



**Charles Heaven & Co.**  
Certified Public Accountants

**TOWN OF WARREN  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2019**

**Town of Warren  
Table of Contents  
June 30, 2019**

	Page
<b>Independent Auditors' Report</b>	1-2
<b>Managements' Discussion and Analysis</b>	3-9
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Position – Pension Trust Fund	16
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	17
Notes to Financial Statements	18-35
<b>Required Supplementary Information:</b>	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund, Budget and Actual, (Non GAAP Budgetary Basis)	36-39
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund, Budget and Actual, (Non GAAP Budgetary Basis)	40
Pension:	
Schedule of Changes in Net Pension Liability and Related Ratios – Last Six Fiscal Years	41
Schedule of Employer Contribution – Last Nine Fiscal Years	42
Schedule of Investment Returns – Last Six Fiscal Years	43
<b>Combining and Individual Fund Statements and Supplemental Schedules:</b>	
Nonmajor Governmental Funds, Special Revenue Funds:	
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	45
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)	46
Statement of Debt Limitation	47
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and the other matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	48-49



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Warren, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Warren, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Connecticut, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 3-9 and 36-40, the Schedule of changes in net pension liability and related ratios on Page 41, the Schedule of employer contributions on Page 42, and Schedule of investment returns on Page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

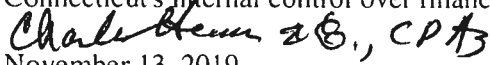
### ***Other Information***

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

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

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of the Town of Warren, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Connecticut's internal control over financial reporting and compliance.

  
November 13, 2019

**Town of Warren  
Management's Discussion and Analysis  
June 30, 2019**

This discussion is intended to provide readers a narrative overview and analysis of the financial activities of the Town of Warren, Connecticut (the "Town") for the fiscal year ended June 30, 2019. The information presented here should be considered in conjunction with the Town's basic financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's assets and deferred outflows of resources of \$10,305,479 at June 30, 2019 exceeded the sum of its liabilities and deferred inflows of resources of \$2,261,493 resulting in net position of \$8,043,986. Of this amount, \$4,789,669 was invested in capital assets, net of related debt, while \$306,201 was restricted for road maintenance, and \$34,196 was restricted for social services. The remaining net position of \$2,913,920 was available to meet the Town's ongoing obligations to its citizens and creditors.
- At the close of the fiscal year, the Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$3,565,310, an increase of \$374,699 from last fiscal year. The total fund balance of the General Fund of \$2,392,761 represented 42.24% of fiscal year 2019-2020 budgeted appropriations of \$5,664,951. The unassigned fund balance of \$2,280,524, available for spending at the Town's discretion, represented 40.26% of the 2019-2020 budgeted appropriations.
- The final amended General Fund budget provided for the \$78,362 use of fund balance to finance approved appropriations. However, actual revenues were \$164,887 greater than budgetary projections, while expenditures and other financing uses were \$148,131 less than approved appropriations, resulting in an actual increase of fund balance of \$234,656 and a positive budgetary variance of \$313,018.
- The Town's long-term debt at June 30, 2019 consisted of its general obligation bond of \$1,500,000 and pension plan liability of \$386,968.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**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 and the statement of activities, which are the government-wide statements, report information about the Town finances as a whole and about its activities in a way that helps the reader determine whether the Town is better or worse off as a result of the year's activities.

The statement of net position reflects all of the Town's assets and deferred outflows of resources, and all of its liabilities and deferred inflows of resources, the net result of which is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the Town's financial position is improving or deteriorating. However, significant changes in net position can also occur from year to year due to changes in accounting standards issued by the Governmental Accounting Standards Board (GASB). To assess the overall financial condition of the Town other nonfinancial factors such as the property tax base and the condition of the Town's infrastructure also need to be considered.

**Town of Warren**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The statement of activities presents information showing how the government'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, such as uncollected property taxes that will result in cash flows in future fiscal periods are reported in this statement.

The government-wide financial statements distinguish functions of the Town that are principally supported by tax revenues, grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include: general government, employee benefits, health services, agencies, education, town building, town fire department, highways/public works/maintenance, other, town property, and interest. The Town does not report any funds that carry on business-type activities.

The basic government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Town report governmental funds and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is to say the Town's most basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on cash and other financial resources that can be readily converted to cash flow in and out, and balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a near or short-term view of the Town's finances that may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Town Aid Road Fund, Capital Non-Recurring Fund, and Equipment Replacement Fund, each of which is considered to be a major fund. The remaining five funds are combined into a single aggregated presentation in the financial statements. Individual fund data for each of these nonmajor funds is reported as supplementary information to the financial statements.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been included as required supplementary information for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

**Town of Warren  
Management's Discussion and Analysis  
June 30, 2019**

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. This includes the pension trust fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Warren's own programs.

The basic fiduciary fund financial statements can be found on pages 16 and 17 of this report.

**Notes to the Financial Statements and Other Information**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They also provide required supplementary information regarding the Town's progress in funding its obligations to provide pension benefits to its employees. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's net pension liability and General Fund budget information.

The notes to the basic financial statements can be found on pages 18 to 35 of this report. Required supplementary information and supplemental schedules can be found on pages 36 to 43 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$8,043,986 at the close of the fiscal year.

**Town of Warren  
Net Position**

	2018	2019
<b>Assets</b>		
Current assets	\$ 3,506,700	\$ 3,782,878
Noncurrent assets	6,426,283	6,439,669
Total Assets	9,932,983	10,222,547
<b>Deferred Outflows of Resources</b>	32,283	82,932
<b>Liabilities</b>		
Current liabilities	456,086	357,261
Long-term liabilities	1,989,475	1,886,968
Total Liabilities	2,445,561	2,244,229
<b>Deferred Inflows of Resources</b>	-	17,264
<b>Net Position</b>		
Net investment in capital assets	4,626,283	4,789,669
Restricted	322,102	340,397
Unrestricted	2,571,320	2,913,920
Total Net Position	\$ 7,519,705	\$ 8,043,986

**Town of Warren**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The largest portion of the Town's net position \$4,789,669 (59.5%) reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges). The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Of the Town's remaining net position, \$2,913,920 (36.2%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's net position increased \$524,281 during the fiscal year.

**Town of Warren**  
**Changes in Net Position**

	<b>2018</b>		<b>2019</b>	
	<b>\$</b>	<b>% to Total</b>	<b>\$</b>	<b>% to Total</b>
<b>Revenues:</b>				
Program:				
Charges for services	\$ 282,664	4.84%	\$ 246,118	4.16%
Operating grants and contributions	32,680	0.56%	37,011	0.63%
Capital grants and contributions	181,632	3.11%	181,598	3.07%
General:				
Property taxes, interest, and lien fees	5,273,034	90.26%	5,351,030	90.44%
Investment earnings	60,062	1.03%	91,599	1.55%
Grants, contributions and fines not restricted to specific programs	12,164	0.21%	9,289	0.16%
Total revenues	<u>5,842,236</u>	<u>100.00%</u>	<u>5,916,645</u>	<u>100.00%</u>
<b>Expenses:</b>				
General government	627,116	10.99%	605,467	11.23%
Employee benefits	200,716	3.52%	226,779	4.21%
Health services	20,145	0.35%	23,117	0.43%
Agencies	64,209	1.13%	64,216	1.19%
Education	3,326,649	58.32%	3,159,674	58.60%
Town building	210,356	3.69%	213,596	3.96%
Town fire department	48,627	0.85%	55,969	1.04%
Highways, public works, and maintenance	938,737	16.46%	789,946	14.65%
Other	189,816	3.33%	171,141	3.17%
Town property	6,147	0.11%	16,896	0.31%
Interest	71,563	1.25%	65,563	1.22%
Total expenses	<u>5,704,081</u>	<u>100.00%</u>	<u>5,392,364</u>	<u>100.00%</u>
Change in Net Position	138,155		524,281	
Net position, beginning of year	<u>7,381,550</u>		<u>7,519,705</u>	
Net position, end of year	<u>\$ 7,519,705</u>		<u>\$ 8,043,986</u>	



**Town of Warren  
Management's Discussion and Analysis  
June 30, 2019**

The following is an analysis of significant changes in activity from the prior year:

- The decrease in charges for services is primarily due to: (1) decrease in real estate and conveyance fees, and (2) decrease in program fees related to the park and recreation fund.
- The increase in property tax revenue, including interest and liens, is mainly due to an increase in assessments greater than the decrease in the property tax mill rate from 14.50 to 14.25 mills.
- The increase in investment earnings is primarily due to a better economic market.
- The decrease in the general government expenditures is primarily due to revaluation and zoning board of appeal costs increased in the FYE 2017/2018 and not in the current year.
- The increase in employee benefits is related to increased insurance and retirement benefit costs.
- The decrease in education expenditures is attributable to a decrease in education costs, as assessed by Regional School District # 6 (determined by a separate approved taxpayer budget), net with the refund received from the prior year.
- The increase in town fire department expenditures is related to additional fire truck maintenance costs incurred in the current year.
- The decrease in highways, public works, and maintenance is mainly due to decreased road maintenance costs.
- The changes in the other and town property lines are related to activity related to capitalized costs vs. maintenance.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'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 government's net resources available for spending at the end of the fiscal year.

At the close of the fiscal year, the Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$3,565,310. Of this amount, \$9,206 was nonspendable used for prepayments, \$88,892 was committed to the subsequent year's budgeted deficit, \$306,201 was restricted to the improvement to unimproved/improved roads, \$34,196 was restricted for social services, \$119,389 was committed to capital projects, \$80,958 was committed to parks and recreation, \$124,519 was committed to the cemetery operation, \$466,191 was committed to equipment replacements, \$41,095 was committed for waste disposal, \$3,427 was committed to revaluation, and \$10,712 was assigned for the maintenance of Warren Woods. The \$2,280,524 unassigned fund balance of the General Fund was available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. The fund balance of the General Fund increased \$234,656 during the fiscal year. During the fiscal year, the fund balance of the Town Aid Road Fund increased \$12,996 due to less road improvements, the fund balance of the Capital Non-Recurring Fund increased by \$26,788, the fund balance of the Equipment Replacement Fund increased by \$83,205, due to decreased capital outlay, and the combined fund balances of all nonmajor funds increased \$17,054 during the fiscal year.

**Town of Warren**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Original Budget approved the use of \$36,167 from the Town's fund balance. Continuing appropriations and activity for revaluation added \$3,427 to the original approved budget. Additional transfers from fund balance of \$38,768 include: \$7,000 to Town Fire Department: truck maintenance line item, and \$31,768 to Miscellaneous: special appropriations. Of the \$31,768, \$20,000 is for the Lake Waramaug dam valve, \$10,000 for a trailer, and \$1,768 for unexpected employee benefits. The final budget approved the use of \$78,362 from fund balance for the year ended June 30, 2019.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, the Town's investment in capital assets, net of depreciation, was \$6,439,669, an increase of \$13,386 from the previous fiscal year. Capital asset additions totaled \$346,277, including capital improvements to the library renovation, buildings, equipment, and infrastructure; depreciation expense was \$332,891. Details of the Town's net investment in capital assets, is as follows:

	2018	2019
Land	\$ 1,313,371	\$ 1,313,371
Construction in Progress - Library	-	17,417
Land Improvements	14,823	14,006
Buildings & Improvements	3,473,572	3,358,362
Machinery, Equipment, & Vehicles	782,030	717,089
Infrastructure	842,487	1,019,424
	<u>\$ 6,426,283</u>	<u>\$ 6,439,669</u>

Additional information on the Town's capital assets can be found in Note 7 on pages 28-29 of this report.

**Debt**

The Town's long-term debt at June 30, 2019 consisted of a net pension liability of \$386,968 and a general obligation bond of \$1,500,000. An additional amount of \$150,000 of the general obligation bond is treated as short-term debt, totaling \$1,650,000. Detail on the general obligation bond is below:

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>
2020	\$ 150,000	\$ 59,812
2021	150,000	55,312
2022	150,000	50,625
2023	150,000	45,750
2024	150,000	40,688
2025	150,000	35,438
2026	150,000	30,000
2027	150,000	24,000
2028	150,000	18,000
2029	150,000	12,000
2030	150,000	6,000
Total	<u>\$ 1,650,000</u>	<u>\$ 377,625</u>

**Town of Warren  
Management's Discussion and Analysis  
June 30, 2019**

The Town is also contingently liable for its pro rata share of the Regional School District No. 6's debt. At June 30, 2019, the Town's pro rata share (18.37%) was \$400,807.

Additional information on the Town's debt can be found in Note 8 on page 29 of this report and the Statement of Debt Limitation on page 47.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Economic factors affecting the Town, including those that were considered in preparing the Town's General Fund budget for the 2019-2020 fiscal year, and those that will affect future budgets are as follows:

The Town's Mil rate has remained constant at 14.25 mills.

The \$5,664,951, 2019-2020 General Fund expenditure budget increased \$174,847 from the prior fiscal year's original budget. The increase is mainly due to a cost of living adjustment and an increase in the following line items: Town Building and Waste Removal (for expected increases in waste removal costs), Highways and General Operations (for additional costs related to the removal of ash trees), and Education.

At the end of the FY 2018-2019 fiscal year, the General Fund balance was \$2,392,761. Of the General Fund balance, \$88,892 was assigned for the FY 2019-2020 operations to help moderate any tax impact from the higher expenditures.

It is expected that general State financial aid will remain level, at best.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Warren's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the First Selectman, Town of Warren, 50 Cemetery Road, Warren, CT 06754.

**Town of Warren**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 3,730,907
Property taxes, interest, & liens receivable	18,236
Prepaid expenses	9,206
Grant receivable	10,500
Other receivables	14,029
<b>Total Current Assets</b>	<u>3,782,878</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Assets not being depreciated	1,330,788
Assets being depreciated, net of depreciation of \$7,876,660	5,108,881
<b>Total Noncurrent Assets</b>	<u>6,439,669</u>
<b>Total Assets</b>	<u><b>10,222,547</b></u>
<b>Deferred Outflows of Resources</b>	
Difference between projected and actual earnings on pension plan investments	12,697
Difference of assumption changes or inputs for pensions	70,235
<b>Total Deferred Outflows of Resources</b>	<u><b>82,932</b></u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	108,560
Performance bonds held	95,337
Due to State of Connecticut	872
Accrued interest	2,492
General obligation bond, due within one year	150,000
<b>Total Current Liabilities</b>	<u>357,261</u>
<b>Noncurrent Liabilities:</b>	
General obligation bond	1,500,000
Net pension liability	386,968
<b>Total Noncurrent Liabilities</b>	<u>1,886,968</u>
<b>Total Liabilities</b>	<u><b>2,244,229</b></u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience on pension plan investments	17,264
<b>Net Position</b>	
Net investment in capital assets	4,789,669
Restricted for:	
Road maintenance	306,201
Social services	34,196
Unrestricted	2,913,920
<b>Total Net Position</b>	<u><u><b>\$ 8,043,986</b></u></u>

The accompanying notes are an integral part of these financial statements.

Town of Warren  
Statement of Activities  
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 605,467	\$ 226,429	\$ -	\$ -	\$ (379,038)
Employee benefits	226,779	-	-	-	(226,779)
Health services	23,117	-	-	-	(23,117)
Agencies	64,216	-	-	-	(64,216)
Education	3,159,674	-	37,011	-	(3,122,663)
Town building	213,596	6,750	-	-	(206,846)
Town fire department	55,969	-	-	-	(55,969)
Highways, public works and maintenance	789,946	-	-	181,598	(608,348)
Other	171,141	12,939	-	-	(158,202)
Town property	16,896	-	-	-	(16,896)
Interest	65,563	-	-	-	(65,563)
<b>Total governmental activities</b>	<b>\$ 5,392,364</b>	<b>\$ 246,118</b>	<b>\$ 37,011</b>	<b>\$ 181,598</b>	<b>(4,927,637)</b>
General revenues:					
Property taxes, interest, and lien fees					5,351,030
Investment earnings					91,599
Grants, contributions and fines not restricted to specific programs					9,289
<b>Total general revenues</b>					<b>5,451,918</b>
Change in net position					524,281
Net position - July 1, 2018					7,519,705
Net position - June 30, 2019					<b>\$ 8,043,986</b>

The accompanying notes are an integral part of these financial statements.

Town of Warren  
Balance Sheet  
Governmental Funds  
June 30, 2019

	Major Funds					
	General Fund	Town Aid Road Fund	Capital Non-Recurring	Capital Project Fund Equipment Replacement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 3,123,026	\$ 78,218	\$ 79,536	\$ 311,791	\$ 138,336	\$ 3,730,907
Property taxes, interest, & liens receivable	18,236	-	-	-	-	18,236
Prepaid expenses	9,206	-	-	-	-	9,206
Grant receivable	10,500	-	-	-	-	10,500
Other receivables	14,029	-	-	-	-	14,029
Due from other funds	-	227,983	39,853	154,400	142,432	564,668
<b>Total Assets</b>	<b>\$ 3,174,997</b>	<b>\$ 306,201</b>	<b>\$ 119,389</b>	<b>\$ 466,191</b>	<b>\$ 280,768</b>	<b>\$ 4,347,546</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 99,982	\$ -	\$ -	\$ -	\$ -	\$ 99,982
Woods security fee & other payables	7,029	-	-	-	-	7,029
Due to other funds	564,668	-	-	-	-	564,668
Overpaid Property Taxes	1,549	-	-	-	-	1,549
Due to State of Connecticut	872	-	-	-	-	872
Performance bonds payable	95,337	-	-	-	-	95,337
<b>Total Liabilities</b>	<b>769,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>769,437</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - property tax	12,799	-	-	-	-	12,799
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepayments	9,206	-	-	-	-	9,206
<b>Restricted for:</b>						
Improvement to unimproved / improved roads	-	306,201	-	-	-	306,201
Social services	-	-	-	-	34,196	34,196
<b>Committed to:</b>						
Subsequent year budgeted deficit	88,892	-	-	-	-	88,892
Capital projects	-	-	119,389	-	-	119,389
Parks and recreation	-	-	-	-	80,958	80,958
Cemetery operation	-	-	-	-	124,519	124,519
Equipment replacements	-	-	-	466,191	-	466,191
Waste disposal	-	-	-	-	41,095	41,095
Revaluation	3,427	-	-	-	-	3,427
<b>Assigned for:</b>						
Warren Woods maintenance	10,712	-	-	-	-	10,712
Unassigned	2,280,524	-	-	-	-	2,280,524
<b>Total Fund Balances</b>	<b>2,392,761</b>	<b>306,201</b>	<b>119,389</b>	<b>466,191</b>	<b>280,768</b>	<b>3,565,310</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,174,997</b>	<b>\$ 306,201</b>	<b>\$ 119,389</b>	<b>\$ 466,191</b>	<b>\$ 280,768</b>	<b>\$ 4,347,546</b>

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds**  
**June 30, 2019**

---

Total net position reported for governmental activities in the Statement of Net Position is different from the governmental fund Balance Sheet due to the following:

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>3,565,310</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$	14,316,329
Less accumulated depreciation		<u>7,876,660</u>
Net capital assets		6,439,669
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:		
Property taxes, interest, and liens receivable	\$	12,799
Deferred outflow of resources related to pensions:		
Difference between projected and actual earnings on pension plan investments		12,697
Difference of assumption changes or inputs		<u>70,235</u>
		95,731
Other Long-term liabilities, including bonds payable are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Accrued interest payable	\$	(2,492)
General obligation bond		(1,650,000)
Net pension liability		(386,968)
Deferred inflow of resources related to pensions:		
Difference between expected and actual experience on pension plan investments		<u>(17,264)</u>
		(2,056,724)
<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>8,043,986</u></b>

---

The accompanying notes are an integral part of these financial statements.

Town of Warren  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2019

	Major Funds					
	General Fund	Town Aid Road Fund	Capital Project Fund		Other Governmental Funds	Total Governmental Funds
			Capital Non-Recurring	Equipment Replacement		
<b>Revenues:</b>						
Property taxes	\$ 5,327,578	\$ -	\$ -	\$ -	\$ -	\$ 5,327,578
Interest and lien fees on property taxes	18,579	-	-	-	-	18,579
Intergovernmental	45,800	181,598	-	-	-	227,398
Investment income	77,932	1,759	1,788	7,010	3,110	91,599
Licenses, permits and other fees	160,548	-	-	-	-	160,548
Program fees and other receipts	-	-	-	1,737	89,152	90,889
<b>Total Revenues</b>	<b>5,630,437</b>	<b>183,357</b>	<b>1,788</b>	<b>8,747</b>	<b>92,262</b>	<b>5,916,591</b>
<b>Expenditures:</b>						
Current:						
General government	456,630	-	-	-	-	456,630
Employee benefits	212,671	-	-	-	-	212,671
Health services	23,117	-	-	-	-	23,117
Agencies	64,115	-	-	-	-	64,115
Education	3,159,674	-	-	-	-	3,159,674
Town buildings	239,901	-	-	-	-	239,901
Town fire department	55,969	-	-	-	-	55,969
Highway and general operations	680,451	-	-	-	-	680,451
Town Insurance	55,410	-	-	-	-	55,410
Other	38,317	-	-	-	117,025	155,342
Town property	16,896	-	-	-	-	16,896
Debt service	215,813	-	-	-	-	215,813
Capital outlay	-	170,361	-	35,542	-	205,903
<b>Total Expenditures</b>	<b>5,218,964</b>	<b>170,361</b>	<b>-</b>	<b>35,542</b>	<b>117,025</b>	<b>5,541,892</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>411,473</b>	<b>12,996</b>	<b>1,788</b>	<b>(26,795)</b>	<b>(24,763)</b>	<b>374,699</b>
<b>Other Financing Sources (Uses):</b>						
Operating transfers	(176,817)	-	25,000	110,000	41,817	-
<b>Total other financing sources (uses)</b>	<b>(176,817)</b>	<b>-</b>	<b>25,000</b>	<b>110,000</b>	<b>41,817</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>234,656</b>	<b>12,996</b>	<b>26,788</b>	<b>83,205</b>	<b>17,054</b>	<b>374,699</b>
<b>Fund Balance - beginning of year</b>	<b>2,158,105</b>	<b>293,205</b>	<b>92,601</b>	<b>382,986</b>	<b>263,714</b>	<b>3,190,611</b>
<b>Fund Balance - end of year</b>	<b>\$ 2,392,761</b>	<b>\$ 306,201</b>	<b>119,389</b>	<b>\$ 466,191</b>	<b>\$ 280,768</b>	<b>\$ 3,565,310</b>

The accompanying notes are an integral part of these financial statements.



**Town of Warren**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**June 30, 2019**

Amounts reported for governmental activities in the Statement of Activities are difference due to the following:

**Net Change in Fund Balances - Total Governmental Funds** **\$ 374,699**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense as follows:

Total capital outlay	\$	346,277		
Less depreciation expense		<u>(332,891)</u>		13,386

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

Change in accrued property taxes, net	\$	54		
Change in deferred outflow of resources related to pensions:				
Difference between projected and actual earnings on pension plan investments		3,172		
Difference of assumption changes or inputs		<u>68,236</u>		71,462

The issuance of long-term debt (bonds and leases) provide current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond principal repayments	\$	150,000		
Change in accrued interest payable		<u>250</u>		150,250

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 the governmental funds.

Change in net pension liability	\$	(47,493)		
Deferred inflow of resources related to pensions:				
Difference between expected and actual experience on pension plan investments		<u>(38,023)</u>		(85,516)

**Change in Net Position of Governmental Activities** **\$ 524,281**

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Statement of Fiduciary Net Position**  
**Pension Trust Fund**  
**June 30, 2019**

---

**Assets:**

Cash and cash equivalents	\$	21,246
Investments - at fair value		<u>528,717</u>
<b>Total Assets</b>		<b><u>549,963</u></b>

**Net Position:**

Assets held in trust for pension benefits	\$	<b><u>549,963</u></b>
---	----	-----------------------

---

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Fund**  
**Year Ended June 30, 2019**

---

**Additions:**

Employer contributions	\$	58,800
------------------------	----	--------

Investment income:

Change in fair value of investments		1,725
-------------------------------------	--	-------

Interest and dividends		16,804
------------------------	--	--------

Less: investment expense		3,578
--------------------------	--	-------

Net investment income		<u>14,951</u>
-----------------------	--	---------------

<b>Total Additions</b>		<b>73,751</b>
------------------------	--	---------------

**Deductions:**

Pension benefits		<u>57,309</u>
------------------	--	---------------

<b>Total Deductions</b>		<b><u>57,309</u></b>
-------------------------	--	----------------------

<b>Increase in Net Position</b>		<b>16,442</b>
---------------------------------	--	---------------

**Assets Held In Trust For Pension Benefits:**

Net Position - Beginning of year		<u>533,521</u>
----------------------------------	--	----------------

Net Position - End of year	\$	<b><u><u>549,963</u></u></b>
----------------------------	----	------------------------------

---

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies:**

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

**A. Reporting Entity:**

The Town of Warren, Connecticut was incorporated in 1786 under the provisions of the Connecticut General Statutes, and has a population of approximately 1,300 living within an area of 27 square miles. The Town is located in Litchfield County. The Town operates under a Town Meeting, Board of Selectmen and Board of Finance form of government. The Town provides the following services: public safety, public works, parks and recreation, health and social services, planning and zoning and education by being part of Regional School District #6, of which the Towns of Warren, Morris and Goshen are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Warren residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the criteria provided by the Codification the Town of Warren has determined that it has no component units.

Based upon the foregoing criteria, the following organizations are not considered part of the Town and thus are excluded from the accompanying financial statements:

Regional School District #6 which provides educational services and facilities to the residents of Warren, Morris and Goshen. The Town of Warren pays a proportional share of the expense of the district.

Warren Volunteer Fire Company, Inc. – These potential component units have separate elected boards and provide services to residents, generally within the geographic boundary of the Town. They are excluded from the reporting entity because the Town does not have the ability to exercise, influence or control over the daily operations.

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**B. Jointly Governed Organizations:**

Northwest Hills Council of Governments

The Town and twenty other local municipalities each appoint the governing board of the Northwest Hills Council of Government (the “NHCOG”) to provide a regional forum for information exchange and regional planning. The NHCOG is supported by assessments to the twenty-one member Towns based upon population census. The Town of Warren appropriated \$1,127 and expended \$1,126 for the operation of the NHCOG for the year ended June 30, 2019.

Lake Waramaug Authority

The Lake Waramaug Authority (the “Lake Authority”) was created by the Towns of Washington, Warren and Kent by local ordinance. The Lake Authority enforces all regulations related to water activities. The Town appropriated \$5,600 and expended \$2,838 for the operation of the Lake Authority for the year ended June 30, 2019.

Lake Waramaug Interlocal Commission

The Lake Waramaug Interlocal Commission was created by the Towns of Warren, Washington, and Kent to improve the lake water quality and control water pollution. The Town appropriated \$9,485 and expended \$9,524 for the operation of the Commission for the year ended June 30, 2019.

**C. Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the Town. Eliminations have been made to minimize the double counting of internal activities. *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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*.

Fund Financial Statements:

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materiality.

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

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**C. Government-Wide and Fund Financial Statements:**

The other five governmental funds are combined into a single, aggregated presentation under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

**D. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

*Government-Wide Statements:* The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

*Fund Financial Statements:* Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, 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.

The Town reports the following major governmental funds:

**General Fund:**

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

**Special Revenue Fund:**

The *Town Aid Road Fund* accounts for Connecticut Department of Transportation grants to be used for construction, reconstruction, improvement, or maintenance or improved and unimproved road and other transportation related services as set forth in the General Statutes of Connecticut.

**Capital Projects Funds:**

The *Capital Non-Recurring Fund*, as authorized by General Statutes of Connecticut, accounts for the financing of all or part of the planning, construction, reconstruction or acquisition of capital facilities, improvements or equipment. The *Equipment Replacement Fund* accounts for the purchase and replacement of major equipment.

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**D. Measurement Focus and Basis of Accounting and Financial Statement Presentation (continued):**

The Town also reports the following five Nonmajor Governmental Funds:

Special Revenue Funds account for specific revenues that are legally restricted to expenditures for particular purpose:

*Park and Recreation Fund* – accounts for fees from recreational leisure programs along with the related expenditures.

*Warren Cemetery Commission Fund* – accounts for sale of plots along with the related expenditures for maintaining and improving the cemetery.

*Good Neighbor Fund* –accounts for donations and assistance to those in need.

*Force Majeure Fund* - accounts for resources from the dissolution of the Bristol Resource and Recovery Operating Committee to be used for future waste disposal.

*Social Service Special Project Fund*- accounts for donations and assistance to those in need for special projects only.

Additionally, the Town reports the following fund types:

Fiduciary Fund Types

*Pension Trust Fund* - accounts for the accumulation of resources to be used for retirement benefits.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned balances.

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity:**

Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualified public depository” as defined by statute, which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer's Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds, does not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

Town investments are reported at fair value.

Receivables

In the government-wide financial statements property taxes are shown net of an allowance for uncollectibles. For the year ended June 30, 2019, all taxes are deemed collectible, and therefore, the allowance was zero.

In the fund financial statements, all property taxes receivable at June 30, 2019, which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on October 1 and billed the following July. Real and personal property bills are payable in one installment, July 1. Motor vehicle taxes are payable in one installment on July 1, with the motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the town as assets with an initial, individual cost of more than \$5,000 and with 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 fair value at the date of donation.

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



**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (continued):

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

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings & improvements	40
Infrastructure	20-50
Machinery, Equipment and Vehicle	5-10

Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Financial Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. The Town reports deferred outflows of resources related to pension for the difference between projected and actual earnings on plan investments and the difference of assumption changes or inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan.

The Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. Deferred inflows of resources reported in relation to the pension plan are the difference between expected and actual experience on pension plan investments.

The Governmental Fund Balance Sheet reports deferred inflow of resources for unavailable revenue from property taxes. Property tax income is recognized as revenue in the period that the amounts become available.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

On fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds”. These amounts are eliminated in the Statement of Net Position.

Compensated Absences

Eligible employees are paid for sickness, vacations, and personal days. At June 30, 2019 the liability for compensated absences cannot be reasonably estimated. However, it has been deemed not material to the financial statements. In addition, the Town does not pay for any post retirement healthcare benefits.

**Town of Warren**  
**Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies (continued):**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (continued):**

Accrued Liabilities and Long-Term Debt:

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

Long-term debt is recognized as a liability of a governmental fund when it is due or when the resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund Equity and Net Position – Governmental Funds

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Town Meeting.
- Assigned fund balance – amounts the government intends to use for a specific purpose as authorized by the Town’s Board of Selectman and Board of Finance.
- Unassigned fund balance – amounts that are available for any purpose. This category is only reported in the General Fund for positive amounts and in any other fund that have a fund balance deficit.

The Town does not have a minimum fund balance policy.

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

Net Investment in Capital Assets

This category presents all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category. Debt issued for non-capital purposes is 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 represents the net position of the Town, which are not restricted. A deficit will require future funding.

**Town of Warren**  
**Notes to Financial Statements**

**Note "1" - Summary of Significant Accounting Policies (continued):**

F. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note "2" – Stewardship, Compliance, and Accountability**

Budgetary Compliance – The General Fund:

The Town's General Fund budgetary procedures are as follows:

In January each department head, officer, head of office, board and/or commission submits detailed estimates of expenditures for the ensuing fiscal year to the Board of Selectman and Board of Finance.

The Board of Selectmen reviews all proposed estimates of expenditures as well as estimated revenues to be collected.

After discussing and reaching agreement, the Board of Selectmen forwards the proposed budget to the Board of Finance for review. The Board of Finance then prepares a proposed General Town Budget.

The Board of Finance holds a public hearing on the proposed budget prior to presenting it to the Annual Town Meeting in May. Following approval of the proposed budget at the Town meeting, the Board of Finance establishes the tax rate.

The Town Meeting legally appropriates this budget as one balance for revenue and on department basis for expenditures and transfers. The Board of Finance is authorized to approve additional appropriations up to and including \$20,000 per department per year, however, no more than one additional appropriation per department can be made without town meeting approval. Additional transfers from fund balance of \$42,195 include: \$3,427 net appropriation for General Government: revaluation costs, \$7,000 to the Town Fire Department: truck maintenance line item, \$20,000 to Miscellaneous: special appropriation for the Lake Waramaug Dam line item, \$10,000 to Miscellaneous: special appropriation for a trailer, and \$1,768 to Miscellaneous: special appropriation for unexpected unemployment benefits.

Budgetary Compliance - Special Revenue Fund:

The Town does not budget for its special revenue funds. Considering a cost benefit analysis, it is not practical for the town to report budgetary information for special revenue funds on a combined basis.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the town.

**Town of Warren**  
**Notes to Financial Statements**

**Note "3" – Cash, Deposits and Investments:**

**A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2019:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Deposits: Demand Accounts	\$ 521,773	\$ 21,246
Petty Cash and cash on hand	200	---
Cash equivalents:		
State short-term investment fund (STIF)	682,986	---
Overnight repurchase agreements	<u>2,525,948</u>	<u>---</u>
Total Cash and Cash Equivalents	\$ <u>3,730,907</u>	\$ <u>21,246</u>

**B. Deposits - Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, the carrying amount of the town's deposits was \$521,773 and the bank balance was \$500,000. Of the Town's bank balance, the entire amount was covered by FDIC.

**C. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2019, the Town's cash equivalents amounted to \$3,208,934. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

State of Connecticut Short-Term Investment Fund (STIF)	<u>Standard and Poor's</u> AAAm
--	------------------------------------

Amounts held in the overnight repurchase agreement were 100% collateralized with collateral held by the bank's trust department or agent, but not in the Town's name.

**D. Investments**

At June 30, 2019, the Town's investments consisted of the following:

<b>Fiduciary Fund</b>	<u>Average</u> <u>Fair Value</u>	<u>Investment</u> <u>Credit Rating</u>	<u>Maturity</u>
Exchange Traded Funds	\$ 60,183	N/A	N/A
Mutual funds	<u>468,534</u>	N/A	N/A
Total Fiduciary Funds	\$ <u>528,717</u>		

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

**Town of Warren**  
**Notes to Financial Statements**

**Note "3" – Cash, Deposits and Investments (continued):**

D. Investments (continued)

- Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.
- The Fiduciary Fund investments are uninsured and unregistered with securities held by the counterparties, but not in the Town's name.

E. Fair Value Measurements:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town did not hold any investments on June 30, 2019 whose fair value was determined using Level 2 or Level 3 inputs.

At June 30, 2019, the Town's investments, as listed below, are measured on a recurring basis using Level 1 inputs. The Town has no financial assets measured using Level 2 or Level 3 inputs.

Mutual funds	\$ 468,534
Exchange traded funds	<u>60,183</u>
Total	<u>\$ 528,717</u>

**Note "4" - Receivables:**

Property taxes, interest, and liens receivable at June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

Property taxes	\$ 15,269
Accrued interest and lien fees on property taxes	<u>2,967</u>
Gross receivables	18,236
Less: allowance for uncollectibles	<u>---</u>
<u>Net Receivables</u>	<u>\$ 18,236</u>

**Note "5" - Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	<u>Transfers from Other Funds</u>	<u>Transfers To Other Funds</u>
<u>Major Funds:</u>		
General Fund	\$ ---	\$ 176,817
Capital Non-recurring Fund	25,000	---
Equipment Replacement Fund	110,000	---
 <u>Other Governmental Funds:</u>		
Park and Recreation Fund	28,317	---
Warren Cemetery Commission Fund	<u>13,500</u>	<u>---</u>
<u>Total</u>	<u>\$ 176,817</u>	<u>\$ 176,817</u>

**Town of Warren**  
**Notes to Financial Statements**

**Note "5" - Interfund Transfers (continued):**

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

**Note "6" - Interfund Balances:**

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2019 the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Town Aid Road	General Fund	\$ 227,983
Equipment Replacement Fund	General Fund	154,400
Park and Rec Fund	General Fund	80,958
Force Majeure Fund	General Fund	41,095
Capital Non-Recurring Fund	General Fund	39,853
Social Services Fund	General Fund	16,434
Good Neighbor Fund	General Fund	3,048
Warren Cemetery Commission Fund	General Fund	897
<u>Total</u>		<u>\$ 564,668</u>

**Note "7" - Capital Assets:**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions and Reclasses</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital Assets - Not Depreciated:				
Land	\$ 1,313,371	\$ ---	\$ ---	\$ 1,313,371
Renovation in Progress – Library	---	10,500	6,917	17,417
Capital Assets - Depreciated:				
Land Improvements	25,430	---	---	25,430
Building & Improvements	4,791,161	6,037	( 6,917)	4,790,281
Machinery, Equipment & Vehicles	2,542,608	55,705	( 108,752)	2,489,561
Infrastructure	<u>5,538,021</u>	<u>274,035</u>	<u>( 131,787)</u>	<u>5,680,269</u>
Total Capital Assets Being Depreciated	12,897,220	335,777	( 247,456)	12,985,541
Less: Accumulated Depreciation				
Land Improvements	10,607	817	---	11,424
Building & Improvements	1,317,589	114,330	---	1,431,919
Machinery, Equipment & Vehicles	1,760,578	120,646	( 108,752)	1,772,472
Infrastructure	<u>4,695,534</u>	<u>97,098</u>	<u>( 131,787)</u>	<u>4,660,845</u>
Total Accumulated Depreciation	<u>7,784,308</u>	<u>332,891</u>	<u>( 240,539)</u>	<u>7,876,660</u>
Capital Assets Being Depreciated - Net	<u>5,112,912</u>	<u>2,886</u>	<u>( 6,917)</u>	<u>5,108,881</u>
Capital Assets - Net	<u>\$ 6,426,283</u>	<u>\$ 13,386</u>	<u>\$ ---</u>	<u>\$ 6,439,669</u>

**Town of Warren**  
**Notes to Financial Statements**

**Note "7" - Capital Assets (continued):**

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

Governmental Activities:

General government services	\$ 93,427
Agencies	100
Public safety	28,480
Public works, including depreciation of	
General infrastructure assets	185,085
Culture and recreation	<u>25,799</u>
<u>Total depreciation expense</u>	<u>\$ 332,891</u>

**Note "8" – Long-Term Liabilities:**

The following is a summary of activity for the year ended June 30, 2019. The General Fund has historically been used to liquidate the following long-term liabilities.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation bond	\$ 1,800,000	\$ ---	\$ 150,000	\$ 1,650,000	\$ 150,000
Net pension liability	<u>339,475</u>	<u>164,691</u>	<u>117,198</u>	<u>386,968</u>	<u>---</u>
Total	<u>\$ 2,139,475</u>	<u>\$ 164,691</u>	<u>\$ 267,198</u>	<u>\$ 2,036,968</u>	<u>\$ 150,000</u>

<u>Description</u>	<u>Original</u> <u>Amount</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate %</u>
General obligation bond	\$ 3,000,000	6/15/2010	6/15/2030	2-4

Aggregate debt service requirements subsequent to June 30, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 150,000	\$ 59,812	\$ 209,812
2021	150,000	55,312	205,312
2022	150,000	50,625	200,625
2023	150,000	45,750	195,750
2024	150,000	40,688	190,688
2025-2030	<u>900,000</u>	<u>125,438</u>	<u>1,025,438</u>
Total Debt Service requirement	<u>\$ 1,650,000</u>	<u>\$ 377,625</u>	<u>\$ 2,027,625</u>

**Note "9" - Contingent Liabilities:**

The Town is contingently liable on Regional School District No. 6 general obligation bond through the year ending June 30, 2038 and bank loan through the year ended June 30, 2021. The amount (18.37%) attributable to the Town is \$400,867.

**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Pension Plan**

**A. Defined Benefit Pension Plan**

**General Information about the Pension Plan**

The Town of Warren is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. At June 30, 2019, the latest actuarial date, PERS membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>4</u>
<u>Total</u>	<u>11</u>

The plan is a non-contributory defined benefit pension plan and covers substantially all regular full-time employees and elected officials through contribution to the Pension Trust Fund. In order to be eligible for the plan, the employee must complete one full year of service and attain a minimum age of twenty-one.

Normal retirement date is the first of the month coincident with or next following the participants 65th birthday. The annual benefit is 1.25% of the Final Average Compensation multiplied by years of Credited Service to June 30, 1997 and 1.5% of final average compensation multiplied by years of credited service beginning July 1, 1997. Final average compensation is the average compensation for the five highest compensation years within the ten years of service prior to retirement or termination. The plan contains a provision for early retirement at age sixty and after fifteen years of credited service at a reduced benefit.

The Plan has a provision for early retirement at age 60 and 15 years of credited service. Benefit determined as above multiplied by years of credited service at the time of early retirement, but reduced by 6.6% for each of the first five years prior to normal retirement and 3.3% for each of the next five years which the date of commencement precedes normal retirement.

Participants are entitled to a percentage of accrued pension payable at their normal retirement date based upon the following schedule:

<u>Full Years of Credited Services</u>	<u>Vested Percentage of Accrued Benefit</u>
4 years	50%
7 years or more	100%

**Plan Amendments:**

The Town froze participation and retirement benefits as follows:

- Non-collectively bargained member's retirement benefits shall not be increased after July 1, 2014.
- No additional Collectively Bargained Employees (other than those Collectively Bargained Employees who are members of the Plan on June 30, 2014) are eligible to become members of the plan.

As of July 1, 2014, the Town adopted a defined contribution pension plan under code Section 457(b) for eligible new employees and all current participants of the frozen defined benefit pension plan.



**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Defined Benefit Pension Plan (continued):**

**A. Defined Benefit Pension Plan (continued)**

Authority

The Board of Finance has established the benefit provisions and contribution to the plan. The Board is also authorized to make changes to the plan provisions through the budgetary process.

Funding Policy:

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that, when expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. There are no legal or contractual limitations on the maximum amount of the Town's contribution.

Summary of Significant Accounting Policies and Plan Asset Matters

*Basis of Accounting:* PERS financial statements are prepared using the accrual basis of accounting. Employer's contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments:* All funds are invested in money market accounts, exchange traded funds and mutual funds through trust agreement with the custodian, TD Ameritrade Institutional, and are reported at fair value.

Investments:

*Investment Policy:* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee of the Board of Finance by a majority vote of its members. It is the policy of the Board of Finance to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across the board selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting assets class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of June 30, 2019. Also summarized below are the best estimates of the arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Alternatives	0.00%	2.00%
Aggregate Bonds	35.00%	3.25%
Real Estate Investment Trusts	6.00%	6.25%
U.S. Large Cap Value	12.00%	6.00%
U.S. Large Cap	12.00%	5.25%
U.S. Small Cap Value	6.00%	6.00%
U.S. Small Cap	6.00%	6.00%
Foreign Developed	12.00%	6.75%
Foreign Emerging Markets	6.00%	8.50%
Gold	5.00%	2.50%

**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Defined Benefit Pension Plan (continued):**

**A. Defined Benefit Pension Plan (continued)**

The following investments represent 5 percent or more of plan net assets:

Vanguard Growth ETF	\$	34,965	6.36%
International Core Equi PTF	\$	62,910	11.44%
Emerging Markets Core Equity I	\$	31,779	5.78%
US Large Cap Value I	\$	63,880	11.62%
US Small Cap I	\$	32,144	5.84%
Interm Govt Fixed Income I	\$	48,113	8.75%
Five-Year Global Fixed PTF	\$	42,062	7.65%
U.S. Large Cap Equity	\$	28,117	5.11%
Investment Grade PTF	\$	40,186	7.31%
Global Real Estate Sec PTF	\$	32,276	5.89%
GL Core Plus Fix In Port I	\$	31,966	5.81%

*Rate of Return:* For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Town:**

The components of the net pension liability at June 30, 2019 were as follows:

Total pension liability	\$	936,931
Plan fiduciary net position		<u>549,963</u>
Net pension liability	\$	<u>386,968</u>

Plan fiduciary net position as a percentage of the total pension liability 58.70%

**Actuarial Assumptions**

The following assumptions were used to determine the total pension liability, above, using the actuarial valuation as of June 30, 2019:

Inflation	3%
Salary increases	3%, including inflation
Long term expected rate of return	5%, net of expenses, including inflation

Mortality rates were based on the RP-2014 Table with Scale MP-2018 generational improvements from 2006 (Male/Female); separate tables are used for employees and annuitants.

The long-term expected rate of return on pension plan investments was determined using a blended rate, an average of past performance. The rate best estimates expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and 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 total weighted average expected rate of return is 5.00%.

**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Defined Benefit Pension Plan (continued):**

A. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

*Changes in Assumptions:*

Mortality: The RP-2014 Total for Employees and Healthy Annuitants with Scale MP-2018 Generational Improvements from 2006 (Male/Female) was used for the year ending June 30, 2019. Previously, mortality improvements were projected beyond the valuation date using the MP-2017 mortality improvement scale.

The long term rate of return assumption changed from 6.00% to 5.00% for the year ending June 30, 2019. Because the long term rate of return assumption changed and the crossover point was not reached, the discount rate for purposes of determining the net pension liability has changed from the beginning of the fiscal year, as detailed below.

	<u>7/1/2018</u>	<u>7/1/2019</u>
Long Term Rate of Return for Investments	6.00%	5.00%
Municipal Bond Rate	2.98%	2.79%
Discount Rate for Net Pension Liability Purposes	6.00%	5.00%

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at actuarially determined contribution rates. Therefore, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Based on the aforementioned assumptions, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability of the Town

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2018	\$ 872,995	\$ 533,520	\$ 339,475
Changes for the Year:			
Service cost	11,685	---	11,685
Interest on total pension liability	50,959	---	50,959
Differences between expected and actual experience	( 39,868)	---	( 39,868)
Changes of assumptions	98,469	---	98,469
Employer contributions	---	58,800	( 58,800)
Net investment income	---	18,530	( 18,530)
Benefit payments	( 57,309)	( 57,309)	---
Administrative expense	---	( 3,578)	3,578
Net changes	<u>63,936</u>	<u>16,443</u>	<u>47,493</u>
Balances as of June 30, 2019	\$ <u>936,931</u>	\$ <u>549,963</u>	\$ <u>386,968</u>

**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Defined Benefit Pension Plan (continued):**

**A. Defined Benefit Pension Plan (continued)**

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

The following presents the net pension liability of the Town, calculated using the discount rate of 5.00%, 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 (4.00%) or 1 percentage point higher (6.00%) than the current rate.

	<u>1% Decrease</u> <u>to 4.00%</u>	<u>Current Discount Rate</u> <u>of 5.00%</u>	<u>1% Increase</u> <u>To 6.00%</u>
Net Pension Liability	\$ 507,921	\$ 386,968	\$ 285,717

Pension Expense: Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Town recognized pension expense of \$72,908. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 12,697	\$ ---
Difference between expected and actual experiences	---	17,264
Changes of assumptions	<u>70,235</u>	<u>---</u>
Total	\$ <u>82,932</u>	\$ <u>17,264</u>

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

<u>Year Ending June 30,</u>	
2020	\$ 31,213
2021	17,689
2022	14,072
2023	<u>2,694</u>
	\$ <u>65,668</u>

**B. Defined Contribution Pension Plan**

The Town offers its employees, who are eligible for benefits, a deferred compensation plan, created in accordance with Internal Revenue Code Section 457.

All employees working a minimum of 1,000 hours during the year, complete one full year of continuous service, and attain the age of twenty-one are eligible for inclusion in the plan.

The Town is required to contribute 3% of the employee's compensation. In addition, the Town is also required to match up to 100% of the dollar amount contributed by the employee up to a maximum of 3% of the employee's compensation. Contribution requirements of the Town are established and may be amended by the Board of Finance. Town contributions totaled \$17,635 for the year ended June 30, 2019.

**Town of Warren**  
**Notes to Financial Statements**

**Note "10" – Defined Benefit Pension Plan (continued):**

**B. Defined Contribution Pension Plan (continued)**

Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergencies. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. It is the opinion of Town officials that the Town has no liability for losses under the plan, and therefore, the accounts of the deferred compensation plan are not reported in the basic financial statements of the Town.

**Note "11" - Commitments and Litigation:**

It is the opinion of town officials that there are no material or substantial claims against the Town, which will be finally determined so as to result in a judgment or judgments against the town, which would materially affect its financial position.

The Town has received financial assistance from numerous Federal and State agencies in the form of grants and entitlements. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the Town's financial statements.

**Note "12" - Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. The Town does not maintain a self-insurance fund. However, the Town is a member of the Connecticut Interlock Risk Management Agency (CIRMA) workers compensation pool. Premiums are subject to adjustment from retrospective rating, and are recorded as expenditures in the year paid. The Town reports all of its risk management activities in the General Fund.

**Note "13" - Operating Deficiencies and Fund Deficits:**

At June 30, 2019, the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provision.

Non-Major Funds:

Good Neighbor Fund	\$	1,941
--------------------	----	-------

**Town of Warren**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Revenues:</b>			
Property taxes	\$ 5,327,935	\$ 5,353,186	\$ 25,251
Interest and liens fees on property taxes	15,000	18,579	3,579
Telephone access tax	4,800	4,819	19
State of Connecticut - Grants:			
Veterans tax relief	500	1,596	1,096
Historic document preservation	---	4,500	4,500
State property (PILOT)	1	2,084	2,083
Mashantucket Pequot	1	4,369	4,368
Education grants	---	32,511	32,511
Judicial fines	---	420	420
Other grants	---	320	320
Contributions in lieu of taxes	500	500	---
Investment income	25,000	77,932	52,932
Other fees and receipts:			
Building permits	40,000	77,221	37,221
Building permits - Excess revenue over budget offsets expenditures	---	(37,221)	(37,221)
Planning, zoning and conservation	4,000	5,484	1,484
Conveyance tax	15,000	36,896	21,896
Dog fees	1,000	1,544	544
Recording and map fees	8,000	8,938	938
Rent of town buildings	3,600	6,150	2,550
Library rent	600	600	---
Photocopies and other miscellaneous fees	7,000	17,017	10,017
Recycling rebate	1,000	1,379	379
<b>Amounts available for appropriation</b>	<b>\$ 5,453,937</b>	<b>\$ 5,618,824</b>	<b>\$ 164,887</b>

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2019**

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Expenditures:</b>					
<b>General Government</b>					
First Selectman - salary	\$ 54,261	\$ ---	\$ 54,261	\$ 54,261	\$ ---
First Selectman -Administrative Assistant	35,147	---	35,147	34,783	(364)
First Selectman - Clerical	9,955	---	9,955	6,013	(3,942)
Board of Selectman - expenses	6,500	---	6,500	6,320	(180)
Second Selectman	3,825	---	3,825	3,825	---
Third Selectman	3,825	---	3,825	3,825	---
Treasurer - salary	6,607	---	6,607	6,607	---
Treasurer - expenses	1,500	---	1,500	1,078	(422)
Town clerk - salary	37,664	---	37,664	37,664	---
Town clerk - expenses	15,700	---	15,700	13,859	(1,841)
Deputy town clerk	3,680	---	3,680	399	(3,281)
Computer management	10,000	---	10,000	4,981	(5,019)
Tax collector - salary	12,081	---	12,081	11,956	(125)
Tax collector - expenses	10,175	---	10,175	6,439	(3,736)
Assessor- salary	26,628	---	26,628	26,628	---
Assessor- expenses	13,750	---	13,750	13,104	(646)
Park and recreation director - salary	33,853	---	33,853	36,091	2,238
Social services director - salary	11,000	---	11,000	7,161	(3,839)
Social services - expenses	1,000	---	1,000	1,178	178
Zoning /Inlands officer - salary	19,039	---	19,039	16,587	(2,452)
Clerical: Land Use Department	8,295	---	8,295	6,671	(1,624)
Custodian - salary	14,058	---	14,058	11,425	(2,633)
Fire Marshall	4,100	---	4,100	3,132	(968)
Building inspector	35,000	---	35,000	68,041	33,041
Building department - Excess revenue over budget	---	---	---	(37,221)	(37,221)
Dog warden - salary	6,666	---	6,666	6,666	---
Dog warden - expenses	850	---	850	600	(250)
Animal shelter	1,400	---	1,400	1,350	(50)
Police	500	---	500	360	(140)
Office equipment	6,000	---	6,000	292	(5,708)
Town engineer	2,500	---	2,500	---	(2,500)
Legal counsel	5,000	---	5,000	---	(5,000)
Auditor	19,500	---	19,500	19,500	---
GASB # 34 Compliance	1,000	---	1,000	1,000	---
Probate court	2,717	---	2,717	2,717	---
Elections - salary	10,575	---	10,575	8,988	(1,587)
Elections - expenses	8,000	---	8,000	8,156	156
Board of Assessment Appeals	750	---	750	608	(142)
Board of Finance	700	---	700	425	(275)
Planning and Zoning Commission	22,000	---	22,000	16,869	(5,131)
Zoning Board of Appeals	5,000	---	5,000	1,288	(3,712)
Conservation Commission	3,820	---	3,820	1,206	(2,614)
Historical document preservation	---	---	---	4,577	4,577
Revaluation - Continuing and additional appropriations	---	3,427	3,427	---	(3,427)
Total General Government	474,621	3,427	478,048	419,409	(58,639)

The accompanying notes are an integral part of these financial statements.

Town of Warren  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund Budget and Actual (Non - GAAP Budgetary Basis)  
Year Ended June 30, 2019

Expenditures (continued):	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Employee Benefits</b>					
Insurance benefits	\$ 97,400	\$ ---	\$ 97,400	\$ 85,518	\$ (11,882)
Retirement fund contribution and fees	87,735	---	87,735	86,276	(1,459)
Social security/medicare	43,200	---	43,200	40,877	(2,323)
Total Employee Benefits	228,335	---	228,335	212,671	(15,664)
<b>Health services</b>					
Torrington area health district	8,820	---	8,820	8,820	---
Visiting nurses Northwes & NM	5,000	---	5,000	1,625	(3,375)
Paramedic intercept	12,672	---	12,672	12,672	---
Total Health Services	26,492	---	26,492	23,117	(3,375)
<b>Agencies</b>					
Lake Waramaug Authority	5,600	---	5,600	2,838	(2,762)
Inter-local commission	9,485	---	9,485	9,524	39
NW CT Regional Council of Governments	1,127	---	1,127	1,126	(1)
Library	29,000	---	29,000	29,000	---
Civil Defense - town communication	1,000	---	1,000	---	(1,000)
Litchfield County Dispatch	16,115	---	16,115	16,065	(50)
Regional non-profit agencies	2,020	---	2,020	2,080	60
Litchfield County soil conservation	600	---	600	600	---
Elderly bus	1,115	---	1,115	1,115	---
Council of Small Towns	1,767	---	1,767	1,767	---
Total Agencies	67,829	---	67,829	64,115	(3,714)
<b>Town Property</b>					
Improving town property	15,000	---	15,000	15,000	---
Street lighting	2,600	---	2,600	1,896	(704)
Total Town Property	17,600	---	17,600	16,896	(704)
<b>Town Buildings &amp; Waste Removal</b>					
Operations	80,000	---	80,000	84,948	4,948
Waste collection and hauling	98,000	---	98,000	91,707	(6,293)
Recycling	500	---	500	---	(500)
Energy improvements	1,500	---	1,500	503	(997)
Capital improvements	30,000	---	30,000	30,000	---
Covanta	35,000	---	35,000	30,611	(4,389)
Household hazardous waste	2,500	---	2,500	2,132	(368)
Total Town Buildings & Waste Removal	247,500	---	247,500	239,901	(7,599)
<b>Highways and General Operations</b>					
Highway labor	258,500	---	258,500	255,329	(3,171)
Highway department operations	120,000	---	120,000	110,670	(9,330)
Snow removal	90,000	---	90,000	82,997	(7,003)
Town garage	19,000	---	19,000	17,657	(1,343)
Maintenance town equipment	35,000	---	35,000	35,025	25
Gas, fuel, oil	35,000	---	35,000	34,754	(246)
Road Fund	140,000	---	140,000	140,000	---
Uniforms	3,200	---	3,200	4,019	819
Total Highways and General operations	700,700	---	700,700	680,451	(20,249)

The accompanying notes are an integral part of these financial statements.



Town of Warren  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund Budget and Actual (Non - GAAP Budgetary Basis)  
Year Ended June 30, 2019

Expenditures (continued):	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Town Fire Department</b>					
Fire department insurance	\$ 17,500	\$ ---	\$ 17,500	\$ 16,977	\$ (523)
Workmans compensation	8,000	---	8,000	8,057	57
Gas and diesel fuel	4,000	---	4,000	4,077	77
Truck maintenance	19,000	7,000	26,000	26,858	858
Tax abatement	30,000	---	30,000	25,608	(4,392)
Total Fire Department	78,500	7,000	85,500	81,577	(3,923)
<b>Town Insurance</b>					
Town Insurance	62,000	---	62,000	55,410	(6,590)
<b>Miscellaneous</b>					
State dog fees	2,300	---	2,300	872	(1,428)
Website/Email services	2,500	---	2,500	2,470	(30)
Newsletter expenses	3,500	---	3,500	3,257	(243)
Miscellaneous	3,000	---	3,000	886	(2,114)
Special appropriations - dam valve & trailer	---	31,768	31,768	30,832	(936)
Total Miscellaneous	11,300	31,768	43,068	38,317	(4,751)
<b>Education</b>					
Wamogo Regional School District	3,178,914	---	3,178,914	3,159,674	(19,240)
<b>Debt Service</b>					
Interest & principal	215,813	---	215,813	215,813	---
<b>Other Financing Uses:</b>					
Operating transfers out					
Fire truck replacement fund	50,000	---	50,000	50,000	---
Park and recreation fund	32,000	---	32,000	28,317	(3,683)
Non-recurring capital expenditure fund	25,000	---	25,000	25,000	---
Cemeteries	13,500	---	13,500	13,500	---
Equipment fund	60,000	---	60,000	60,000	---
Total operating transfers	180,500	---	180,500	176,817	(3,683)
<b>Total Expenditures and Other Financing Uses</b>	<u>5,490,104</u>	<u>42,195</u>	<u>5,532,299</u>	<u>5,384,168</u>	<u>(148,131)</u>
Excess (deficiency) of revenues over Expenditure and other uses	(36,167)	(42,195)	(78,362)	234,656	313,018
Fund Balance at beginning of year	36,167	42,195	78,362	2,158,105	2,079,743
Fund Balance at end of year	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>2,392,761</u>	\$ <u>2,392,761</u>

The accompanying notes are an integral part of these financial statements.

**Town of Warren**  
**Notes to Required Supplementary Information –**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2019**

Basis:

The Schedule of Revenues, Expenditures and Changes in Fund Balance of the General Fund Budget and Actual (Non-GAAP Budgetary Basis) presents a comparison of the original and the final legally adopted budget with actual data on a budgetary basis.

Reconciliation between Budgetary Basis and Generally Accepted Accounting Principles (GAAP) Basis:

The budget for the General Fund has been prepared substantially on the cash basis, whereas actual revenues and expenditures were determined on the modified accrual basis. The budget comparison was not adjusted to the cash basis because the differences were not significant. Expenditures in excess of appropriations in budget line items are primarily due to the addition of accruals at year end.

Volunteer tax credits are reported as expenditures in the fire department line item for budgetary purposes; whereas, under GAAP, it is reported as a reduction of tax revenue.

Additionally, for budget purposes, the Town recognizes building inspection fees up to the budgeted revenue and any excess is offset against the respective expenditure since the expenditure is based on the percentage of revenue. For GAAP purposes, the gross revenue and expenditures are recognized, resulting in the adjustment shown below.

The difference between GAAP and the budgeting basis for the General Fund is as follows:

	<u>Total Revenues</u>	<u>Total Expenditures and Transfers</u>	<u>Fund Balance</u>
Actual - NonGAAP Budgetary Basis Statement - June 30, 2019	\$ 5,618,824	\$ 5,384,168	\$ 2,392,761
Volunteer tax credits – tax abatement	( 25,608)	( 25,608)	---
To gross up revenue and expenditures – Building department	<u>37,221</u>	<u>37,221</u>	<u>---</u>
Actual GAAP - June 30, 2018	<u>\$ 5,630,437</u>	<u>\$ 5,395,781</u>	<u>\$ 2,392,761</u>

**Town of Warren**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 11,685	\$ 12,113	\$ 9,912	\$ 11,990	\$ 13,015	\$ 20,164
Interest	50,959	50,987	47,784	50,753	46,851	51,669
Difference between expected and actual experience	(39,868)	(1,728)	62,490	(38,381)	15,381	(89,163)
Changes in assumptions	98,469	-	(6,260)	(11,250)	51,134	1,803
Benefit payments, including refunds of member contributions	(57,309)	(61,672)	(61,672)	(61,672)	(62,718)	(61,392)
Net change in total pension liability	63,936	(300)	52,254	(48,560)	63,663	(76,919)
Total pension liability - beginning	872,995	873,295	821,041	869,601	805,938	882,857
Total pension liability - ending	936,931	872,995	873,295	821,041	869,601	805,938
Plan fiduciary net position						
Contributions - employer	58,800	55,000	58,000	38,160	40,963	41,375
Net investment income	18,530	30,547	31,747	15,137	4,364	57,936
Benefit payments, including refunds of member contributions	(57,309)	(61,672)	(61,672)	(61,672)	(62,718)	(61,392)
Administrative expense	(3,578)	(3,449)	(3,232)	(3,153)	(3,288)	(3,293)
Net change in plan fiduciary net position	16,443	20,426	24,843	(11,528)	(20,679)	34,626
Plan fiduciary net position - beginning	533,520	513,094	488,251	499,779	520,458	485,832
Plan fiduciary net position - ending	549,963	533,520	513,094	488,251	499,779	520,458
Net Pension Liability - Ending	\$ 386,968	\$ 339,475	\$ 360,201	\$ 332,790	\$ 369,822	\$ 285,480
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.70%	61.11%	58.75%	59.47%	57.47%	64.58%
Covered Employee Payroll	\$ 198,162	\$ 192,459	\$ 195,802	\$ 163,976	\$ 189,096	\$ 230,525
Net Pension Liability as a percentage of covered employee payroll	195.28%	176.39%	183.96%	202.95%	195.57%	123.84%

**Town of Warren**  
**Schedule of Employer Contributions**  
**Last Nine Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 64,732	\$ 56,213	\$ 48,869	\$ 51,802	\$ 42,072	\$ 57,873	\$ 57,429	\$ 51,527	\$ 45,865
Contributions in relation to the actuarially determined contribution	58,890	55,000	58,000	38,160	40,963	-	33,000	38,000	150,000
Contribution Deficiency (Excess)	\$ 5,932	\$ 1,213	\$ (9,131)	\$ 13,642	\$ 1,109	\$ 57,873	\$ 24,429	\$ 13,527	\$ (104,135)
Covered employee payroll	\$ 198,162	\$ 192,459	\$ 195,802	\$ 163,976	\$ 189,096	\$ 230,525	\$ 219,412	\$ 257,213	\$ 245,257
Contributions as a percentage of covered employee payroll	29.67%	28.58%	29.62%	23.27%	21.66%	0.00%	15.04%	14.77%	61.16%

**Notes to Schedule**

Valuation date: June 30, 2019

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as the normal cost as of July 1st prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Cost
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Fair market value
Salary increases	3.0%
Investment rate of return	5.00%, 6.00 from 6/30/2012 - 6/30/2018, 8.00% prior to fiscal year ending 6/30/2012.
Retirement age	Age 65, 100% normal retirement age
Mortality	RP 2014 Total for Employees and Healthy Annuitants with Scale MP-2018 Generational Improvements from 2006 (Male/Female). Separate tables are used for Employees and Annuitants.

Changes in benefit terms

Changes of assumptions  
None  
Mortality: RP 2017 Total for Employees and Healthy Annuitants with Scale MP 2018 Generational Improvements from 2006 (Male/Female).  
Previously, mortality improvements were projected beyond the valuation date using the MP-2017 mortality improvement scale.

Discount rate: The long term rate of return assumption changed from 6.00% to 5.00%. The discount rate for purposes of determining the net pension liability has changed from the beginning of the fiscal year.

	7/1/2018	6/30/2019
Long term rate of return for investments	6.00%	5.00%
Municipal bond rate	2.98%	2.79%
Discount rate for net pension liability purposes	6.00%	5.00%

**Town of Warren  
Schedule of Investment Returns  
Last Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	3.71%	6.39%	6.97%	3.25%	0.90%	11.25%

Town of Warren  
Nonmajor Government Funds  
Combining Balance Sheet  
June 30, 2019

	Special Revenue Funds					Total
	Park and Recreation Fund	Warren Cemetery Commission	Good Neighbor Fund	Force Majeure Fund	Social Service Special Project Fund	
<b>Assets:</b>						
Cash and cash equivalents	\$ ---	\$ 123,622	\$ 14,714	\$ ---	\$ ---	\$ 138,336
Prepaid expenses	---	---	---	---	---	---
Due from other funds	80,958	897	3,048	41,095	16,434	142,432
<b>Total Assets</b>	<u>\$ 80,958</u>	<u>\$ 124,519</u>	<u>\$ 17,762</u>	<u>\$ 41,095</u>	<u>\$ 16,434</u>	<u>\$ 280,768</u>
<b>Fund balances:</b>						
<b>Restricted for:</b>						
Social services	---	---	17,762	---	16,434	34,196
<b>Committed to:</b>						
Parks and recreation	80,958	---	---	---	---	80,958
Cemetery operations	---	124,519	---	---	---	124,519
Waste disposal	---	---	---	41,095	---	41,095
<b>Total Fund Balances</b>	<u>80,958</u>	<u>124,519</u>	<u>17,762</u>	<u>41,095</u>	<u>16,434</u>	<u>280,768</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 80,958</u>	<u>\$ 124,519</u>	<u>\$ 17,762</u>	<u>\$ 41,095</u>	<u>\$ 16,434</u>	<u>\$ 280,768</u>

Town of Warren  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2019

	Special Revenue Funds					Totals
	Park and Recreation Fund	Warren Cemetery Commission	Good Neighbor Fund	Force Majeure Fund	Social Service Special Project Fund	
<b>Revenues:</b>						
Investment income	\$ ---	\$ 2,779	\$ 331	\$ ---	\$ ---	\$ 3,110
Program fees and other receipts	77,950	500	1,950	76	8,676	89,152
<b>Total Revenues</b>	<u>77,950</u>	<u>3,279</u>	<u>2,281</u>	<u>76</u>	<u>8,676</u>	<u>92,262</u>
<b>Expenditures:</b>						
Cemetery expenditures	---	14,223	---	---	---	14,223
Programs and Activities	97,144	---	4,222	---	1,436	102,802
<b>Total Expenditures</b>	<u>97,144</u>	<u>14,223</u>	<u>4,222</u>	<u>---</u>	<u>1,436</u>	<u>117,025</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	(19,194)	(10,944)	(1,941)	76	7,240	(24,763)
<b>Other Financing Sources:</b>						
Operating transfers in	<u>28,317</u>	<u>13,500</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>41,817</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures</b>	9,123	2,556	(1,941)	76	7,240	17,054
<b>Fund Balance - beginning of year</b>	<u>71,835</u>	<u>121,963</u>	<u>19,703</u>	<u>41,019</u>	<u>9,194</u>	<u>263,714</u>
<b>Fund Balance - end of year</b>	<u>\$ 80,958</u>	<u>\$ 124,519</u>	<u>\$ 17,762</u>	<u>\$ 41,095</u>	<u>\$ 16,434</u>	<u>\$ 280,768</u>

Town of Warren  
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)  
Year Ended June 30, 2019

	Taxes Receivable July 1, 2018	Assessor's Lawful Corrections: Additions	Reductions	Suspense Transfers	Adjusted Taxes Receivable	C o l l e c t i o n s			Total Net Collections	Taxes Receivable June 30, 2019
						Taxes	Interest & Liens	Refunds and Adjustments		
<b>Grand List :</b>										
October 1,										
2017 \$	5,319,986 \$	18,294 \$	(9,725) \$	---	5,328,555 \$	5,315,145 \$	15,325 \$	(406) \$	5,330,064 \$	13,816
2016	12,890	111	(751)	(2,843)	9,407	7,646	1,679	409	9,734	1,352
2015	---	---	---	---	---	---	---	(101)	(101)	101
Suspense collections	---	---	---	1,718	1,718	1,718	772	---	2,490	---
<b>Totals</b>	<b>\$ 5,332,876 \$</b>	<b>18,405 \$</b>	<b>(10,476) \$</b>	<b>(1,125) \$</b>	<b>5,339,680 \$</b>	<b>5,324,509 \$</b>	<b>17,776 \$</b>	<b>(98) \$</b>	<b>5,342,187 \$</b>	<b>15,269</b>



**Town of Warren**  
**Statement of Debt Limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**Year Ended June 30, 2019**

Tax collections (including interest and lien fees) for the year ended June 30, 2019 \$ 5,342,187

**Reimbursement for revenue loss on:**

Tax relief for elderly - (CGS 12-129d) \$ -

**Total tax collections (including interest and lien fees) for the year ended June 30, 2019** \$ 5,342,187

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<b>Debt Limitation:</b>					
2 1/4 times Base	\$ 12,019,921	\$ -	\$ -	\$ -	\$ -
4 1/2 times Base	-	24,039,842	-	-	-
3 3/4 times Base	-	-	20,033,201	-	-
3 1/4 times Base	-	-	-	17,362,108	-
3 times Base	-	-	-	-	16,026,561
<b>Total Debt Limitation</b>	<u>12,019,921</u>	<u>24,039,842</u>	<u>20,033,201</u>	<u>17,362,108</u>	<u>16,026,561</u>
<b>Indebtedness:</b>					
General Obligation Bonds - Issued June 15, 2010	1,650,000	-	-	-	-
Wamogo Regional School District #6					
Towns share 18.37%					
General Obligation Bonds Issued 2017 -\$2,045,000	-	375,667	-	-	-
Bank Loan Issued December 2016 -\$137,185	-	25,201	-	-	-
<b>Total Indebtedness</b>	<u>1,650,000</u>	<u>400,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Limitation In Excess Of</b>					
<b>Outstanding and Authorized Debt</b>	<u>\$ 10,369,921</u>	<u>\$ 23,638,974</u>	<u>\$ 20,033,201</u>	<u>\$ 17,362,108</u>	<u>\$ 16,026,561</u>



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FIANNCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Finance  
Town of Warren  
Warren, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Connecticut as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Warren, Connecticut's basic financial statements, and have issued our report thereon dated November 13, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Warren, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Warren, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Warren, Connecticut's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Warren, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles Heaven & Co.  
Waterbury, Connecticut

November 13, 2019