,465,973
Interest and dividends	703,583	52,053	755,636
	1,946,327	275,282	2,221,609
Total investment income (loss)			
Less investment expenses	(244,884)	-	(244,884)
Net investment income (loss)	1,701,443	275,282	1,976,725
Total additions	2,898,646	537,007	3,435,653
Deductions:			
Benefits	1,884,955	203,825	2,088,780
Administration	-	25,299	25,299
	1,884,955	229,124	2,114,079
Total deductions			
Changes in net position	1,013,691	307,883	1,321,574
Net position - July 1, 2022	27,302,872	1,998,767	29,301,639
Net position - June 30, 2023	\$ 28,316,563	\$ 2,306,650	\$ 30,623,213

Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual - Sewer Usage Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<hr/>	
<u>Pension Plans</u> Employees' Municipal Employees' Retirement System State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Collective Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<hr/>	
<u>Other Post-Employment Benefits Plans</u> OPEB State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Collective Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of Cromwell, Connecticut
Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Current taxes	\$ 47,118,622	\$ -	\$ 47,118,622	\$ 47,497,354	\$ 378,732
Motor vehicle supplement	375,000	-	375,000	497,527	122,527
Prior year's levies	250,000	-	250,000	331,726	81,726
Interest and liens	150,000	-	150,000	222,051	72,051
Other	500	-	500	224	(276)
Telecommunication - PILOT	25,000	-	25,000	130,371	105,371
Mattabassett - PILOT	100,000	-	100,000	100,000	-
Total property taxes	48,019,122	-	48,019,122	48,779,253	760,131
Intergovernmental revenues:					
Town:					
Youth service grant	14,000	-	14,000	14,000	-
Tax relief - disability	950	-	950	1,159	209
Tax relief - veterans	2,200	-	2,200	1,805	(395)
Town aid road grant	275,521	-	275,521	277,276	1,755
State owned property - PILOT	89,056	-	89,056	70,111	(18,945)
Emergency management	4,500	-	4,500	-	(4,500)
Judicial department	4,500	-	4,500	10,171	5,671
Other - Town	500	-	500	16,800	16,300
Other - education	500	-	500	-	(500)
Municipal grants-in-aid	31,099	-	31,099	31,099	-
Municipal revenue sharing	-	-	-	293,839	293,839
Total town	422,826	-	422,826	716,260	293,434
Education:					
Education cost sharing	5,191,253	-	5,191,253	5,177,736	(13,517)
Adult and vocational education	13,186	-	13,186	13,878	692
Total education	5,204,439	-	5,204,439	5,191,614	(12,825)
Total intergovernmental revenues	5,627,265	-	5,627,265	5,907,874	280,609
Charges for services:					
Building department	350,000	-	350,000	372,541	22,541
Police department	275,132	-	275,132	265,908	(9,224)
Public works	45,900	-	45,900	60,524	14,624
Town clerk	372,000	-	372,000	342,396	(29,604)
Health department	30,000	-	30,000	32,595	2,595
Library	-	-	-	3,113	3,113
Senior services	500	-	500	925	425
Assessor	500	-	500	100	(400)

(Continued)

See Notes to Required Supplementary Information.

Town of Cromwell, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services: (continued)					
Planning and zoning	\$ 7,500	\$ -	\$ 7,500	\$ 12,323	\$ 4,823
Zoning board	1,000	-	1,000	833	(167)
Inland-wetlands	1,000	-	1,000	2,113	1,113
Sewer usage	31,639	-	31,639	31,639	-
Fire district fees	59,983	-	59,983	60,740	757
School rentals	1,000	-	1,000	270	(730)
Lease/rentals	2,500	-	2,500	2,638	138
Development compliance	-	-	-	19,360	19,360
Total charges for services	<u>1,178,654</u>	<u>-</u>	<u>1,178,654</u>	<u>1,208,018</u>	<u>29,364</u>
Income from investments	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>718,201</u>	<u>648,201</u>
Other:					
Town miscellaneous	75,000	-	75,000	13,601	(61,399)
Education miscellaneous	1,000	-	1,000	20	(980)
Insurance dividends/returns	32,500	-	32,500	52,898	20,398
Total other	<u>108,500</u>	<u>-</u>	<u>108,500</u>	<u>66,519</u>	<u>(41,981)</u>
Total revenues	<u>55,003,541</u>	<u>-</u>	<u>55,003,541</u>	<u>56,679,865</u>	<u>1,676,324</u>
Other financing sources:					
Appropriation of fund balance	979,000	164,000	1,143,000	-	(1,143,000)
Transfers in:					
Capital projects fund	-	-	-	70,999	70,999
Total other financing sources	<u>979,000</u>	<u>164,000</u>	<u>1,143,000</u>	<u>70,999</u>	<u>(1,072,001)</u>
Total revenues and other financing sources	<u>\$ 55,982,541</u>	<u>\$ 164,000</u>	<u>\$ 56,146,541</u>	<u>\$ 56,750,864</u>	<u>\$ 604,323</u>

(Concluded)

Town of Cromwell, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Town manager	\$ 387,846	\$ 1,723	\$ 389,569	\$ 380,699	\$ 8,870
Town clerk	215,953	3,137	219,090	214,358	4,732
Elections department	80,209	104	80,313	74,354	5,959
Economic development	22,302	-	22,302	19,366	2,936
Development compliance	109,799	2,871	112,670	111,973	697
Building inspection	210,771	5,583	216,354	214,072	2,282
Donations and dues	49,872	-	49,872	49,337	535
Legal	232,100	15,000	247,100	238,683	8,417
Central services	210,401	2,000	212,401	211,905	496
Insurance	607,610	-	607,610	587,748	19,862
General	10,002	-	10,002	6,327	3,675
Developer/Town planner	140,299	741	141,040	140,327	713
Finance department	443,179	2,266	445,445	431,486	13,959
Tax collector	159,943	164,284	324,227	301,661	22,566
Assessor's office	246,990	1,177	248,167	243,037	5,130
Town council	42,130	-	42,130	41,761	369
Board of finance	1,350	-	1,350	960	390
Charter revision commission	3,000	-	3,000	147	2,853
Board of assessment appeals	1,200	-	1,200	622	578
Commission support disabled	100	-	100	-	100
Planning and zoning commission	3,525	-	3,525	2,680	845
Zoning board of appeals	1,250	-	1,250	570	680
Inland wetlands	1,900	-	1,900	781	1,119
Conservation commission	1,210	-	1,210	-	1,210
Employee benefits	4,208,128	(60,871)	4,147,257	3,647,473	499,784
Total general government	7,391,069	138,015	7,529,084	6,920,327	608,757
Public works:					
Public works administration	279,922	1,079	281,001	275,954	5,047
Engineering	246,354	2,049	248,403	244,452	3,951
Solid waste removal	878,220	(12,941)	865,279	676,268	189,011
Highway department	1,505,106	(13,236)	1,491,870	1,184,206	307,664
Building maintenance	656,972	37,089	694,061	652,616	41,445
Parks and grounds	451,431	(13,806)	437,625	410,420	27,205
Vehicle maintenance	330,200	-	330,200	227,332	102,868
Other	379,000	13,589	392,589	392,589	-
Total public works	4,727,205	13,823	4,741,028	4,063,837	677,191
Public safety:					
Emergency management	21,050	-	21,050	19,729	1,321
Police department	3,837,472	1,665	3,839,137	3,782,708	56,429
Animal control	95,414	-	95,414	92,420	2,994
Total public safety	3,953,936	1,665	3,955,601	3,894,857	60,744

(Continued)

See Notes to Required Supplementary Information.

Town of Cromwell, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Human services:					
Health department	\$ 205,377	\$ 4,542	\$ 209,919	\$ 204,818	\$ 5,101
Human services	137,217	1,093	138,310	138,302	8
Senior services	136,972	336	137,308	135,851	1,457
Transportation services	152,064	699	152,763	150,560	2,203
Youth services	107,755	318	108,073	99,735	8,338
Total human services	<u>739,385</u>	<u>6,988</u>	<u>746,373</u>	<u>729,266</u>	<u>17,107</u>
Culture and recreation:					
Recreation department	277,639	951	278,590	272,065	6,525
Library	653,393	2,558	655,951	625,597	30,354
Total culture and recreation	<u>931,032</u>	<u>3,509</u>	<u>934,541</u>	<u>897,662</u>	<u>36,879</u>
Education	<u>33,988,894</u>	<u>-</u>	<u>33,988,894</u>	<u>33,988,894</u>	<u>-</u>
Debt service	<u>3,429,499</u>	<u>-</u>	<u>3,429,499</u>	<u>3,299,499</u>	<u>130,000</u>
Total expenditures	<u>55,161,020</u>	<u>164,000</u>	<u>55,325,020</u>	<u>53,794,342</u>	<u>1,530,678</u>
Other financing uses:					
Transfers out:					
Capital projects funds	<u>821,521</u>	<u>-</u>	<u>821,521</u>	<u>821,521</u>	<u>-</u>
Total other financing uses	<u>821,521</u>	<u>-</u>	<u>821,521</u>	<u>821,521</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 55,982,541</u>	<u>\$ 164,000</u>	<u>\$ 56,146,541</u>	<u>\$ 54,615,863</u>	<u>\$ 1,530,678</u>

(Concluded)

Town of Cromwell, Connecticut

Required Supplementary Information

Sewer Usage Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
User charges	\$ 2,081,200	\$ -	\$ 2,081,200	\$ 2,171,919	\$ 90,719
Prior year collections (all components)	150,000	-	150,000	-	(150,000)
Outlet charge	-	-	-	105,000	105,000
Permits and inspection charges	20,000	-	20,000	22,937	2,937
Service charges	15,000	-	15,000	6,736	(8,264)
Income from investments	5,000	-	5,000	57,468	52,468
Total revenues	2,271,200	-	2,271,200	2,364,060	92,860
Expenditures:					
Regular wages	521,299	5,069	526,368	536,959	(10,591)
Part-time wages	17,044	(15,994)	1,050	600	450
Overtime wages	60,314	254	60,568	44,400	16,168
Department expenditures	24,700	-	24,700	12,768	11,932
Outside services	96,139	-	96,139	77,290	18,849
Vehicle maintenance	8,000	-	8,000	3,584	4,416
Gasoline and fuel	9,250	-	9,250	8,921	329
Equipment repair and maintenance	25,000	15,994	40,994	34,044	6,950
Liability and property insurance	43,000	-	43,000	41,626	1,374
Materials and supplies	32,000	-	32,000	28,586	3,414
Utilities and oil	42,500	-	42,500	34,120	8,380
Payments for sewer treatment	1,040,591	-	1,040,591	1,037,667	2,924
Meter and pump station repairs	26,000	5,000	31,000	29,415	1,585
Prior year obligations	3,500	7,500	11,000	10,879	121
Damage claims	100	-	100	-	100
Employee benefits	308,543	(17,823)	290,720	253,591	37,129
Capital expenditures	20,000	-	20,000	16,262	3,738
Debt service:					
Interest	66,000	-	66,000	66,000	-
Principal	64,000	-	64,000	64,000	-
Total expenditures	2,407,980	-	2,407,980	2,300,712	107,268
Excess (deficiency) of revenues over expenditures	(136,780)	-	(136,780)	63,348	200,128
Other financing sources (uses):					
Appropriation of fund balance	136,780	1,023,000	1,159,780	-	(1,159,780)
Transfers out	-	(1,023,000)	(1,023,000)	(1,023,000)	-
Net change in fund balance	\$ -	\$ -	\$ -	(959,652)	\$ (959,652)
Fund balance - July 1, 2022				3,364,010	
Fund balance - June 30, 2023				<u>\$ 2,404,358</u>	

Town of Cromwell, Connecticut
Notes to Required Supplementary Information
Budgets and Budgetary Accounting
For the Year Ended June 30, 2023

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund and Sewer Usage Fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions for the general fund:

- The Town does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
- Certain funds that are required to be reported as part of the general fund under the requirements of GASB 54.

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 56,679,865	\$ 53,794,342
Other funds (Schedule 2)	1,549,327	1,545,443
State Teachers' pension on behalf amount	5,157,116	5,157,116
State Teachers' OPEB on behalf amount	<u>72,942</u>	<u>72,942</u>
GAAP Basis - Exhibit D	<u><u>\$ 63,459,250</u></u>	<u><u>\$ 60,569,843</u></u>

The Town Manager compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Town Council reviews and deliberates on the budget and submits it for consideration to the Board of Finance. The Board of Education submits its budget estimates directly to the Board of Finance. The Board of Finance, after its review process, presents a recommended budget for approval to referendum. The Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting.

The legal level of control is on the department level for the General Fund. The Board of Finance by resolution and only upon the recommendation of a majority of the entire Town Council may make supplemental appropriations not to exceed one percent of the total annual appropriation of the fiscal year. Additional appropriations of more than one percent require Town Meeting approval.

The legal level of control for the sewer usage fund is the fund level.

Unencumbered appropriations for the General Fund and the Sewer Usage Fund lapse at the end of the year.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval.

There were additional appropriations from fund balance during the year of \$164,000.

Town of Cromwell, Connecticut
Required Supplementary Information

Employees' Pension Plan
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>										
Total pension liability:										
Service cost	\$ 958,955	\$ 966,331	\$ 916,134	\$ 844,931	\$ 837,849	\$ 803,687	\$ 837,912	\$ 869,728	\$ 844,396	\$ 804,187
Interest	2,288,570	2,167,152	2,118,695	1,869,027	1,878,174	1,758,940	1,781,296	1,671,584	1,642,818	1,522,557
Differences between expected and actual experience	(104,726)	513,612	(558,949)	729,657	(400,403)	290,202	(932,074)	(93,482)	(2,263,343)	-
Changes in assumptions	-	(64,679)	(135,746)	787,826	21,266	-	(588,427)	-	2,184,823	-
Benefit payments, including refunds of member contributions	(1,884,955)	(1,748,062)	(1,630,031)	(1,346,631)	(1,227,055)	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
Net change in total pension liability	1,257,844	1,834,354	710,103	2,884,810	1,109,831	1,711,168	185,826	1,617,758	1,648,614	1,560,000
Total pension liability - July 1	<u>33,135,473</u>	<u>31,301,119</u>	<u>30,591,016</u>	<u>27,706,206</u>	<u>26,596,375</u>	<u>24,885,207</u>	<u>24,699,381</u>	<u>23,081,623</u>	<u>21,433,009</u>	<u>19,873,009</u>
Total pension liability - June 30 (a)	<u>\$ 34,393,317</u>	<u>\$ 33,135,473</u>	<u>\$31,301,119</u>	<u>\$30,591,016</u>	<u>\$ 27,706,206</u>	<u>\$ 26,596,375</u>	<u>\$ 24,885,207</u>	<u>\$ 24,699,381</u>	<u>\$23,081,623</u>	<u>\$21,433,009</u>
Plan fiduciary net position:										
Contributions - employer	\$ 926,407	\$ 933,169	\$ 905,856	\$ 704,628	\$ 686,652	\$ 674,271	\$ 708,939	\$ 688,458	\$ 704,153	\$ 663,086
Contributions - member	270,796	286,851	284,135	262,761	257,142	235,765	252,453	205,530	235,516	239,118
Net investment income (loss)	1,701,443	(3,805,600)	6,318,564	1,293,323	1,581,452	1,303,537	1,728,565	(77,346)	389,952	2,629,667
Benefit payments, including refunds of member contributions	(1,884,955)	(1,748,062)	(1,630,031)	(1,346,631)	(1,227,055)	(1,141,661)	(912,881)	(830,072)	(760,080)	(766,744)
Administration expenses	-	(74,899)	-	-	-	-	(2,272)	(1,530)	(1,530)	(1,530)
Net change in plan fiduciary net position	1,013,691	(4,408,541)	5,878,524	914,081	1,298,191	1,071,912	1,774,804	(14,960)	568,011	2,763,597
Plan fiduciary net position - July 1	<u>27,302,872</u>	<u>31,711,413</u>	<u>25,832,889</u>	<u>24,918,808</u>	<u>23,620,617</u>	<u>22,548,705</u>	<u>20,773,901</u>	<u>20,788,861</u>	<u>20,220,850</u>	<u>17,457,253</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 28,316,563</u>	<u>\$ 27,302,872</u>	<u>\$31,711,413</u>	<u>\$25,832,889</u>	<u>\$ 24,918,808</u>	<u>\$ 23,620,617</u>	<u>\$ 22,548,705</u>	<u>\$ 20,773,901</u>	<u>\$20,788,861</u>	<u>\$20,220,850</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 6,076,754</u>	<u>\$ 5,832,601</u>	<u>\$ (410,294)</u>	<u>\$ 4,758,127</u>	<u>\$ 2,787,398</u>	<u>\$ 2,975,758</u>	<u>\$ 2,336,502</u>	<u>\$ 3,925,480</u>	<u>\$ 2,292,762</u>	<u>\$ 1,212,159</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.33%</u>	<u>82.40%</u>	<u>101.31%</u>	<u>84.45%</u>	<u>89.94%</u>	<u>88.81%</u>	<u>90.61%</u>	<u>84.11%</u>	<u>90.07%</u>	<u>94.34%</u>
Covered payroll	<u>\$ 10,500,118</u>	<u>\$ 9,685,026</u>	<u>\$ 9,404,083</u>	<u>\$ 9,534,714</u>	<u>\$ 8,501,263</u>	<u>\$ 9,044,251</u>	<u>\$ 9,072,753</u>	<u>\$ 9,379,937</u>	<u>\$ 9,153,162</u>	<u>\$ 8,987,085</u>
Net pension liability (asset) as a percentage of covered payroll	<u>57.87%</u>	<u>60.22%</u>	<u>(4.36%)</u>	<u>49.90%</u>	<u>32.79%</u>	<u>32.90%</u>	<u>25.75%</u>	<u>41.85%</u>	<u>25.05%</u>	<u>13.49%</u>
<u>Schedule of Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	<u>6.45%</u>	<u>(12.26%)</u>	<u>24.80%</u>	<u>5.29%</u>	<u>6.75%</u>	<u>5.87%</u>	<u>8.39%</u>	<u>0.00%</u>	<u>1.89%</u>	<u>14.76%</u>

Town of Cromwell, Connecticut
Required Supplementary Information

Employees' Pension Plan
Schedule of Contributions
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 897,444	\$ 933,169	\$ 905,856	\$ 704,628	\$ 686,652	\$ 674,271	\$ 708,939	\$ 688,375	\$ 704,153	\$ 663,086
Contributions in relation to the actuarially determined contribution	<u>926,407</u>	<u>933,169</u>	<u>905,856</u>	<u>686,652</u>	<u>686,652</u>	<u>674,271</u>	<u>708,939</u>	<u>688,458</u>	<u>704,153</u>	<u>663,086</u>
Contribution excess (deficiency)	<u>\$ 28,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,976)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,500,118</u>	<u>\$ 9,685,026</u>	<u>\$ 9,404,083</u>	<u>\$ 8,501,263</u>	<u>\$ 8,501,263</u>	<u>\$ 9,044,251</u>	<u>\$ 9,072,753</u>	<u>\$ 9,379,937</u>	<u>\$ 9,153,162</u>	<u>\$ 8,974,085</u>
Contributions as a percentage of covered payroll	<u>8.82%</u>	<u>9.64%</u>	<u>9.63%</u>	<u>8.08%</u>	<u>8.08%</u>	<u>7.46%</u>	<u>7.81%</u>	<u>7.34%</u>	<u>7.69%</u>	<u>7.39%</u>

Town of Cromwell, Connecticut

Notes to Required Supplementary Information

**Employees' Pension Plan
Schedule of Contributions
Last Ten Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2014	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation rate	2.40%	2.60%	2.60%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.50%
Salary increases	3.40%	3.60%	3.50%	3.50%	3.50%	2.75% - 6.50% dependent on age	2.75% - 6.50% dependent on age	3.00%-6.50% dependent on age	5.00% (3.5% cost- of living, 1.5% steps)	5.00% (3.5% cost- of living, 1.5% steps)
Investment rate of return (net)	6.90%	6.90%	6.90%	6.90%	6.90%	7.00%	7.00%	7.10%	7.50%	7.50%
Mortality rate	Pub-2010 projected with scale MP-2021	Pub-2010 projected with scale MP-2020	Pub-2010 projected with scale MP-2019	RP-2014 projected with scale MP-2018	RP-2014 projected with scale MP-2018	RP-2014 projected with Scale AA	RP-2014 projected with Scale AA	RP-2014 projected with Scale AA	RP-2000 projected with Scale AA	RP-2000 projected with Scale AA

Town of Cromwell, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Last Nine Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Collective Net Pension Liability</u>									
Town's proportion of the collective net pension (asset) liability	<u>6.281864%</u>	<u>6.021328%</u>	<u>6.181821%</u>	<u>6.230267%</u>	<u>6.171665%</u>	<u>6.940000%</u>	<u>6.940000%</u>	<u>6.900000%</u>	<u>6.890000%</u>
Town's proportionate share of the collective net pension (asset) liability	<u>\$ 6,535,111</u>	<u>\$ 3,034,709</u>	<u>\$ 5,101,444</u>	<u>\$ 4,539,605</u>	<u>\$ 3,528,754</u>	<u>\$ 2,835,008</u>	<u>\$ 3,314,849</u>	<u>\$ 2,109,958</u>	<u>\$ 1,667,341</u>
Town's covered payroll	<u>\$ 3,277,704</u>	<u>\$ 2,813,768</u>	<u>\$ 2,750,078</u>	<u>\$ 2,767,141</u>	<u>\$ 2,942,089</u>	<u>\$ 2,863,631</u>	<u>\$ 2,836,483</u>	<u>\$ 2,762,664</u>	<u>\$ 2,762,664</u>
Town's proportionate share of the collective net pension (asset) liability as a percentage of its covered payroll	<u>199.38%</u>	<u>107.85%</u>	<u>185.50%</u>	<u>164.05%</u>	<u>119.94%</u>	<u>99.00%</u>	<u>116.86%</u>	<u>76.37%</u>	<u>60.35%</u>
Total plan fiduciary net position as a percentage of the collective total pension liability	<u>68.71%</u>	<u>82.59%</u>	<u>71.18%</u>	<u>73.60%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>
<u>Schedule of Contributions</u>									
Contractually required contribution	\$ 733,978	\$ 457,892	\$ 548,623	\$ 571,638	\$ 459,149	\$ 470,204	\$ 479,910	\$ 517,138	\$ 423,789
Contributions in relation to the contractually required contribution	<u>733,978</u>	<u>457,892</u>	<u>548,623</u>	<u>571,638</u>	<u>459,149</u>	<u>470,204</u>	<u>479,910</u>	<u>517,138</u>	<u>423,789</u>
Contribution deficiency (excess)	<u>\$ -</u>								
Town's covered payroll	<u>\$ 3,176,019</u>	<u>\$ 2,039,608</u>	<u>\$ 2,618,726</u>	<u>\$ 2,865,353</u>	<u>\$ 2,680,379</u>	<u>\$ 2,744,915</u>	<u>\$ 2,868,559</u>	<u>\$ 3,091,082</u>	<u>\$ 2,498,756</u>
Contributions as a percentage of covered payroll	<u>23.11%</u>	<u>22.45%</u>	<u>20.95%</u>	<u>19.95%</u>	<u>17.13%</u>	<u>17.13%</u>	<u>16.73%</u>	<u>16.73%</u>	<u>16.96%</u>

The Town participates in the police officers and firefighters with social security plan.

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Cromwell, Connecticut
Notes to Required Supplementary Information
Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Nine Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Changes of benefit terms	None	None	None	None	None	None	None	None	None	
The actuarially determined contribution rates are calculated as of	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014	June 30, 2014	
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age					
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed					
Remaining amortization period	18 years	19 years	20 years	21 years	23 years	23 years	25 years	25 years	27 years	
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing					
Inflation rate	2.50%	2.50%	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%	3.25%	
Salary increases	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.50%-11.25%, average, including inflation				
Cost-of-living adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	
Social security wage base	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	
Investment rate of return (net)	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
Mortality rate	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table set forward one year for males and set back one year for females

86

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Cromwell, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Nine Years (3)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Collective Net Pension Liability</u>									
Town's proportion of the collective net pension liability	<u>0.00%</u>								
Town's proportionate share of the collective net pension liability	<u>\$ -</u>								
State of Connecticut's proportionate share of the collective net pension liability associated with the Town	<u>65,410,077</u>	<u>50,109,256</u>	<u>63,268,586</u>	<u>58,819,764</u>	<u>45,353,455</u>	<u>45,941,954</u>	<u>48,469,113</u>	<u>36,803,580</u>	<u>34,017,535</u>
Total	<u>\$ 65,410,077</u>	<u>\$ 50,109,256</u>	<u>\$ 63,268,586</u>	<u>\$ 58,819,764</u>	<u>\$ 45,353,455</u>	<u>\$ 45,941,954</u>	<u>\$ 48,469,113</u>	<u>\$ 36,803,580</u>	<u>\$ 34,017,535</u>
Town's covered payroll	<u>(2)</u>								
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	<u>0.00%</u>								
Plan fiduciary net position as a percentage of the collective total pension liability	<u>54.06%</u>	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<u>Schedule of Contributions</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	<u>\$ -</u>								
Contributions in relation to the contractually required contribution	<u>-</u>								
Contribution deficiency (excess)	<u>\$ -</u>								
Town's covered payroll	<u>(2)</u>								
Contributions as a percentage of covered payroll	<u>0.00%</u>								

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the collective net pension liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Cromwell, Connecticut
Notes to Required Supplementary Information
Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Nine Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014	June 30, 2012
Actuarial methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining amortization period	27.8 years	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	21.4 years	22.4 years
Asset valuation method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%
Salary increases	3.00%-6.50%, average, including inflation	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-living adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment rate of return (net)	6.90%	6.90%	6.90%	6.90%	8.00%	8.00%	8.50%	8.50%	8.50%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Cromwell, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Last Seven Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Schedule of Changes in Net OPEB Liability and Related Ratios</u>							
Total OPEB liability:							
Service cost	\$ 161,038	\$ 168,392	\$ 161,604	\$ 162,635	\$ 155,706	\$ 268,162	\$ 260,985
Interest	291,036	308,334	295,644	298,523	286,889	353,821	339,240
Differences between expected and actual experience	(33,940)	(352,965)	720	(415,727)	36,301	(2,012,609)	(153,061)
Changes of benefit terms	-	-	-	-	-	(29,592)	-
Changes of assumptions	-	(130,347)	-	273,319	-	(1,131,229)	-
Benefit payments, including refunds of member contributions	<u>(203,825)</u>	<u>(268,590)</u>	<u>(292,681)</u>	<u>(302,390)</u>	<u>(336,267)</u>	<u>(294,060)</u>	<u>(183,909)</u>
Net change in total OPEB liability	214,309	(275,176)	165,287	16,360	142,629	(2,845,507)	263,255
Total OPEB liability - July 1	<u>4,157,094</u>	<u>4,432,270</u>	<u>4,266,983</u>	<u>4,250,623</u>	<u>4,107,994</u>	<u>6,953,501</u>	<u>6,690,246</u>
Total OPEB liability - June 30 (a)	<u>\$ 4,371,403</u>	<u>\$ 4,157,094</u>	<u>\$ 4,432,270</u>	<u>\$ 4,266,983</u>	<u>\$ 4,250,623</u>	<u>\$ 4,107,994</u>	<u>\$ 6,953,501</u>
Plan fiduciary net position:							
Contributions - employer	\$ 230,046	\$ 316,704	\$ 337,443	\$ 406,672	\$ 589,868	\$ 556,379	\$ 407,346
Contributions - TRB subsidy	31,679	26,986	26,838	27,718	26,399	27,682	26,563
Net investment income	275,282	(299,229)	541,495	(15,808)	35,283	71,871	48,235
Benefit payments, including refunds of member contributions	(203,825)	(268,590)	(292,681)	(302,390)	(336,267)	(294,060)	(183,909)
Administration expenses	<u>(25,299)</u>	<u>(28,281)</u>	<u>(23,078)</u>	<u>(19,085)</u>	<u>(16,718)</u>	<u>(6,253)</u>	<u>(3,899)</u>
Net change in plan fiduciary net position	307,883	(252,410)	590,017	97,107	298,565	355,619	294,336
Plan fiduciary net position - July 1	<u>1,998,767</u>	<u>2,251,177</u>	<u>1,661,160</u>	<u>1,564,053</u>	<u>1,265,488</u>	<u>909,869</u>	<u>615,533</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 2,306,650</u>	<u>\$ 1,998,767</u>	<u>\$ 2,251,177</u>	<u>\$ 1,661,160</u>	<u>\$ 1,564,053</u>	<u>\$ 1,265,488</u>	<u>\$ 909,869</u>
Net OPEB liability - June 30 (a)-(b)	<u>\$ 2,064,753</u>	<u>\$ 2,158,327</u>	<u>\$ 2,181,093</u>	<u>\$ 2,605,823</u>	<u>\$ 2,686,570</u>	<u>\$ 2,842,506</u>	<u>\$ 6,043,632</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>52.77%</u>	<u>48.08%</u>	<u>50.79%</u>	<u>38.93%</u>	<u>36.80%</u>	<u>30.81%</u>	<u>13.09%</u>
Covered payroll	<u>\$ 26,052,155</u>	<u>\$ 25,441,558</u>	<u>\$ 25,673,617</u>	<u>\$ 25,023,019</u>	<u>\$ 24,256,883</u>	<u>\$ 23,607,672</u>	<u>\$ 22,740,011</u>
Net OPEB liability as a percentage of covered payroll	<u>7.93%</u>	<u>8.48%</u>	<u>8.50%</u>	<u>10.41%</u>	<u>11.08%</u>	<u>12.04%</u>	<u>26.58%</u>
<u>Schedule of Investment Returns</u>							
Annual money weighted rate of return, net of investment expense	<u>12.42%</u>	<u>(14.42%)</u>	<u>30.80%</u>	<u>(2.17%)</u>	<u>1.37%</u>	<u>7.21%</u>	<u>6.55%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

Town of Cromwell, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 292,000	\$ 371,300	\$ 363,600	\$ 417,000	\$ 412,600	\$ 656,000	\$ 648,000	\$ 608,500	\$ 597,900	\$ 808,500
Contributions in relation to the actuarially determined contribution	<u>230,046</u>	<u>316,704</u>	<u>337,443</u>	<u>406,672</u>	<u>589,868</u>	<u>556,379</u>	<u>407,346</u>	<u>390,700</u>	<u>496,200</u>	<u>417,000</u>
Contribution excess (deficiency)	<u>\$ (61,954)</u>	<u>\$ (54,596)</u>	<u>\$ (26,157)</u>	<u>\$ (10,328)</u>	<u>\$ 177,268</u>	<u>\$ (99,621)</u>	<u>\$ (240,654)</u>	<u>\$ (217,800)</u>	<u>\$ (101,700)</u>	<u>\$ (391,500)</u>
Covered payroll	<u>\$ 26,052,155</u>	<u>\$ 25,441,558</u>	<u>\$ 25,673,617</u>	<u>\$ 25,023,019</u>	<u>\$ 24,256,893</u>	<u>\$ 23,607,672</u>	<u>\$ 22,740,011</u>	<u>\$ 22,077,700</u>	<u>\$ 24,434,000</u>	<u>\$ 24,434,000</u>
Contributions as a percentage of covered payroll	<u>0.88%</u>	<u>1.24%</u>	<u>1.31%</u>	<u>1.63%</u>	<u>2.43%</u>	<u>2.36%</u>	<u>1.79%</u>	<u>1.77%</u>	<u>2.03%</u>	<u>1.71%</u>

Town of Cromwell, Connecticut
Notes to Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected unit credit				
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation rate	2.40%	2.40%	2.60%	2.75%	2.75%	None	None	None	None	None
Salary increases	2.40%	2.40%	2.60%	2.75%	2.75%	5.00%	N/A	N/A	N/A	N/A
Healthcare inflation rate - initial	6.50%	6.50%	6.60%	8.00%	8.00%	8.00%	8.00%	9.00%	9.00%	10.00%
Healthcare and dental inflation rate - ultimate	4.40%	4.40%	4.60%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return (net)	6.90%	6.90%	6.90%	7.00%	7.00%	5.00%	5.00%	5.00%	5.00%	4.50%
Mortality rate	Pub-2010 projected with scale MP-2021	Pub-2010 projected with scale MP-2021	Pub-2010 projected with scale MP-2019	Town, Public Works, BOE Non-Certified: RP-2014 with Scale MP-2016. Police: RP-2014 Scale MP-2016	Town, Public Works, BOE Non-Certified: RP-2014 with Scale MP-2016. Police: RP-2014 Scale MP-2016	N/A	N/A	N/A	N/A	N/A

N/A - Not available

Town of Cromwell, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Six Years (3)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u>						
Town's proportion of the collective net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportion of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the collective net OPEB liability associated with the Town	<u>5,728,423</u>	<u>5,459,312</u>	<u>9,436,512</u>	<u>9,173,275</u>	<u>9,066,455</u>	<u>11,824,927</u>
Total	<u>\$ 5,728,423</u>	<u>\$ 5,459,312</u>	<u>\$ 9,436,512</u>	<u>\$ 9,173,275</u>	<u>\$ 9,066,455</u>	<u>\$ 11,824,927</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the collective total OPEB liability	<u>9.46%</u>	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<u>Schedule of Contributions</u>						
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of 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>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the collective net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

Town of Cromwell, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Six Years (1)

	2023	2022	2021	2020	2019	2018
Changes of benefit terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2022	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage, open	Level percentage, closed	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation rate	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Healthcare inflation rate	Initial 6.75% decreasing to 4.50% (ultimate) by 2023	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary increases	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment rate of return (net)	3.00%	3.00%	3.00%	3.00%	3.00%	4.25%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, culture and recreation, human services, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

For reporting in accordance with generally accepted accounting principles, the general fund includes certain funds that are required to be reported as part of the general fund under the requirements of GASB 54.

Fund	Function
Contingency	For unanticipated expenditures
Outside Services	Funded by charges for services for policy special duty to be used to fund the police budget
Open Choice	State grant funding for be used for State open choice program

Town of Cromwell, Connecticut

**General Fund
Combining Balance Sheet
June 30, 2023**

	General Fund	Contingency Fund	Outside Services Fund	Open Choice	Eliminations	Total
<u>Assets</u>						
Cash	\$ 314,781	\$ 77,733	\$ -	\$ 255,700	\$ -	\$ 648,214
Restricted cash	339,887	-	-	-	-	339,887
Investments	17,470,804	150,000	-	-	-	17,620,804
Restricted investments	166,760	-	-	-	-	166,760
Receivables (net):						
Property taxes	1,557,291	-	-	-	-	1,557,291
Other	803,584	-	178,862	-	-	982,446
Due from other funds	177,368	-	-	158,076	(332,476)	2,968
Total assets	<u>\$ 20,830,475</u>	<u>\$ 227,733</u>	<u>\$ 178,862</u>	<u>\$ 413,776</u>	<u>\$ (332,476)</u>	<u>\$ 21,318,370</u>
<u>Liabilities</u>						
Accounts payable	\$ 1,108,905	\$ -	\$ -	\$ -	\$ -	\$ 1,108,905
Accrued payroll and related liabilities	242,754	-	1,494	-	-	244,248
Due to other funds	162,629	-	177,368	-	(332,476)	7,521
Unearned revenue	46,980	-	-	413,776	-	460,756
Overpayments	165,850	-	-	-	-	165,850
Performance bonds	406,528	-	-	-	-	406,528
Total liabilities	<u>2,133,646</u>	<u>-</u>	<u>178,862</u>	<u>413,776</u>	<u>(332,476)</u>	<u>2,393,808</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue:						
Property taxes	1,557,291	-	-	-	-	1,557,291
<u>Fund Balances</u>						
Restricted	5,000,000	-	-	-	-	5,000,000
Assigned	-	227,733	-	-	-	227,733
Unassigned	12,139,538	-	-	-	-	12,139,538
Total fund balances	<u>17,139,538</u>	<u>227,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,367,271</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,830,475</u>	<u>\$ 227,733</u>	<u>\$ 178,862</u>	<u>\$ 413,776</u>	<u>\$ (332,476)</u>	<u>\$ 21,318,370</u>

Town of Cromwell, Connecticut

General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	Contingency Fund	Outside Services Fund	Open Choice	Eliminations	Total
Revenues:						
Property taxes	\$ 48,779,253	\$ -	\$ -	\$ -	\$ -	\$ 48,779,253
Intergovernmental	11,137,932	-	-	1,155,313	-	12,293,245
Charges for services	1,208,018	-	390,130	-	-	1,598,148
Income from investments	718,201	3,884	-	-	-	722,085
Other	66,519	-	-	-	-	66,519
Total revenues	<u>61,909,923</u>	<u>3,884</u>	<u>390,130</u>	<u>1,155,313</u>	<u>-</u>	<u>63,459,250</u>
Expenditures:						
Current:						
General government	6,920,327	-	-	-	-	6,920,327
Public safety	3,894,857	-	383,673	-	-	4,278,530
Public works	4,063,837	-	6,457	-	-	4,070,294
Culture and recreation	897,662	-	-	-	-	897,662
Human services	729,266	-	-	-	-	729,266
Education	39,218,952	-	-	1,155,313	-	40,374,265
Debt service	3,299,499	-	-	-	-	3,299,499
Total expenditures	<u>59,024,400</u>	<u>-</u>	<u>390,130</u>	<u>1,155,313</u>	<u>-</u>	<u>60,569,843</u>
Excess (deficiency) of revenues over expenditures	<u>2,885,523</u>	<u>3,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,889,407</u>
Other financing sources (uses):						
Transfers in	70,999	-	-	-	-	70,999
Transfers out	<u>(821,521)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,521)</u>
Net other financing sources (uses)	<u>(750,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,522)</u>
Net change in fund balances	2,135,001	3,884	-	-	-	2,138,885
Fund balances - July 1, 2022	<u>15,004,537</u>	<u>223,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,228,386</u>
Fund balances - June 30, 2023	<u>\$ 17,139,538</u>	<u>\$ 227,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,367,271</u>

Town of Cromwell, Connecticut

General Fund
Report of Tax Collector
For the Year Ended June 30, 2023

108

Grand List Year	Uncollected Taxes July 1, 2022	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2023
			Additions	Deductions		Net Taxes Collected	Interest and Liens	Total	
2010	\$ 1,997	\$ -	\$ -	\$ -	\$ 1,997	\$ 74	\$ 145	\$ 219	\$ 1,923
2011	14,621	-	-	-	14,540	-	-	-	14,540
2012	22,741	-	-	-	21,838	228	252	480	21,610
2013	46,873	-	-	-	44,359	2,401	511	2,912	41,958
2014	58,463	-	-	-	54,027	2,276	1,230	3,506	51,751
2015	76,816	-	-	-	73,342	3,702	2,010	5,712	69,640
2016	71,852	-	-	-	71,127	3,034	1,595	4,629	68,093
2017	180,870	-	57	12,560	107,190	-	4,941	4,941	107,190
2018	148,369	-	-	14,529	133,044	10,449	9,061	19,510	122,595
2019	254,584	-	10,251	24,796	239,880	71,571	28,977	100,548	168,309
2020	<u>572,071</u>	<u>-</u>	<u>16,839</u>	<u>70,034</u>	<u>518,316</u>	<u>242,759</u>	<u>62,710</u>	<u>305,469</u>	<u>275,557</u>
Subtotal	1,449,257	-	27,147	121,919	1,279,660	336,494	111,432	447,926	943,166
2021	<u>-</u>	<u>48,591,715</u>	<u>85,712</u>	<u>167,203</u>	<u>48,510,224</u>	<u>47,982,208</u>	<u>119,721</u>	<u>48,101,929</u>	<u>528,016</u>
Total	<u>\$ 1,449,257</u>	<u>\$ 48,591,715</u>	<u>\$ 112,859</u>	<u>\$ 289,122</u>	<u>\$ 49,789,884</u>	<u>\$ 48,318,702</u>	<u>\$ 231,153</u>	<u>\$ 48,549,855</u>	1,471,182
							Tax interest receivable		661,109
							Tax allowance for doubtful accounts		(325,000)
							Interest allowance for doubtful accounts		<u>(250,000)</u>
							Net taxes receivable		<u>\$ 1,557,291</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Public Health	State grant	Human services programs and emergency assistance
Public Safety	Grants and receipt of fees	Public safety programs
Culture and Recreation	State grant and receipt of fees	Culture and recreation programs
Town Improvement Program	State grant	Project improvements as determined by the Town Council
Public Donations Grant	Donations and grants	Various Town programs
Dog License	Licenses and fees	Animal control program
School Cafeteria	Sale of food and grants	School lunch and breakfast program
Educational Grants	State and Federal grants	Education programs
School Activity Fund	Fees and contributions	Education programs
Solar Incentive	Grant	Public works programs

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title.

Fund	Funding Source	Function
Cemetery Trust	Bequests	Principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended on the care and maintenance of the cemetery

Town of Cromwell, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2023

Special Revenue Funds

109

	Public Health	Public Safety	Culture and Recreation	Town Improvement Program	Public Donations Grant	Dog License
<u>Assets</u>						
Cash	\$ 38,429	\$ 491,195	\$ 628,252	\$ -	\$ 237,800	\$ 35,619
Investments	-	-	-	13,371	-	-
Restricted investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	-	-
Other	-	-	995	-	289	2,345
Other	-	-	-	-	-	-
Total assets	<u>\$ 38,429</u>	<u>\$ 491,195</u>	<u>\$ 629,247</u>	<u>\$ 13,371</u>	<u>\$ 238,089</u>	<u>\$ 37,964</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 1,850	\$ 27,131	\$ -	\$ 8,285	\$ 20,284
Accrued payroll and related liabilities	-	-	11,839	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,850</u>	<u>38,970</u>	<u>-</u>	<u>8,285</u>	<u>20,284</u>
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	38,429	-	9,439	-	229,804	-
Committed	-	489,345	580,838	13,371	-	17,680
Total fund balances	<u>38,429</u>	<u>489,345</u>	<u>590,277</u>	<u>13,371</u>	<u>229,804</u>	<u>17,680</u>
Total liabilities and fund balances	<u>\$ 38,429</u>	<u>\$ 491,195</u>	<u>\$ 629,247</u>	<u>\$ 13,371</u>	<u>\$ 238,089</u>	<u>\$ 37,964</u>

(Continued)

Town of Cromwell, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2023

110

	Special Revenue Funds				Total Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
	School Cafeteria	Education Grants	School Activity	Solar Incentive		Cemetery Trust	
<u>Assets</u>							
Cash	\$ 410,027	\$ 10,248	\$ 451,467	\$ 333	\$ 2,303,370	\$ 3,763	\$ 2,307,133
Investments	-	-	-	-	13,371	-	13,371
Restricted investments	-	-	-	-	-	7,000	7,000
Receivables:							
Intergovernmental	238,475	1,714	-	-	240,189	-	240,189
Other	272	1,422	-	-	5,323	-	5,323
Other	17,925	-	-	-	17,925	-	17,925
Total assets	<u>\$ 666,699</u>	<u>\$ 13,384</u>	<u>\$ 451,467</u>	<u>\$ 333</u>	<u>\$ 2,580,178</u>	<u>\$ 10,763</u>	<u>\$ 2,590,941</u>
<u>Liabilities</u>							
Accounts payable	\$ 2,986	\$ 3,815	\$ -	\$ -	\$ 64,351	\$ -	\$ 64,351
Accrued payroll and related liabilities	-	-	-	-	11,839	-	11,839
Due to other funds	-	2,968	-	-	2,968	-	2,968
Unearned revenue	22,076	6,139	-	-	28,215	-	28,215
Total liabilities	<u>25,062</u>	<u>12,922</u>	<u>-</u>	<u>-</u>	<u>107,373</u>	<u>-</u>	<u>107,373</u>
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	6,237	6,237
Restricted	641,637	-	-	-	919,309	4,526	923,835
Committed	-	462	451,467	333	1,553,496	-	1,553,496
Total fund balances	<u>641,637</u>	<u>462</u>	<u>451,467</u>	<u>333</u>	<u>2,472,805</u>	<u>10,763</u>	<u>2,483,568</u>
Total liabilities and fund balances	<u>\$ 666,699</u>	<u>\$ 13,384</u>	<u>\$ 451,467</u>	<u>\$ 333</u>	<u>\$ 2,580,178</u>	<u>\$ 10,763</u>	<u>\$ 2,590,941</u>

(Concluded)

Town of Cromwell, Connecticut

Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

Special Revenue Funds

	Public Health	Public Safety	Culture and Recreation	Town Improvement Program	Public Donations Grant	Dog License
Revenues:						
Intergovernmental	\$ 23,273	\$ 4,153	\$ -	\$ -	\$ 31,227	\$ -
Charges for services	-	51,686	388,489	-	-	7,414
Income from investments	-	8,196	2	228	-	531
Contributions	-	-	-	-	107,519	-
Total revenues	<u>23,273</u>	<u>64,035</u>	<u>388,491</u>	<u>228</u>	<u>138,746</u>	<u>7,945</u>
Expenditures:						
Current:						
General government	-	-	-	-	130,015	-
Public safety	-	85,259	-	-	2,500	12,676
Culture and recreation	-	-	280,788	-	-	-
Human services	28,700	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>28,700</u>	<u>85,259</u>	<u>280,788</u>	<u>-</u>	<u>132,515</u>	<u>12,676</u>
Net change in fund balances	(5,427)	(21,224)	107,703	228	6,231	(4,731)
Fund balances - July 1, 2022	<u>43,856</u>	<u>510,569</u>	<u>482,574</u>	<u>13,143</u>	<u>223,573</u>	<u>22,411</u>
Fund balances - June 30, 2023	<u>\$ 38,429</u>	<u>\$ 489,345</u>	<u>\$ 590,277</u>	<u>\$ 13,371</u>	<u>\$ 229,804</u>	<u>\$ 17,680</u>

(Continued)

Town of Cromwell, Connecticut

Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Special Revenue Funds				Permanent Funds	Total Other Governmental Funds	
	School Cafeteria	Education Grants	School Activity	Solar Incentive	Total Special Revenue Funds	Cemetery Trust	
Revenues:							
Intergovernmental	\$1,311,900	\$ 3,102,550	\$ -	\$ -	\$ 4,473,103	\$ -	\$ 4,473,103
Charges for services	228,299	-	727,497	-	1,403,385	-	1,403,385
Income from investments	-	-	1,304	-	10,261	184	10,445
Contributions	-	-	-	-	107,519	-	107,519
Total revenues	<u>1,540,199</u>	<u>3,102,550</u>	<u>728,801</u>	<u>-</u>	<u>5,994,268</u>	<u>184</u>	<u>5,994,452</u>
Expenditures:							
Current:							
General government	-	-	-	-	130,015	-	130,015
Public safety	-	-	-	-	100,435	-	100,435
Culture and recreation	-	-	-	-	280,788	-	280,788
Human services	-	-	-	-	28,700	-	28,700
Education	<u>1,328,334</u>	<u>3,102,550</u>	<u>689,346</u>	<u>-</u>	<u>5,120,230</u>	<u>-</u>	<u>5,120,230</u>
Total expenditures	<u>1,328,334</u>	<u>3,102,550</u>	<u>689,346</u>	<u>-</u>	<u>5,660,168</u>	<u>-</u>	<u>5,660,168</u>
Net change in fund balances	211,865	-	39,455	-	334,100	184	334,284
Fund balances - July 1, 2022	<u>429,772</u>	<u>462</u>	<u>412,012</u>	<u>333</u>	<u>2,138,705</u>	<u>10,579</u>	<u>2,149,284</u>
Fund balances - June 30, 2023	<u>\$ 641,637</u>	<u>\$ 462</u>	<u>\$ 451,467</u>	<u>\$ 333</u>	<u>\$ 2,472,805</u>	<u>\$ 10,763</u>	<u>\$ 2,483,568</u>

(Concluded)

Town of Cromwell, Connecticut

Dog License Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:					
Charges for services	\$ 6,500	\$ -	\$ 6,500	\$ 7,031	\$ 531
Income from investments	-	-	-	531	531
Canine officers receipts	-	-	-	383	383
Total revenues	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>7,945</u>	<u>1,445</u>
Expenditures:					
Veterinary fees	3,500	-	3,500	1,978	1,522
Contracted services	10,000	(2,600)	7,400	6,039	1,361
Vehicle maintenance	1,500	-	1,500	573	927
Equipment repair/replacement	1,000	4,100	5,100	8,824	(3,724)
Departmental expense	1,200	-	1,200	1,146	54
Training/workshops	2,500	(1,500)	1,000	991	9
Uniforms	1,200	-	1,200	1,159	41
Gasoline/other fluids	3,000	-	3,000	1,866	1,134
Total expenditures	<u>23,900</u>	<u>-</u>	<u>23,900</u>	<u>22,576</u>	<u>1,324</u>
Excess (deficiency) of revenues over expenditures	(17,400)	-	(17,400)	(14,631)	2,769
Other financing sources (uses):					
Appropriation of fund balance	7,500	-	7,500	-	(7,500)
Transfers in	9,900	-	9,900	9,900	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,731)</u>	<u>\$ (4,731)</u>
Fund balance - July 1, 2022				<u>22,411</u>	
Fund balance - June 30, 2023				<u>\$ 17,680</u>	

Reconciliation to Schedule 5

	<u>Expenditures</u>
Budgetary basis	\$ 22,576
Amount paid from General Fund	<u>(9,900)</u>
GAAP Basis - Schedule 5, page 1	<u>\$ 12,676</u>

Internal Service Funds

Internal service funds are used to account for risk financing activities.

Fund	Function
Dental Insurance	Dental and other benefits for Town and Board of Education employees
Heart and Hypertension	Heart and Hypertension claims of Police and Fire employees

Town of Cromwell, Connecticut
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

	<u>Dental Insurance</u>	<u>Heart and Hypertension</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash	\$ 164,317	\$ 155,530	\$ 319,847
Investments	-	75,000	75,000
	<u>164,317</u>	<u>230,530</u>	<u>394,847</u>
<u>Liabilities</u>			
Current liability:			
Claims payable	11,900	92,194	104,094
Noncurrent liability:			
Claims payable	-	39,512	39,512
	<u>11,900</u>	<u>131,706</u>	<u>143,606</u>
<u>Net Position</u>			
Unrestricted	<u>\$ 152,417</u>	<u>\$ 98,824</u>	<u>\$ 251,241</u>

Town of Cromwell, Connecticut
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	<u>Dental Insurance</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 286,067	\$ 25,000	\$ 311,067
Operating expenses:			
Claims	<u>291,581</u>	<u>1,724</u>	<u>293,305</u>
Operating income (loss)	(5,514)	23,276	17,762
Nonoperating revenues (expenses):			
Income from investments	<u>-</u>	<u>3,950</u>	<u>3,950</u>
Change in net position	(5,514)	27,226	21,712
Total net position - July 1, 2022	<u>157,931</u>	<u>71,598</u>	<u>229,529</u>
Total net position - June 30, 2023	<u><u>\$ 152,417</u></u>	<u><u>\$ 98,824</u></u>	<u><u>\$ 251,241</u></u>

Town of Cromwell, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	<u>Dental Insurance</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Cash flows from (used in) operating activities:			
Cash received for charges for services	\$ 286,067	\$ 25,000	\$ 311,067
Cash paid for benefits and claims	<u>(291,681)</u>	<u>(1,724)</u>	<u>(293,405)</u>
Net cash from (used in) operating activities	(5,614)	23,276	17,662
Cash flows from (used in) investing activities:			
Income from investments	<u>-</u>	<u>3,950</u>	<u>3,950</u>
Net increase (decrease) in cash	(5,614)	27,226	21,612
Cash and cash equivalents - July 1, 2022	<u>169,931</u>	<u>203,304</u>	<u>373,235</u>
Cash and cash equivalents - June 30, 2023	<u><u>\$ 164,317</u></u>	<u><u>\$ 230,530</u></u>	<u><u>\$ 394,847</u></u>
Reconciliation to schedule 7:			
Cash and cash equivalents per above	\$ 164,317	\$ 230,530	\$ 394,847
Cash and cash equivalents reported as investments	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Cash - schedule 7	<u><u>\$ 164,317</u></u>	<u><u>\$ 155,530</u></u>	<u><u>\$ 319,847</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (5,514)	\$ 23,276	\$ 17,762
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Increase (decrease) in:			
Claims payable	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Net cash from operating activities	<u><u>\$ (5,614)</u></u>	<u><u>\$ 23,276</u></u>	<u><u>\$ 17,662</u></u>

Statistical Section

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

Table	Description
Financial Trend (Tables 1-4)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.
Revenue Capacity (Tables 5-8)	These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.
Debt Capacity (Tables 9-13)	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.
Demographic and Economic Information (Tables 14-15)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.
Operating Information (Tables 16-18)	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the fiscal year.

Town of Cromwell, Connecticut
Governmental Activities
Net Position by Component
Last Ten Years
(Unaudited)

June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u> <u>(as restated)</u>	<u>2019</u> <u>(as restated)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in capital assets	\$ 103,603,636	\$ 102,528,113	\$ 101,502,036	\$ 97,968,700	\$ 94,991,214	\$ 92,647,243	\$ 90,614,975	\$ 90,372,051	\$ 90,158,279	\$ 90,349,694
Restricted for:										
Endowments:										
Nonexpendable	6,237	6,237	6,237	6,237	6,237	56,237	56,237	56,237	56,237	56,237
Expendable	4,526	4,342	4,326	4,310	4,179	5,801	5,287	4,813	4,267	3,825
Judgment appeal	5,000,000	5,000,000	-	-	-	-	-	-	-	-
Public safety	-	-	26,081	23,212	27,225	24,248	23,879	8,886	8,886	10,068
Sewer operations	2,404,358	3,364,010	2,877,474	2,292,883	2,572,726	1,980,141	1,708,358	1,913,160	1,764,852	1,704,788
Culture and recreation	239,243	233,012	148,742	163,256	108,538	86,998	104,555	105,992	105,677	110,568
Human services	38,429	43,856	69,151	52,841	34,444	32,305	25,535	21,494	21,399	15,359
Education	641,637	429,772	105,502	171,874	228,413	293,160	299,840	207,981	149,950	90,207
Sewer debt service	679,955	651,563	636,660	611,987	-	-	-	-	-	-
ARPA funded projects	470,117	1,028,014	-	-	-	-	-	-	-	-
Unrestricted	<u>4,497,518</u>	<u>4,268,173</u>	<u>7,788,607</u>	<u>7,029,988</u>	<u>8,509,913</u>	<u>8,252,920</u>	<u>7,805,843</u>	<u>6,425,203</u>	<u>6,221,114</u>	<u>8,400,738</u>
Total net position	<u>\$ 117,585,656</u>	<u>\$ 117,557,092</u>	<u>\$ 113,164,816</u>	<u>\$ 108,325,288</u>	<u>\$ 106,482,889</u>	<u>\$ 103,379,053</u>	<u>\$ 100,644,509</u>	<u>\$ 99,115,817</u>	<u>\$ 98,490,661</u>	<u>\$ 100,741,484</u>

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut

Governmental Activities
Changes in Net Position
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2023	2022	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014
Expenses:										
General government	\$ 5,052,765	\$ 4,560,169	\$ 3,901,658	\$ 4,056,518	\$ 3,927,840	\$ 5,467,135	\$ 6,018,788	\$ 5,688,367	\$ 5,472,277	\$ 5,557,370
Public safety	6,617,852	5,582,040	6,570,280	5,956,091	5,649,536	3,869,319	3,578,942	4,233,769	3,584,653	3,484,220
Public works	10,786,107	10,460,599	9,882,832	9,658,198	9,277,331	8,439,623	8,312,654	7,819,385	8,199,804	7,687,149
Culture and recreation	1,598,878	1,608,204	1,234,944	1,353,059	1,323,812	1,103,036	1,086,816	1,060,721	1,015,493	1,001,837
Human services	966,555	870,652	837,594	819,289	746,421	606,146	683,617	623,442	606,338	595,427
Education	46,446,133	44,348,097	41,952,756	39,114,940	37,882,197	38,257,417	37,792,620	35,274,601	34,400,356	33,609,091
Interest	245,048	245,548	292,360	243,502	507,863	667,621	680,936	715,187	881,704	948,731
Total expenses	71,713,338	67,675,309	64,672,424	61,201,597	59,315,000	58,410,297	58,154,373	55,415,472	54,160,625	52,883,825
Program revenues:										
Charges for services:										
General government	747,127	920,371	488,203	508,943	627,956	716,693	737,467	572,676	700,864	695,823
Public safety	768,464	817,116	764,162	585,833	461,081	465,612	537,403	721,983	527,056	409,662
Public works	2,149,729	2,913,110	3,470,858	3,039,697	2,890,947	2,633,822	2,296,825	2,139,166	2,049,278	1,800,683
Culture and recreation	391,602	368,939	262,428	209,704	354,096	49,834	54,822	52,573	149,472	150,762
Human services	33,520	28,714	34,370	32,549	13,821	17,188	14,474	9,856	7,633	10,859
Education	956,066	560,869	703,389	379,251	526,627	519,432	572,506	591,605	615,086	457,598
Operating grants and contributions	16,188,407	15,556,433	13,613,745	11,779,381	11,328,763	12,033,737	12,263,848	9,486,370	9,871,178	9,695,887
Capital grants and contributions	330,768	3,149,953	4,038,020	1,710,793	1,944,708	338,128	147,340	880,759	343,140	529,426
Total program revenues	21,565,683	24,315,505	23,375,175	18,246,151	18,147,999	16,774,446	16,624,685	14,454,988	14,263,707	13,750,700
Net expenses	(50,147,655)	(43,359,804)	(41,297,249)	(42,955,446)	(41,167,001)	(41,635,851)	(41,529,688)	(40,960,484)	(39,896,918)	(39,133,125)
General revenues:										
Property taxes	48,827,330	47,283,072	45,576,417	43,949,313	44,067,022	43,490,210	42,288,843	41,105,060	40,220,941	38,905,611
Grants and contributions not restricted to specific programs	408,184	134,946	95,754	106,486	57,517	77,996	144,436	152,474	242,913	244,792
Income from investments	874,186	62,523	71,297	585,010	646,578	371,990	150,791	74,416	45,660	46,556
Other	66,519	176,135	40,748	157,036	171,121	392,924	474,310	253,690	193,413	96,112
Total general revenues	50,176,219	47,752,080	45,784,216	44,797,845	44,942,238	44,333,120	43,058,380	41,585,640	40,702,927	39,293,071
Change in net position	\$ 28,564	\$ 4,392,276	\$ 4,486,967	\$ 1,842,399	\$ 3,775,237	\$ 4,553,791	\$ 1,528,692	\$ 625,156	\$ 806,009	\$ 159,946

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut
Governmental Funds
Fund Balances
Last Ten Years
(Modified Accrual Basis of Accounting)
(Unaudited)

June 30

	2023	2022	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014
General fund:										
Restricted	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	879,001	629,000	690,000	872,400	1,005,793	161,500
Assigned	227,733	1,202,849	1,643,720	386,611	252,532	21,595	1,621	24,536	50,402	51,186
Unassigned	12,139,538	9,025,537	11,399,241	13,892,356	13,241,583	11,641,051	9,416,756	7,764,001	7,730,698	7,634,146
Total general fund	<u>17,367,271</u>	<u>15,228,386</u>	<u>13,042,961</u>	<u>14,278,967</u>	<u>14,373,116</u>	<u>12,291,646</u>	<u>10,108,377</u>	<u>8,660,937</u>	<u>8,786,893</u>	<u>7,846,832</u>
All other governmental funds:										
Nonspendable	6,237	6,237	6,237	6,237	6,237	72,390	72,295	72,651	85,239	92,458
Restricted	4,478,265	5,754,569	3,867,936	3,320,363	3,222,518	3,103,638	5,244,756	3,317,127	2,841,738	4,072,626
Committed	3,058,555	4,643,241	5,887,904	6,615,836	9,684,102	5,019,276	5,266,008	3,074,316	2,891,600	2,912,762
Assigned	-	-	-	285,650	759,443	691,919	435,441	1,778,374	1,478,962	1,516,291
Unassigned	-	-	-	-	-	-	(24,100)	-	-	-
Total all other governmental funds	<u>7,543,057</u>	<u>10,404,047</u>	<u>9,762,077</u>	<u>10,228,086</u>	<u>13,672,300</u>	<u>8,887,223</u>	<u>10,994,400</u>	<u>8,242,468</u>	<u>7,297,539</u>	<u>8,594,137</u>
Grand total	<u>\$ 24,910,328</u>	<u>\$ 25,632,433</u>	<u>\$ 22,805,038</u>	<u>\$ 24,507,053</u>	<u>\$ 28,045,416</u>	<u>\$ 21,178,869</u>	<u>\$ 21,102,777</u>	<u>\$ 16,903,405</u>	<u>\$ 16,084,432</u>	<u>\$ 16,440,969</u>

Source: Current and prior year financial statements.

Notes:

General fund:
 Assigned Decrease due to decrease in the amount appropriated for the subsequent years' budget
 Unassigned Increase due to decrease in use of fund balance for the subsequent years' budget and positive operations

All other governmental funds:
 Restricted Decrease due to deficit operations of the sewer fund and ARPA spending offset by positive cafeteria operations
 Committed Decreased due to deficit operations of the capital projects fund

Table 4

Town of Cromwell, Connecticut
Governmental Funds
Changes in Fund Balances
Last Ten Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	For the Year Ended June 30									
	2023	2022	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014
Revenues:										
Property taxes	\$ 48,779,253	\$ 46,900,846	\$ 45,191,914	\$ 44,480,132	\$ 43,939,302	\$ 43,419,649	\$ 42,184,309	\$ 40,874,985	\$ 39,967,103	\$ 38,862,600
Intergovernmental	16,819,840	18,683,290	17,689,241	14,023,623	10,530,630	12,575,512	12,688,152	10,649,238	10,628,891	10,509,748
Charges for services	5,329,475	5,279,348	5,928,375	4,600,377	4,224,160	3,989,624	3,798,882	3,745,960	3,562,034	3,088,594
Income from investments	870,236	62,189	70,903	585,010	646,578	371,990	150,791	74,416	45,660	46,556
Contributions	107,519	108,742	58,278	73,037	59,834	78,659	79,041	43,347	52,472	-
Other	66,519	176,135	40,748	157,036	694,796	634,892	691,946	436,387	430,639	508,603
Total revenues	71,972,842	71,210,550	68,979,459	63,919,215	60,095,300	61,070,326	59,593,121	55,824,333	54,686,799	53,016,101
Expenditures:										
Current:										
General government	7,050,342	6,872,766	6,780,273	6,155,585	5,899,074	5,447,494	5,533,320	5,401,356	5,277,296	5,225,911
Public safety	4,378,965	4,201,407	4,062,611	3,688,508	3,815,962	3,609,148	3,574,082	3,637,247	3,548,071	3,321,403
Public works	6,224,744	6,122,911	6,243,924	5,839,055	5,774,110	6,039,651	5,855,601	5,554,003	5,874,665	5,402,073
Culture and recreation	1,178,450	1,102,941	1,005,232	1,068,101	1,054,597	1,050,555	1,005,917	984,242	939,627	932,059
Human services	757,966	696,784	729,629	663,592	633,652	605,908	633,474	571,553	556,978	546,442
Education	45,494,495	42,845,259	40,694,747	37,717,324	34,087,170	36,804,161	35,971,609	33,215,350	32,722,230	31,672,231
Debt service:										
Principal	2,938,325	3,052,002	3,177,346	3,320,800	2,780,000	2,925,343	2,907,414	2,881,922	2,700,000	2,165,000
Interest	494,929	478,248	660,004	633,244	839,111	867,893	797,683	878,716	1,024,114	1,101,877
Capital outlay	4,339,882	3,482,041	8,363,172	7,968,193	6,012,633	3,735,424	5,253,390	1,922,893	2,408,200	3,189,947
Total expenditures	72,858,098	68,854,359	71,716,938	67,054,402	60,896,309	61,085,577	61,532,490	55,047,282	55,051,181	53,556,943
Excess (deficiency) of revenues over expenditures	(885,256)	2,356,191	(2,737,479)	(3,135,187)	(801,009)	(15,251)	(1,939,369)	777,051	(364,382)	(540,842)
Other financing sources (uses):										
Issuance of debt	163,151	345,800	283,171	-	6,940,000	-	5,520,000	-	-	-
Issuance of refunding debt	-	-	-	-	-	6,540,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(7,235,849)	-	-	-	-
Premium	-	-	-	-	950,014	787,192	618,741	-	-	-
Transfers in	1,915,520	2,346,051	3,088,866	3,130,943	1,874,344	1,415,747	2,731,682	3,398,598	850,726	1,455,919
Transfers out	(1,915,520)	(2,346,051)	(3,088,866)	(3,130,943)	(1,874,344)	(1,415,747)	(2,731,682)	(3,398,598)	(850,726)	(1,455,919)
Net other financing sources (uses)	163,151	471,204	283,171	-	7,890,014	91,343	6,138,741	-	-	-
Net change in fund balances	\$ (722,105)	\$ 2,827,395	\$ (2,454,308)	\$ (3,135,187)	\$ 7,089,005	\$ 76,092	\$ 4,199,372	\$ 777,051	\$ (364,382)	\$ (540,842)
Debt service as a percentage of noncapital expenditures	4.93%	5.31%	6.01%	6.66%	6.59%	6.61%	6.58%	7.08%	7.07%	6.49%

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years
(Unaudited)

Year Ended June 30	Real Property			Personal Property				Totals				
	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(3)	
	Residential	Industrial and Commercial	Real Property Estimated Actual Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Motor Vehicle and Personal Property Assessed Value	Less Exempt Property	Total Motor Vehicle and Personal Property Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2023	\$ 935,337,741	\$ 416,845,094	\$ 1,931,689,764	\$ 160,422,880	\$ 200,325,290	\$ 360,748,170	\$ 139,940,169	\$ 515,354,529	\$ 1,572,990,836	\$ 2,247,129,766	70.00%	30.33
2022	917,190,535	406,009,534	1,890,285,813	129,063,203	204,597,180	333,660,383	141,820,670	476,657,690	1,515,039,782	2,164,342,546	70.00%	30.33
2021	913,128,378	384,175,159	1,853,290,767	121,203,497	204,082,555	325,286,052	117,377,227	464,694,360	1,505,212,362	2,150,303,374	70.00%	30.33
2020	913,393,280	403,215,194	1,880,869,249	117,983,740	170,625,700	288,609,440	154,761,795	412,299,200	1,450,456,119	2,072,080,170	70.00%	30.33
2019	907,313,244	404,893,598	1,874,581,203	116,742,813	164,241,820	280,984,633	148,445,958	401,406,619	1,444,745,517	2,063,922,167	70.00%	30.33
2018	879,765,080	313,842,920	1,705,154,286	115,518,845	149,529,320	265,048,165	105,902,880	378,640,236	1,352,753,285	1,932,504,693	70.00%	31.68
2017	875,706,010	313,087,250	1,698,276,086	113,093,380	125,194,040	238,287,420	103,740,845	340,410,600	1,323,339,835	1,890,485,479	70.00%	31.38
2016	869,068,040	310,767,740	1,685,479,686	110,848,030	100,078,570	210,926,600	100,443,445	301,323,714	1,290,318,935	1,843,312,764	70.00%	31.38
2015	859,849,100	310,009,490	1,671,226,557	108,712,650	91,992,430	200,705,080	98,711,015	286,721,543	1,271,852,655	1,816,932,364	70.00%	31.18
2014	855,174,540	307,626,058	1,661,143,711	106,322,210	85,231,700	191,553,910	97,046,655	273,648,443	1,257,307,853	1,796,154,076	70.00%	30.75

Source: Town Assessor Department.

Notes:

(1) Assessed actual values taken from the Board of Assessment Appeals corrected abstracts for the respective year.

(2) Personal property value based on a 70% assessment ratio.

(3) From Table 7.

Town of Cromwell, Connecticut

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

Name	2023			2014		
	Assessed Value	Rank	Percentage Net Taxable Grand List	Assessed Value	Rank	Percentage Net Taxable Grand List
Algonquin Gas Trans Co.	\$ 62,770,740	1	3.99%	\$ 15,467,430	2	1.23%
Covenant Home Inc.	54,402,430	2	3.46%	21,520,330	1	1.71%
HBN-CSC LLC	20,423,130	3	1.30%	N/A	N/A	N/A
Connecticut Light and Power	20,268,740	4	1.29%	11,964,960	3	0.95%
Cromwell Realty LLC	18,152,470	5	1.15%	N/A	N/A	N/A
Tournament Players Club	12,309,080	6	0.78%	6,456,620	8	0.51%
TNO Cromwell LLC	12,141,500	7	0.77%	N/A	N/A	N/A
NL Grocery II DST	11,393,620	8	0.72%	N/A	N/A	N/A
IRNM Fee Cromwell LLC	11,372,690	9	0.72%	7,121,090	7	0.57%
Infinitely Cromwell Property Limited	10,451,840	10	0.66%	9,767,680	5	0.78%
Shaner SPE Associates Limited	N/A	N/A	N/A	10,089,770	4	0.80%
Main Street Equity LLC	N/A	N/A	N/A	7,734,250	6	0.62%
R A Cromwell LLC	N/A	N/A	N/A	6,388,980	9	0.51%
Shunpike-West Limited Partnership	N/A	N/A	N/A	6,240,230	10	0.50%
Totals	<u>\$ 233,686,240</u>		<u>14.84%</u>	<u>\$ 102,751,340</u>		<u>8.18%</u>
Based on October 1, 2021 and 2012 net taxable grand list of			<u>\$ 1,572,990,836</u>			<u>\$ 1,257,307,853</u>

Source: Town Assessor Department.

N/A - Not applicable.

Town of Cromwell, Connecticut
Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Tax Rate in Mills	Grand List of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	Current Delinquent Balance
2023	30.33	2021	\$ 48,510,224	\$47,982,208	98.91%	\$ -	\$ 47,982,208	98.9%	\$ 528,016
2022	30.33	2020	46,685,023	46,112,952	98.77%	296,514	46,409,466	99.4%	275,557
2021	30.33	2019	45,058,394	44,577,861	98.93%	312,224	44,890,085	99.6%	168,309
2020	30.33	2018	43,903,189	43,693,746	99.17%	86,848	43,780,594	99.2%	122,595
2019	30.33	2017	43,606,214	43,272,536	99.23%	226,488	43,499,024	99.8%	107,190
2018	31.68	2016	42,885,783	42,431,842	98.94%	385,848	42,817,690	99.8%	68,093
2017	31.38	2015	42,023,539	41,732,354	99.31%	221,545	41,953,899	99.8%	69,640
2016	31.38	2014	40,523,481	40,371,928	99.63%	99,802	40,471,730	99.9%	51,751
2015	31.18	2013	39,984,367	39,681,046	99.24%	261,363	39,942,409	99.9%	41,958
2014	30.75	2012	38,809,552	38,491,271	99.18%	296,671	38,787,942	99.9%	21,610

Source: Town Tax Collector

Notes:

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

Town of Cromwell, Connecticut

Direct and Overlapping Property Tax Rates
Last Ten Years
(Unaudited)

<u>Fiscal Year</u>	<u>(1) Town Operating Millage</u>	<u>(1) Debt Service Millage</u>	<u>(1) School Operating Millage</u>	<u>Total Town Millage</u>	<u>Cromwell Fire District</u>	<u>Total Direct and Overlapping Rate</u>
2023	10.05	1.86	18.42	30.33	3.00	33.33
2022	10.00	2.13	18.20	30.33	3.00	33.33
2021	10.00	2.13	18.20	30.33	2.50	32.83
2020	10.00	2.13	18.20	30.33	2.50	32.83
2019	10.00	2.13	18.20	30.33	2.50	32.83
2018	10.46	2.22	19.00	31.68	2.25	33.93
2017	10.35	2.20	18.83	31.38	2.25	33.63
2016	9.41	2.51	19.46	31.38	2.25	33.63
2015	9.98	2.54	18.66	31.18	2.10	33.28
2014	10.10	2.23	18.42	30.75	2.10	32.85

Source: Cromwell Fire District and Town of Cromwell Tax Collector Department

Notes:

(1) The Town has no individual direct rates

Town of Cromwell, Connecticut
Ratios of Outstanding Debt by Type
Last Ten Years
(Unaudited)

Year Ended June 30	General Obligation Bonds	Equipment Financing Notes	Leases	Subscription	Premium	Total	Percentage of Actual Taxable Value of Property	Percentage of Personal Income	Debt Per Capita
2023	\$ 12,910,000	\$ 311,959	\$ 39,833	\$ 116,043	\$ 1,183,527	\$14,561,362	0.65%	2.67%	\$ 1,024
2022	15,695,000	465,284	33,995	-	1,622,740	17,817,019	0.82%	2.62%	1,246
2021	18,460,000	406,486	49,627	-	2,094,172	21,010,285	0.98%	2.99%	1,477
2020	21,425,000	335,661	-	-	2,565,604	24,326,265	1.17%	3.39%	1,657
2019	24,435,000	646,461	-	-	3,037,036	28,118,497	1.36%	4.36%	2,005
2018	22,750,605	-	-	-	2,475,605	25,226,210	1.31%	4.50%	1,796
2017	25,565,187	-	-	-	2,020,187	27,585,374	1.46%	4.79%	1,958
2016	22,516,126	-	-	-	1,661,126	24,177,252	1.31%	4.38%	1,718
2015	25,502,134	-	-	-	1,882,134	27,384,268	1.51%	5.06%	1,945
2014	26,320,000	-	-	-	2,103,142	28,423,142	1.58%	4.64%	2,022

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut
Ratios of General Bonded Debt Outstanding
Last Ten Years
(Thousands, Except Per Capita)
(Unaudited)

<u>Year Ended June 30</u>	<u>General Obligation Debt Outstanding</u>			<u>Percentage of Actual Taxable Value of Property</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Premium</u>	<u>Total</u>		
2023	\$ 12,910,000	\$1,183,527	\$ 14,093,527	0.63%	\$ 991
2022	15,695,000	1,622,740	17,317,740	0.80%	1,211
2021	18,460,000	2,094,172	20,554,172	0.96%	1,474
2020	21,425,000	2,565,604	24,326,265	1.17%	1,657
2019	24,435,000	3,037,036	27,472,036	1.33%	1,959
2018	22,750,605	2,475,605	25,226,210	1.31%	1,796
2017	25,565,187	2,020,187	27,585,374	1.46%	1,958
2016	22,516,126	1,661,126	24,177,252	1.31%	1,718
2015	25,502,134	1,882,134	27,384,268	1.51%	1,945
2014	26,320,000	2,103,142	28,423,142	1.58%	2,022

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut

Direct and Overlapping Governmental Activities Debt
June 30, 2023
(Unaudited)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Town (1) (2)</u>	<u>Amount Applicable to Town</u>
Overlapping debt:			
Cromwell Fire District:			
Governmental funds	\$ 4,180,000	100.00%	\$ 4,180,000
(Water) Enterprise fund	1,016,997	0.00%	-
Mattabassett District	<u>42,215,883</u>	8.61%	<u>3,634,788</u>
Subtotal, overlapping debt	<u>\$ 47,412,880</u>		7,814,788
Town of Cromwell, direct debt			<u>13,377,835</u>
Total direct and overlapping debt			<u>\$21,192,623</u>

Source: Cromwell Fire District, Mattabassett District and Town of Cromwell.

Note:

- (1) 100% of the residents of the Fire Districts are also residents of the Town of Cromwell; accordingly all tax supported debt for the Fire District is included with the Town of Cromwell as overlapping debt. Debt supported by revenue sourced by the enterprise fund are not included.
- (2) The Town is responsible for a pro-rata share of the Mattabassett District's debt based on population.

Town of Cromwell, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
For the Year Ended June 30, 2023
(Unaudited)

Tax Base:

Total tax collections (including interest and lien fees) for prior year

Town	\$ 46,214,090
Cromwell Fire District	<u>4,617,700</u>
Total Base (1)	<u>\$ 50,831,790</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 114,371,528	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	228,743,055	-	-	-
3 3/4 times base	-	-	190,619,213	-	-
3 1/4 times base	-	-	-	165,203,318	-
3 times base	-	-	-	-	<u>152,495,370</u>
Total debt limitation	<u>114,371,528</u>	<u>228,743,055</u>	<u>190,619,213</u>	<u>165,203,318</u>	<u>152,495,370</u>
Indebtedness:					
Bonds payable	11,770,162	1,139,838	-	-	-
Cromwell Fire District	<u>4,180,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>15,950,162</u>	<u>1,139,838</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 98,421,366</u>	<u>\$ 227,603,217</u>	<u>\$ 190,619,213</u>	<u>\$ 165,203,318</u>	<u>\$ 152,495,370</u>
The total net indebtedness above amounts to:					<u>\$ 17,090,000</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 355,822,530</u>

Source: Current and prior year financial statements.

Notes:

(1) Mattabasset District debt is not included as part of the Town's debt limitation as the debt is not repaid from property taxes.

Town of Cromwell, Connecticut

Legal Debt Margin Information
Last Ten Years
(Unaudited)

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Percentage of Net Debt Applicable to Limit
2023	\$ 355,822,530	\$ 17,090,000	\$ 338,732,530	4.80%
2022	343,332,997	18,277,857	325,055,140	5.32%
2021	338,582,615	21,545,714	317,036,901	6.36%
2020	329,906,374	24,998,571	304,907,803	7.58%
2019	332,493,497	33,342,428	299,151,069	10.03%
2018	323,300,411	26,495,286	296,805,125	8.20%
2017	314,497,673	29,993,143	284,504,530	9.54%
2016	306,281,304	37,046,449	269,234,855	12.10%
2015	300,113,527	39,855,090	260,258,437	13.28%
2014	291,022,753	40,104,676	250,918,077	13.78%

Source: Current and prior year financial statements.

Town of Cromwell, Connecticut
Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Population	(2) Per Capita Income	(1) x (2) Personal Income	(2) Median Age	(2) Median Household Income	(3) Education Level in Years of Schooling	(4) School Enrollment	(5) Unemployment Percentage
2023	14,225	\$ 38,332	\$ 545,272,700	42	\$ 94,468	43% at least 4 yrs of college	1,955	3.7%
2022	14,302	47,638	681,318,676	44	89,562	47% at least 4 yrs of college	1,952	3.4%
2021	14,225	49,348	701,975,300	44	89,243	47% at least 4 yrs of college	1,996	5.2%
2020	14,684	48,862	717,489,608	43	85,856	46% at least 4 yrs of college	1,998	8.9%
2019	14,021	45,954	644,321,034	43	85,856	46% at least 4 yrs of college	1,946	3.0%
2018	14,049	39,906	560,639,394	45	83,739	42% at least 4 yrs of college	1,973	4.0%
2017	14,086	40,905	576,187,830	44	82,081	42% at least 4 yrs of college	2,013	4.7%
2016	14,077	39,178	551,508,706	44	80,028	40% at least 4 yrs of college	1,993	4.9%
2015	14,076	38,463	541,405,188	44	80,134	N/A	1,982	4.5%
2014	14,059	43,611	613,127,049	44	80,134	N/A	1,969	5.6%

Sources:

- (1) Connecticut Department of Health
- (2) Connecticut Fiscal Indicators
- (3) Advance CT Town profile
- (4) Cromwell Board of Education
- (5) Connecticut Department of Labor

N/A - Not available

Town of Cromwell, Connecticut
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Nature of Business	2023			2014		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Town of Cromwell	Municipality	462	1	6.06%	461	1	4.75%
Adelbrook Behavioral & Developmental Services (formerly The Children's Home)	Residential School	356	2	4.67%	300	3	3.09%
Wal-Mart	Department Store	313	3	4.11%	320	2	3.30%
Covenant Village	Retirement Village	274	4	3.60%	227	5	2.34%
GKN Aerospace	Aircraft Parts	250	5	3.28%	130	9	1.34%
Stop & Shop	Supermarket	160	6	2.10%	245	4	2.53%
Shop Rite	Supermarket	138	7	1.81%	N/A	N/A	N/A
Lowe's	Home Supply Store	132	8	1.73%	130	9	1.34%
Autumn Lake Health Care (formerly Haven Health Center)	Convalescent Home	130	9	1.71%	175	6	1.80%
Tournament Players Club	Country Club	126	10	1.65%	N/A	N/A	N/A
Cromwell Growers	Landscaping/Florist	119	11	1.56%	105	11	1.08%
Safe Home Security	Home Security	N/A	N/A	N/A	150	7	1.55%
Apple Rehab Cromwell	Rehabilitation Services	N/A	N/A	N/A	135	8	1.39%
Cromwell Crown Plaza	Hotel/Conference Center	N/A	N/A	N/A	120	10	1.24%
Totals		<u>2,460</u>		<u>32.28%</u>	<u>2,498</u>		<u>25.75%</u>

Source: Town Economic Development department.

N/A - Not applicable.

Town of Cromwell, Connecticut

Full-Time Equivalent Employees by Function/Program
Last Ten Years
(Unaudited)

Full-Time Equivalent Employees as of June 30

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	33	37	37	37	35	36	36	36	37	36
Police	34	37	38	36	38	37	37	37	38	36
Fire	16	16	14	14	10	10	10	10	10	11
Refuse collection	1	1	1	1	1	1	1	1	1	2
Other public works	32	27	28	29	30	30	30	30	30	31
Parks and recreation	3	3	3	3	3	3	2	2	2	2
Library	6	6	6	6	5	5	5	5	5	17
Education	<u>337</u>	<u>330</u>	<u>324</u>	<u>324</u>	<u>304</u>	<u>296</u>	<u>301</u>	<u>304</u>	<u>304</u>	<u>306</u>
Total	<u>462</u>	<u>457</u>	<u>451</u>	<u>450</u>	<u>426</u>	<u>418</u>	<u>422</u>	<u>425</u>	<u>427</u>	<u>441</u>

Source: Town Manager department.

Town of Cromwell, Connecticut
Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Fiscal Year Ended June 30

Function / Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
Building permits issued	888	900	871	712	688	667	603	638	855	853
Police:										
Physical arrests	295	356	390	345	350	261	326	347	428	492
Parking violations	79	70	48	107	96	114	126	132	141	113
Traffic violations	963	1327	1,374	1,447	469	646	611	683	782	901
Other public works:										
Street resurfacing (miles)	1.1	0.7	4.90	2.00	2.80	5.30	2.00	N/A	1.93	2.73
Parks and recreation:										
Athletic field permits issued	228	223	230	195	225	223	216	N/A	N/A	N/A
Library:										
Volumes in collection	67,437	57,389	56,760	65,078	62,096	68,924	70,525	77,728	83,765	83,647
Total volumes borrowed	113,647	109,887	70,377	94,450	95,092	74,931	71,227	81,501	99,986	101,772

Sources:

Respective Town department

N/A - Not available.

Town of Cromwell, Connecticut
Capital Asset Statistics by Function/Program
Last Ten Years
(Unaudited)

June 30

<u>Function / Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police: (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	17	17	16	16	16	16	16	16	15
Other Public Works: (2)										
Streets (miles)	57.72	57.98	57.78	57.78	57.78	56.70	56.70	56.70	56.70	56.70
Street lights*	1,287	1,287	1,234	1,228	1,227	1,218	1,218	1,208	1,208	1,166
Traffic signals*	27	25	25	21	21	21	21	21	21	15
Park and Recreation: (3)										
Acreage**	218	218	218	215	200	200	200	200	200	200
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	16	15	15	15	15	15	15	15	15	15
Soccer/football fields	18	18	18	18	18	18	18	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1

Sources:

- (1) Police Department records
- (2) Public Works Department
- (3) Recreation Department

Notes:

- * Street lights and traffic signals are not owned by the Town
- ** Acreage does not include any fields that are maintained by the Board of Education