



Charles Heaven & Co.
Certified Public Accountants

**TOWN OF WARREN
AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL DATA
JUNE 30, 2021**

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June 30, 2021**

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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, 2021, 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, 2021, 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 37-41, the schedule of changes in net pension liability and related ratios on Page 42, the schedule of employer contributions on Page 43, and schedule of investment returns on Page 44 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 December 9, 2021, 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 the Town of Warren, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Connecticut's internal control over financial reporting and compliance.

Charles H. ... PC, CMAA
December 9, 2021

**Town of Warren
Management's Discussion and Analysis
June 30, 2021**

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, 2021. 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 \$11,806,497 at June 30, 2021 exceeded the sum of its liabilities and deferred inflows of resources of \$2,192,449 resulting in net position of \$9,614,048. Of this amount, \$5,622,113 was invested in capital assets, net of its related debt, while \$122,048 was restricted for road maintenance, and \$63,842 was restricted for social services. The remaining net position of \$3,806,045 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 \$4,147,880, an increase of \$286,165 from last fiscal year. The total fund balance of the General Fund of \$2,989,362 represented 52.64% of fiscal year 2021-2022 budgeted appropriations of \$5,678,910. The unassigned fund balance of \$2,349,946, available for spending at the Town's discretion, represented 41.38% of the 2021-2022 budgeted appropriations.
- The final amended General Fund budget provided for the \$27,707 use of fund balance to finance approved appropriations. However, actual revenues were \$246,859 greater than budgetary projections, while expenditures and other financing uses were \$212,882 less than approved appropriations, resulting in an actual increase of fund balance of \$432,034 and a positive budgetary variance of \$459,741.
- The Town's long-term debt at June 30, 2021 consisted of its general obligation bond of \$1,383,000 and pension plan liability of \$30,704.

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, 2021**

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, 2021

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 36 of this report. Required supplementary information and supplemental schedules can be found on pages 37 to 44 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 \$9,614,048 at the close of the fiscal year.

Town of Warren
Net Position

	2021	2020
Assets		
Current assets	\$ 4,720,846	\$ 4,139,489
Noncurrent assets	7,005,113	6,596,812
Total Assets	11,725,959	10,736,301
Deferred Outflows of Resources	80,538	90,441
Liabilities		
Current liabilities	680,690	397,499
Long-term liabilities	1,248,704	1,763,332
Total Liabilities	1,929,394	2,160,831
Deferred Inflows of Resources	263,055	19,218
Net Position		
Net investment in capital assets	5,622,113	5,096,812
Restricted	185,890	318,984
Unrestricted	3,806,045	3,230,897
Total Net Position	\$ 9,614,048	\$ 8,646,693

Town of Warren
Management's Discussion and Analysis
June 30, 2021

The largest portion of the Town's net position \$5,622,113 (58.48%) 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, \$3,806,045 (39.59%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's net position increased \$967,355 during the fiscal year.

Town of Warren
Changes in Net Position

	2021		2020	
	\$	% to Total	\$	% to Total
Revenues:				
Program:				
Charges for services	\$ 408,420	6.58%	\$ 215,113	3.61%
Operating grants and contributions	43,834	0.71%	42,892	0.72%
Capital grants and contributions	252,648	4.07%	181,664	3.05%
General:				
Property taxes, interest, and lien fees	5,476,348	88.18%	5,458,958	91.64%
Investment earnings	16,189	0.26%	49,955	0.84%
Grants, contributions and fines not restricted to specific programs	12,958	0.21%	8,402	0.14%
Total revenues	<u>6,210,397</u>	<u>100.00%</u>	<u>5,956,984</u>	<u>100.00%</u>
Expenses:				
General government	682,282	13.01%	572,263	10.69%
Employee benefits	97,779	1.86%	247,982	4.63%
Health services	23,715	0.45%	25,300	0.47%
Agencies	70,296	1.34%	69,959	1.31%
Education	3,049,022	58.15%	3,296,651	61.57%
Town building	283,284	5.40%	158,288	2.96%
Town fire department	50,053	0.95%	51,432	0.96%
Highways, public works, and maintenance	745,931	14.23%	718,468	13.42%
Other	153,859	2.93%	142,260	2.66%
Town property	13,897	0.27%	12,048	0.23%
Interest	72,924	1.39%	59,626	1.11%
Total expenses	<u>5,243,042</u>	<u>100.00%</u>	<u>5,354,277</u>	<u>100.00%</u>
Change in Net Position	967,355		602,707	
Net position, beginning of year	8,646,693		8,043,986	
Net position, end of year	<u>\$ 9,614,048</u>		<u>\$ 8,646,693</u>	

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

- The increase in charges for services is mainly due to the increase in building permits and conveyance taxes related to the boom in the housing market.
- The increase in capital grants and contributions is related to the receipt of \$71,000 LOCIP funds for the Library Project.

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Management's Discussion and Analysis
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- The decrease in investment earnings is primarily due to lower interest rates on invested cash.
- The increase in general government expenditures is primarily due to higher building department fees and an increase in salary expenditures.
- The decrease in employee benefits is due to a decline and change in the net pension liability and related deferrals. Also, there is one less participant in the retirement plan.
- Town building expenses increased mainly due to LOCIP expenditures for the Library Project and capitalizing costs vs maintenance expenditures as compared to the prior year.
- 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).
- The increase in highways, public works, and maintenance expenses mainly due to capitalizing costs vs. maintenance expenditures as compared to the prior year.

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 resource basis, combined ending fund balances of \$4,147,880. Of this amount, \$1,494 was nonspendable used for prepayments, \$61,841 was committed to the subsequent year's budgeted deficit, \$122,048 was restricted to the improvement to unimproved/improved roads, \$63,842 was restricted for social services, \$720,692 was committed to capital projects, \$81,979 was committed to parks and recreation, \$125,368 was committed to the cemetery operation, \$551,020 was committed to equipment replacements, \$43,140 was committed for waste disposal, \$2,853 was committed to revaluation, and \$23,657 was assigned for the maintenance of Warren Woods. The \$2,349,946 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 \$432,034 during the fiscal year. During the fiscal year, the fund balance of the Town Aid Road Fund decreased by \$150,351 due to increased road improvements, the fund balance of the Capital Non-Recurring Fund increased by \$25,081, the fund balance of the Equipment Replacement Fund decreased by \$35,262 due to the purchase of a new vehicle, and the combined fund balances of all nonmajor funds increased \$14,663 during the fiscal year.

**Town of Warren
Management's Discussion and Analysis
June 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Original Budget approved the use of \$14,400 from the Town's fund balance. Continuing appropriations for revaluation added \$3,427 to the original approved budget and an increase in appropriations added an additional \$9,880 to the special appropriations line item related to special projects. The final budget approved the use of \$27,707 from fund balance for the year ended June 30, 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the Town's investment in capital assets, net of depreciation, was \$7,005,113, a increase of \$525,301 from the previous fiscal year. Capital asset additions totaled \$748,929, including capital improvements to buildings, equipment, and infrastructure; depreciation expense was \$340,628. Capital assets disposed or removed totaled \$510,589 with no net book value, resulting in the aforementioned increase. Details of the Town's net investment in capital assets, is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,313,371	\$ 1,313,371
Construction in Progress - Library	179,947	111,755
Construction in Progress - Hardscrabble	-	8,739
Land Improvements	12,372	13,189
Buildings & Improvements	3,163,045	3,258,922
Machinery, Equipment, & Vehicles	682,872	616,868
Infrastructure	<u>1,653,506</u>	<u>1,273,968</u>
	<u>\$ 7,005,113</u>	<u>\$ 6,596,812</u>

Additional information on the Town's capital assets can be found in Note 7 on pages 29-30 of this report.

Debt

The Town's long-term debt at June 30, 2021 consisted of a net pension liability of \$30,704 and a general obligation bond of \$1,383,000. \$165,000 of the general obligation bond is treated as short-term debt. Detail on the general obligation bond is below:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	165,000	22,128
2023	163,000	19,488
2024	160,000	16,880
2025	158,000	14,320
2026	155,000	11,792
2027	151,000	9,312
2028	147,000	6,896
2029	144,000	4,544
2030	<u>140,000</u>	<u>2,240</u>
Total	<u>\$ 1,383,000</u>	<u>\$ 107,600</u>

On of November 12,2020, the Town refinanced the 2010 bond issue, saving the Town over \$100,000 in interest cost.

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Management's Discussion and Analysis
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The Town is also contingently liable for its pro rata share of the Regional School District No. 6's debt. At June 30, 2021, the Town's pro rata share (18.14%) was \$340,125.

Additional information on the Town's debt can be found in Note 8 on page 30 of this report and the Statement of Debt Limitation on page 48.

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 2021-2022 fiscal year, and those that will affect future budgets are as follows:

The Town's Mil rate decreased to 14.15 mills from 14.25 mills.

The \$5,678,910 2021-2022 General Fund expenditure budget increased by \$10,506 from the prior fiscal year's original budget of \$5,668,404. There were no major changes to the budget. Increases in budgeted payroll were offset by: (1) decreases in other financing uses, and (2) the decline in RSD #6 education expenditures, as determined by a separate approved budget.

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, 2021

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 4,619,955
Property taxes, interest, & liens receivable	62,480
Prepaid expenses	1,494
Grant receivable	36,917
Total Current Assets	<u>4,720,846</u>
Noncurrent Assets	
Capital assets:	
Assets not being depreciated	1,493,318
Assets being depreciated, net of depreciation of \$7,968,303	5,511,795
Total Noncurrent Assets	<u>7,005,113</u>
Total Assets	<u>11,725,959</u>
Deferred Outflows of Resources	
Difference between projected and actual earnings on pension plan investments	18,164
Difference between expected and actual experience on pension plan investments	4,297
Difference of assumption changes or inputs for pensions	58,077
Total Deferred Outflows of Resources	<u>80,538</u>
Liabilities	
Current Liabilities:	
Accounts payable	196,955
Performance bonds held	109,454
Due to State of Connecticut	208,820
Accrued interest	461
General obligation bond, due within one year	165,000
Total Current Liabilities	<u>680,690</u>
Noncurrent Liabilities:	
General obligation bond	1,218,000
Net pension liability	30,704
Total Noncurrent Liabilities	<u>1,248,704</u>
Total Liabilities	<u>1,929,394</u>
Deferred Inflows of Resources	
Difference between expected and actual experience on pension plan investments	159,819
Difference between projected and actual earnings on pension plan investments	103,236
Total Deferred Inflows of Resources	<u>263,055</u>
Net Position	
Net investment in capital assets	5,622,113
Restricted for:	
Road maintenance	122,048
Social services	63,842
Unrestricted	3,806,045
Total Net Position	<u>\$ 9,614,048</u>

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

Town of Warren
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 682,282	\$ 350,530	\$ -	\$ -	\$ (331,752)
Employee benefits	97,779	-	-	-	(97,779)
Health services	23,715	-	-	-	(23,715)
Agencies	70,296	-	-	-	(70,296)
Education	3,049,022	-	37,615	-	(3,011,407)
Town building	283,284	4,200	-	-	(279,084)
Town fire department	50,053	-	-	-	(50,053)
Highways, public works and maintenance	745,931	-	6,219	181,648	(558,064)
Other	153,859	53,690	-	71,000	(29,169)
Town property	13,897	-	-	-	(13,897)
Interest	72,924	-	-	-	(72,924)
Total governmental activities	\$ 5,243,042	\$ 408,420	\$ 43,834	\$ 252,648	(4,538,140)

General revenues:

Property taxes, interest, and lien fees	5,476,348
Investment earnings	16,189
Grants, contributions and fines not restricted to specific programs	12,958
Total general revenues	5,505,495

Change in net position 967,355

Net position - July 1, 2020	8,646,693
Net position - June 30, 2021	\$ 9,614,048

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

Town of Warren
Balance Sheet
Governmental Funds
June 30, 2021

Major Funds

	General Fund	Town Aid Road Fund	Capital Project Fund		Other Governmental Funds	Total Governmental Funds
			Capital Non-Recurring	Equipment Replacement		
ASSETS:						
Cash and cash equivalents	\$ 4,002,113	\$ 79,500	\$ 80,839	\$ 316,900	\$ 140,603	\$ 4,619,955
Property taxes, interest, & liens receivable	62,480	---	---	---	---	62,480
Prepaid expenses	1,065	---	---	---	429	1,494
Grant receivable	36,917	---	---	---	---	36,917
Due from other funds	280	42,548	89,853	234,120	174,006	540,807
Total Assets	\$ 4,102,855	\$ 122,048	\$ 170,692	\$ 551,020	\$ 315,038	\$ 5,261,653
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 175,407	\$ ---	\$ ---	\$ ---	\$ ---	\$ 175,407
Woods security fee & other payables	21,173	---	---	---	---	21,173
Due to other funds	540,527	---	---	---	280	540,807
Overpaid Property Taxes	375	---	---	---	---	375
Due to State of Connecticut	208,820	---	---	---	---	208,820
Performance bonds payable	109,454	---	---	---	---	109,454
Total Liabilities	1,055,756	---	---	---	280	1,056,036
Deferred Inflows of Resources:						
Unavailable revenue - property tax	57,737	---	---	---	---	57,737
Fund Balances:						
Nonspendable:						
Prepayments	1,065	---	---	---	429	1,494
Restricted for:						
Improvement to unimproved / improved roads	---	122,048	---	---	---	122,048
Social services	---	---	---	---	63,842	63,842
Committed to:						
Subsequent year budgeted deficit	61,841	---	---	---	---	61,841
Capital projects	550,000	---	170,692	---	---	720,692
Parks and recreation	---	---	---	---	81,979	81,979
Cemetery operation	---	---	---	---	125,368	125,368
Equipment replacements	---	---	---	551,020	---	551,020
Waste disposal	---	---	---	---	43,140	43,140
Revaluation	2,853	---	---	---	---	2,853
Assigned for:						
Warren Woods maintenance	23,657	---	---	---	---	23,657
Unassigned	2,349,946	---	---	---	---	2,349,946
Total Fund Balances	2,989,362	122,048	170,692	551,020	314,758	4,147,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,102,855	\$ 122,048	\$ 170,692	\$ 551,020	\$ 315,038	\$ 5,261,653

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, 2021

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:

Total Fund Balances for Governmental Funds	\$ 4,147,880
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 14,973,415	
Less accumulated depreciation	<u>7,968,302</u>	
Net capital assets		7,005,113

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	\$ 57,737	
Deferred outflow of resources related to pensions:		
Difference between projected and actual earnings on plan investments	18,164	
Difference between expected and actual experience on investments	4,297	
Difference of assumption changes or inputs	<u>58,077</u>	138,275

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	\$ (461)	
General obligation bond	(1,383,000)	
Net pension liability	(30,704)	
Deferred inflow of resources related to pensions:		
Difference between expected and actual experience on pension plan investments	(159,819)	
Difference between projected and actual earnings on plan investments	<u>(103,236)</u>	(1,677,220)

Total Net Position of Governmental Activities	\$ <u><u>9,614,048</u></u>
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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, 2021

	Major Funds					
	General Fund	Town Aid Road Fund	Capital Project Fund		Other Governmental Funds	Total Governmental Funds
			Capital Non-Recurring	Equipment Replacement		
Revenues:						
Property taxes	\$ 5,412,739	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,412,739
Interest and licn fees on property taxes	33,206	---	---	---	---	33,206
Intergovernmental	127,292	181,648	---	---	---	308,940
Investment income	15,568	81	81	318	141	16,189
Licenses, permits and other fees	320,584	---	---	---	---	320,584
Program fees and other receipts	---	---	---	22,633	70,949	93,582
Total Revenues	5,909,389	181,729	81	22,951	71,090	6,185,240
Expenditures:						
Current:						
General government	535,585	---	---	---	---	535,585
Employee benefits	226,667	---	---	---	---	226,667
Health services	23,715	---	---	---	---	23,715
Agencies	70,145	---	---	---	---	70,145
Education	3,049,022	---	---	---	---	3,049,022
Town buildings	283,284	---	---	---	---	283,284
Town fire department	50,053	---	---	---	---	50,053
Highway and general operations	677,105	---	---	---	---	677,105
Town Insurance	53,481	---	---	---	---	53,481
Other	23,633	---	---	---	104,427	128,060
Town property	13,897	---	---	---	---	13,897
Debt service	191,768	---	---	---	---	191,768
Capital outlay	71,000	332,080	---	193,213	---	596,293
Total Expenditures	5,269,355	332,080	---	193,213	104,427	5,899,075
Excess (Deficiency) of Revenues Over Expenditures	640,034	(150,351)	81	(170,262)	(33,337)	286,165
Other Financing Sources (Uses):						
Operating transfers	(208,000)	---	25,000	135,000	48,000	---
Total other financing sources (uses)	(208,000)	---	25,000	135,000	48,000	---
Net Change in Fund Balances	432,034	(150,351)	25,081	(35,262)	14,663	286,165
Fund Balance - beginning of year	2,557,328	272,399	145,611	586,282	300,095	3,861,715
Fund Balance - end of year	\$ 2,989,362	\$ 122,048	170,692	\$ 551,020	\$ 314,758	\$ 4,147,880

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, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$	286,165
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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	\$ 748,929	
Less depreciation expense	<u>(340,628)</u>	408,301

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	\$ 25,157	
Change in deferred outflow of resources related to pensions:		
Difference between projected and actual earnings on plan investments	(6,969)	
Difference between expected and actual experience on plan investments	(3,068)	
Difference of assumption changes or inputs	<u>134</u>	15,254

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	\$ 117,000	
Change in accrued interest payable	<u>1,844</u>	118,844

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		382,628
Deferred inflow of resources related to pensions:		
Difference between expected and actual experience on pension plan investments		(141,097)
Difference between projected and actual earnings on plan investments		<u>(102,740)</u>

Change in Net Position of Governmental Activities	\$	<u>967,355</u>
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The accompanying notes are an integral part of these financial statements.

Town of Warren
Statement of Fiduciary Net Position
Pension Trust Fund
June 30, 2021

Assets:

Cash and cash equivalents	\$ 12,755
Investments - at fair value	<u>706,051</u>
Total Assets	\$ <u>718,806</u>

Net Position:

Assets held in trust for pension benefits	\$ <u>718,806</u>
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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, 2021

Additions:	
Employer contributions	\$ 62,000
Investment income:	
Change in fair value of investments	144,333
Interest and dividends	12,744
Less: investment expense	4,008
Net investment income	<u>153,069</u>
Total Additions	215,069
Deductions:	
Pension benefits	<u>53,337</u>
Total Deductions	<u>53,337</u>
Increase in Net Position	161,732
Assets Held In Trust For Pension Benefits:	
Net Position - Beginning of year	<u>557,074</u>
Net Position - End of year	\$ <u><u>718,806</u></u>

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 \$2,220 and expended \$1,119 for the operation of the NHCOG for the year ended June 30, 2021.

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 \$4,132 for the operation of the Lake Authority for the year ended June 30, 2021.

Lake Waramaug Interlocal Commission

The Lake Waramaug Interlocal Commission (the “Commission”) was created by the Towns of Warren, Washington, and Kent to improve the lake water quality and control water pollution. The Town appropriated \$10,882 and expended \$10,881 for the operation of the Commission for the year ended June 30, 2021.

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.

Town of Warren
Notes to Financial Statements

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

C. Government-Wide and Fund Financial Statements:

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.

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.

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):

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.

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, 2021, all taxes are deemed collectible, and therefore, the allowance was zero.

In the fund financial statements, all property taxes receivable at June 30, 2021, 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, the Town reports the 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, 2021 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.

The Board of Finance authorized additional appropriations from fund balance as follows: \$8,000 to special appropriations for other projects and \$1,880 to special appropriation for the police boat. In addition, the original General Fund budget increased by continuing appropriations of \$3,427, to a total increase of the budget of \$13,307.

The Board of Finance authorized the transfer within the General Government Department of \$15,000 from the compensation review adjustment line to the park and rec director salary line item of \$5,524 and the social services directory salary line item of \$9,476. Additional transfers were authorized as follows: \$12,402 from Debt Service to: \$1,746 for General Government - computer management line item, \$2,106 General Government - elections line item, \$6,822 Town Buildings & Waste Removal - Covanta line item, \$1,537 Miscellaneous - unemployment charges line item, and \$191 General Government - Treasurer expenses line item.

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, 2021:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Deposits:		
Demand Accounts	\$ 321,725	\$ 12,755
Petty Cash and cash on hand	300	---
Cash equivalents:		
State short-term investment fund (STIF)	694,180	---
Overnight repurchase agreements	<u>3,603,750</u>	<u>---</u>
Total cash equivalents	<u>4,297,930</u>	<u>---</u>
Total Cash and Cash Equivalents	\$ <u>4,619,955</u>	\$ <u>12,755</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, 2021, the carrying amount of the town's deposits, was \$321,725 and the bank balance was \$328,931. Of the Town's bank balance, none was exposed to custodial credit risk.

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, 2021, the Town's cash equivalents amounted to \$4,297,930, comprised of repurchase agreements of \$3,603,750 and State Short-Term Investment Fund balance of \$694,180.

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.

The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The State of Connecticut Short-Term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

State of Connecticut Short-Term Investment Fund (STIF)	<u>Standard and Poor's</u> AAAm
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Town of Warren
Notes to Financial Statements

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

D. Investments

At June 30, 2021, the Town's investments consisted of the following:

Fiduciary Fund	<u>Average Fair Value</u>	<u>Investment Credit Rating</u>	<u>Maturity</u>
Exchange Traded Funds	\$ 38,615	N/A	N/A
Mutual funds	<u>667,436</u>	N/A	N/A
Total Fiduciary Funds	<u>\$ 706,051</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.
- 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, 2021 whose fair value was determined using Level 2 or Level 3 inputs.

At June 30, 2021, 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.

Exchange traded funds	\$ 38,615
Mutual funds	<u>667,436</u>
Total	<u>\$ 706,051</u>

Note "4" - Receivables:

Property taxes, interest, and liens receivable at June 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

Property taxes	\$ 50,341
Accrued interest and lien fees on property taxes	<u>12,139</u>
Gross receivables	62,480
Less: allowance for uncollectibles	<u>---</u>
<u>Net Receivables</u>	<u>\$ 62,480</u>

Town of Warren
Notes to Financial Statements

Note "5" - Interfund Transfers:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	<u>Transfers from Other Funds</u>	<u>Transfers To Other Funds</u>
<u>Major Funds:</u>		
General Fund	\$ ---	\$ 208,000
Capital Non-recurring Fund	25,000	---
Equipment Replacement Fund	135,000	---
 <u>Other Governmental Funds:</u>		
Park and Recreation Fund	34,000	---
Warren Cemetery Commission Fund	14,000	---
<u>Total</u>	<u>\$ 208,000</u>	<u>\$ 208,000</u>

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, 2021 the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Equipment Replacement Fund	General Fund	\$ 234,120
Capital Non-Recurring Fund	General Fund	89,853
Park and Recreation Fund	General Fund	81,979
Force Majeure Fund	General Fund	43,140
Social Services Fund	General Fund	42,687
Town Aid Road	General Fund	42,548
Good Neighbor Fund	General Fund	6,200
General Fund	Warren Cemetery Commission Fund	280
<u>Total</u>		<u>\$ 540,807</u>

Town of Warren
Notes to Financial Statements

Note "7" - Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions & Reclassses</u>	<u>Ending Balance</u>
Capital Assets – Not Depreciated:				
Land	\$ 1,313,371	\$ ---	\$ ---	\$ 1,313,371
Construction in Progress – Library	111,755	68,192	---	179,947
Construction in Progress – Hardscrabble Rd	8,739	---	(8,739)	---
Capital Assets -- Depreciated:				
Land Improvements	25,430	---	---	25,430
Building & Improvements	4,805,605	19,786	---	4,825,391
Machinery, Equipment, & Vehicles	2,496,969	193,213	(128,997)	2,561,185
Infrastructure	<u>5,981,945</u>	<u>467,738</u>	<u>(381,592)</u>	<u>6,068,091</u>
Total Capital Assets being Depreciated	13,309,949	680,737	(510,589)	13,480,097
Less: Accumulated Depreciation				
Land Improvements	12,241	817	---	13,058
Building & Improvements	1,546,683	115,663	---	1,662,346
Machinery, Equipment, & Vehicles	1,880,101	127,209	(128,997)	1,878,313
Infrastructure	<u>4,707,977</u>	<u>96,939</u>	<u>(390,331)</u>	<u>4,414,585</u>
Total Accumulated Depreciation	<u>8,147,002</u>	<u>340,628</u>	<u>(519,328)</u>	<u>7,968,302</u>
Capital Assets being Depreciated – Net	<u>5,162,947</u>	<u>340,109</u>	<u>8,739</u>	<u>5,511,795</u>
Capital Assets - Net	<u>\$ 6,596,812</u>	<u>\$ 408,301</u>	<u>\$ ---</u>	<u>\$ 7,005,113</u>

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

General government services	\$ 93,216
Agencies	151
Public safety	28,480
Public works, including depreciation of general infrastructure assets	192,982
Culture and recreation	<u>25,799</u>
Total depreciation expense	<u>\$ 340,628</u>

Town of Warren
Notes to Financial Statements

Note "8" – Long-Term Liabilities:

The following is a summary of activity and changes in long-term liabilities for the year ended June 30, 2021. The General Fund has historically been used to liquidate the following long-term liabilities.

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation bond	\$ 1,500,000	\$ 1,560,000	\$ 1,677,000	\$ 1,383,000	\$ 165,000
Net pension liability	<u>413,332</u>	<u>126,557</u>	<u>509,185</u>	<u>30,704</u>	<u>---</u>
Total	<u>\$ 1,913,332</u>	<u>\$ 1,686,557</u>	<u>\$ 2,186,185</u>	<u>\$ 1,413,704</u>	<u>\$ 165,000</u>

Below is the original general obligation bond that was refinanced during the year ended June 30, 2021.

<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

The Bond was refinanced during the year ended June 30, 2021, as follows:

<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	\$ 1,560,000	11/12/2020	6/15/2030	1.60%

Aggregate debt service requirements subsequent to June 30, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 165,000	\$ 22,128	\$ 187,128
2023	163,000	19,488	182,488
2024	160,000	16,880	176,880
2025	158,000	14,320	172,320
2026-2030	<u>737,000</u>	<u>34,784</u>	<u>771,784</u>
Total Debt Service requirement	<u>\$ 1,383,000</u>	<u>\$ 107,600</u>	<u>\$ 1,495,600</u>

Note "9" - Contingent Liabilities:

The Town is contingently liable on Regional School District No. 6 serial bonds payable through the year ending June 30, 2038. The amount (18.14%) attributable to the Town is \$340,125.

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, 2021, the latest actuarial date, PERS membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>3</u>
<u>Total</u>	<u>10</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 and non-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, 2021. 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%	1.10%
Aggregate Bonds	35.00%	2.10%
U.S. Large Cap Value	13.00%	6.20%
U.S. Large Cap	13.00%	4.10%
U.S. Small Cap Value	6.50%	4.60%
U.S. Small Cap	6.50%	4.60%
Foreign Developed	13.00%	5.50%
Foreign Emerging Markets	6.50%	7.20%
Real Estate Investment Trusts	6.50%	6.50%

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:

Dimensional Fund Advisors US Lg Cap Value Inst	\$ 93,426	13.00%
Dimensional Fund Advisors US Lg Cap Eqty Inst	\$ 90,990	12.66%
Dimensional Fund Advisors Intl Core Eqty Inst	\$ 87,387	12.16%
Dimensional Fund Advisors Invmt Grade Inst	\$ 68,308	9.50%
Dimensional Fund Advisors Intmd Govt Fixed Income Inst	\$ 65,768	9.15%
Dimensional Fund Advisors Emrg Mkts Core Eqty Inst	\$ 50,743	7.06%
Dimensional Fund Advisors US Sm Cap Value Inst	\$ 47,962	6.67%
Dimensional Fund Advisors Global Core Plus Fixed Inc	\$ 46,525	6.47%
Dimensional Fund Advisors US Sm Cap Inst	\$ 45,690	6.36%
Dimensional Fund Advisors Global Real Estate Sec Inst	\$ 45,557	6.34%
Vanguard Short Term Bond ETF	\$ 38,615	5.37%

Rate of Return: For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 29.74%. 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, 2021 were as follows:

Total pension liability	\$ 749,510
Plan fiduciary net position	<u>718,806</u>
Net pension liability	<u>\$ 30,704</u>

Plan fiduciary net position as a percentage of the total pension liability 95.90%

Actuarial Assumptions

The following assumptions were used to determine the total pension liability, above, using the actuarial valuation as of June 30, 2021:

Inflation	3.00%
Salary increases	3.00%, including inflation
Long term expected rate of return	4.50%, net of expenses, including inflation

Mortality rates were based on Pub-2010 General Government with Scale MP-2020 Generational Improvements (Male/Female); separate tables are used for Employees, Healthy Retirees, and Contingent Survivors.

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 4.50%.

Town of Warren
Notes to Financial Statements

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

A. Defined Benefit Pension Plan (continued)

Change in Assumptions: The discount rate for purposes of determining the net pension liability has changed to 4.50% from 5.00% for the year ending June 30, 2021. The long term rate of return assumption changed to 4.50% from 5.00% and the municipal bond rate changed to 2.18% from 2.66% for the year ending June 30, 2021. All other assumptions are consistent with the previous actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability was 4.50%. 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

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2020	\$ 970,406	\$ 557,074	\$ 413,332
Changes for the Year:			
Service cost	14,454	---	14,454
Interest on total pension liability	47,510	---	47,510
Differences between expected and actual Experience	(290,108)	---	(290,108)
Changes of assumptions	60,585	---	60,585
Employer contributions	---	62,000	(62,000)
Net investment income	---	157,077	(157,077)
Benefit payments	(53,337)	(53,337)	---
Administrative expense	---	(4,008)	4,008
Net changes	<u>(220,896)</u>	<u>161,732</u>	<u>(382,628)</u>
Balances as of June 30, 2021	<u>\$ 749,510</u>	<u>\$ 718,806</u>	<u>\$ 30,704</u>

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 4.50%, 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 (3.50%) or 1 percentage point higher (5.50%) than the current rate.

	<u>1% Decrease to 3.50%</u>	<u>Current Discount Rate of 4.50%</u>	<u>1% Increase To 5.50%</u>
Net Pension Liability (Asset)	\$ 139,055	\$ 30,704	\$ (57,683)

Town of Warren
Notes to Financial Statements

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

A. Defined Benefit Pension Plan (continued)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$(66,888). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 18,164	\$ 103,236
Difference between expected and actual experiences	4,297	159,819
Changes of assumptions	<u>58,077</u>	<u>---</u>
Total	<u>\$ 80,538</u>	<u>\$ 263,055</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>	
2022	\$(108,445)
2023	(26,704)
2024	(21,559)
2025	<u>(25,809)</u>
	<u>\$ (182,517)</u>

A. 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 \$17,748 for the year ended June 30, 2021.

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.

Town of Warren
Notes to Financial Statements

Note "11" - Commitments and Litigation:

The Town is a defendant in two lawsuits arising from workplace conduct issues. The outcome of these lawsuits is not presently determinable. It is the opinion of Management that there are no material or substantial claims against the Town, which will be finally determined so as to result in judgement or judgements 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:

The following individual funds had deficiencies of revenue and other sources over expenditures and other uses for the year ended June 30, 2021. All fund balances were positive as of June 30, 2021.

Major Fund:

Town Aid Road	\$ 150,351
Equipment Replacement Fund	\$ 35,262

Nonmajor Fund:

Park and Recreation Fund	\$ 2,009
Warren Cemetery Commission	\$ 812

Note "14" – Subsequent Events:

On March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread in the United States. As of the date the financial statements were available to be issued, there was considerable uncertainty around the expected duration of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. At this point, the extent to which COVID-19 may impact the Town's financial condition, and changes in the fair values of its investments or results of operations cannot be reasonably estimated at this time.

In preparing these financial statements, Management has evaluated events and transactions for potential recognition or disclosure through December 9, 2021, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition or disclosure in 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, 2021

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues:			
Property taxes	\$ 5,440,597	\$ 5,438,216	\$ (2,381)
Interest and liens fees on property taxes	15,000	33,206	18,206
Telephone access tax	4,500	5,246	746
State of Connecticut - Grants:			
Veterans tax relief	500	1,425	925
Historic document preservation	---	5,500	5,500
State property (PILOT)	1	2,084	2,083
Mashantucket Pequot	1	4,369	4,368
Education grants	---	32,115	32,115
Judicial fines	---	100	100
COVID-19 grants	---	6,219	6,219
Other grants	5,500	4,480	(1,020)
Contributions in lieu of taxes	500	500	---
Investment income	18,000	15,568	(2,432)
Other fees and receipts:			
Building permits	40,000	93,708	53,708
Building permits - Excess revenue			
over budget offsets expenditures	---	(53,708)	(53,708)
Planning, zoning and conservation	4,000	11,148	7,148
Conveyance tax	15,000	160,727	145,727
Dog fees	1,000	1,573	573
Recording and map fees	7,500	22,485	14,985
Rent of town buildings	3,600	3,600	---
Library rent	600	600	---
Photocopies and other miscellaneous fees	7,000	20,997	13,997
RSD6 Capital Project Assessment Refund	90,705	90,705	---
Amounts available for appropriation	\$ 5,654,004	\$ 5,900,863	\$ 246,859

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, 2021

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
Expenditures:					
General Government					
First Selectman - salary	\$ 56,454	\$ ---	\$ 56,454	\$ 56,454	\$ ---
First Selectman - Administrative Assistant	43,476	---	43,476	43,491	15
First Selectman - Clerical	10,140	---	10,140	2,642	(7,498)
Board of Selectman - expenses	6,500	---	6,500	5,552	(948)
Second Selectman	3,902	---	3,902	3,902	---
Third Selectman	3,902	---	3,902	3,902	---
Compensation Review Adjustment	15,000	(15,000)	---	---	---
Treasurer - salary	8,742	---	8,742	8,742	---
Treasurer - expenses	1,610	191	1,801	1,748	(53)
Town clerk - salary	39,182	---	39,182	39,182	---
Town clerk - expenses	15,700	---	15,700	15,665	(35)
Deputy town clerk	2,411	---	2,411	1,107	(1,304)
Computer management	10,000	1,746	11,746	11,746	---
Tax collector - salary	23,400	---	23,400	16,463	(6,937)
Tax collector - expenses	10,175	---	10,175	9,223	(952)
Assessor- salary	29,250	---	29,250	29,250	---
Assistant Assessor in training - salary	8,320	---	8,320	2,515	(5,805)
Assessor- expenses	15,010	---	15,010	14,991	(19)
Park and recreation director - salary	35,217	5,524	40,741	40,618	(123)
Social services director - salary	17,043	9,476	26,519	25,836	(683)
Social services - expenses	3,500	---	3,500	2,746	(754)
Zoning /Inlands officer - salary	29,120	---	29,120	21,554	(7,566)
Clerical: Land Use Department	10,140	---	10,140	6,630	(3,510)
Custodian - salary	15,748	---	15,748	5,381	(10,367)
Fire Marshall	4,500	---	4,500	1,962	(2,538)
Building inspector	35,000	---	35,000	83,076	48,076
Building department - Excess revenue over budget	---	---	---	(53,708)	(53,708)
Dog warden - salary	6,970	---	6,970	6,970	---
Dog warden - expenses	850	---	850	600	(250)
Animal shelter	1,400	---	1,400	675	(725)
Police	500	---	500	---	(500)
Office equipment	6,000	---	6,000	4,545	(1,455)
Town engineer	2,500	---	2,500	---	(2,500)
Legal counsel	10,000	---	10,000	3,920	(6,080)
Auditor	21,500	---	21,500	20,000	(1,500)
GASB # 34 Compliance	1,500	---	1,500	1,500	---
Probate court	2,861	---	2,861	2,833	(28)
Elections - salary	12,000	2,106	14,106	14,106	---
Elections - expenses	11,300	---	11,300	10,198	(1,102)
Board of Assessment Appeals	500	---	500	468	(32)
Board of Finance	670	---	670	420	(250)
Planning and Zoning Commission	7,000	---	7,000	6,529	(471)
Zoning Board of Appeals	5,000	---	5,000	388	(4,612)
Conservation Commission	4,000	---	4,000	1,981	(2,019)
Historical document preservation	---	---	---	5,500	5,500
Revaluation - Continuing and additional appropriations	---	3,427	3,427	574	(2,853)
Total General Government	547,993	7,470	555,463	481,877	(73,586)

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, 2021

Expenditures (continued):	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
Employee Benefits					
Insurance benefits	\$ 106,111	\$ ---	\$ 106,111	\$ 92,647	\$ (13,464)
Retirement fund contribution and fees	92,030	---	92,030	88,881	(3,149)
Social security/medicare	49,940	---	49,940	45,139	(4,801)
Total Employee Benefits	248,081	---	248,081	226,667	(21,414)
Health services					
Torrington area health district	7,667	---	7,667	7,667	---
Visiting nurses Northwest & NM	5,061	---	5,061	1,017	(4,044)
Paramedic intercept	15,275	---	15,275	15,031	(244)
Total Health Services	28,003	---	28,003	23,715	(4,288)
Agencies					
Lake Waramaug Authority	5,600	---	5,600	4,132	(1,468)
Inter-local commission	10,882	---	10,882	10,881	(1)
NW CT Regional Council of Governments	2,220	---	2,220	1,119	(1,101)
Library	32,000	---	32,000	32,000	---
Civil Defense - town communication	1,000	---	1,000	730	(270)
Litchfield County Dispatch	15,851	---	15,851	15,851	---
Regional non-profit agencies	2,102	---	2,102	1,760	(402)
Litchfield County soil conservation	600	---	600	600	---
Elderly bus	1,115	---	1,115	1,115	---
Council of Small Towns	2,075	---	2,075	2,017	(58)
Total Agencies	73,445	---	73,445	70,145	(3,300)
Town Property					
Improving town property	15,000	---	15,000	12,147	(2,853)
Street lighting	2,600	---	2,600	1,750	(850)
Total Town Property	17,600	---	17,600	13,897	(3,703)
Town Buildings & Waste Removal					
Operations	90,000	---	90,000	81,325	(8,675)
Waste collection and hauling	98,000	---	98,000	95,856	(2,144)
Recycling	20,000	---	20,000	11,931	(8,069)
Energy improvements	1,500	---	1,500	---	(1,500)
Capital improvements	30,000	---	30,000	50,000	20,000
Covanta	35,000	6,822	41,822	41,822	---
Household hazardous waste	2,500	---	2,500	2,350	(150)
Total Town Buildings & Waste Removal	277,000	6,822	283,822	283,284	(538)
Highways and General Operations					
Highway labor	266,830	---	266,830	257,502	(9,328)
Highway department operations	120,000	---	120,000	104,329	(15,671)
Snow removal	90,000	---	90,000	58,500	(31,500)
Town garage	20,000	---	20,000	19,084	(916)
Maintenance town equipment	40,000	---	40,000	33,563	(6,437)
Gas, fuel, oil	35,000	---	35,000	31,883	(3,117)
Road Fund	140,000	---	140,000	140,000	---
Uniforms	5,000	---	5,000	4,925	(75)
Removal of Ash Trees	30,000	---	30,000	27,319	(2,681)
Total Highways and General operations	746,830	---	746,830	677,105	(69,725)

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, 2021

Expenditures (continued):	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Over (Under)
Town Fire Department					
Fire department insurance	\$ 19,834	\$ ---	\$ 19,834	\$ 18,748	\$ (1,086)
Workmans compensation	10,378	---	10,378	8,612	(1,766)
Gas and diesel fuel	4,000	---	4,000	4,000	---
Truck maintenance	20,000	---	20,000	18,693	(1,307)
Tax abatement	29,500	---	29,500	25,477	(4,023)
Total Fire Department	83,712	---	83,712	75,530	(8,182)
Town Insurance					
Town Insurance	61,000	---	61,000	53,481	(7,519)
Miscellaneous					
State dog fees	1,500	---	1,500	871	(629)
Website/Email services	3,500	---	3,500	2,898	(602)
Newsletter expenses	3,700	---	3,700	3,394	(306)
Miscellaneous	3,000	---	3,000	714	(2,286)
Unemployment Charges	---	1,537	1,537	1,537	---
Special allocation for boat	20,000	1,880	21,880	2,000	(19,880)
Special appropriation for other projects	---	8,000	8,000	6,000	(2,000)
COVID-19 grants	---	---	---	6,219	6,219
Total Miscellaneous	31,700	11,417	43,117	23,633	(19,484)
Education					
Wamogo Regional School District	3,139,727	---	3,139,727	3,139,727	---
Debt Service					
Interest & principal	205,313	(12,402)	192,911	191,768	(1,143)
Other Financing Uses:					
Operating transfers out					
Fire truck replacement fund	65,000	---	65,000	65,000	---
Park and recreation fund	34,000	---	34,000	34,000	---
Non-recurring capital expenditure fund	25,000	---	25,000	25,000	---
Cemeteries	14,000	---	14,000	14,000	---
Equipment fund	70,000	---	70,000	70,000	---
Total operating transfers	208,000	---	208,000	208,000	---
Total Expenditures and Other Financing Uses	<u>5,668,404</u>	<u>13,307</u>	<u>5,681,711</u>	<u>5,468,829</u>	<u>(212,882)</u>
Excess (deficiency) of revenues over Expenditure and other uses	(14,400)	(13,307)	(27,707)	432,034	459,741
Fund Balance at beginning of year	14,400	13,307	27,707	2,557,328	2,529,621
Fund Balance at end of year	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>2,989,362</u>	\$ <u>2,989,362</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, 2021

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.

Continuing Appropriations – The Town budgets committed fund balances as continuing appropriations. Pursuant to the legislative authority, these continuing appropriations do not lapse at year end, but are carried forward until expended or changed by legislative authority.

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.

For budgeting purposes, the Town recognizes as revenue educational refunds of prior year fund balances and other credits from Regional School District #6. GAAP requires that refunds for the prior year and other credits be offset against educational expenditures.

For budgeting purposes, volunteer tax credits are reported as expenditures in the fire department line item. GAAP requires the credits to be reported as a reduction of tax revenue.

For budgeting 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. GAAP requires gross revenue and expenditures to be recognized.

For budgeting purposes, the Town does not account for Library renovation expenditures that will be reimbursed by the Local Capital Improvement Program (LOCIP). GAAP requires gross grant revenue and capital expenditures to be recognized.

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

	Total Revenues	Total Expenditures & Transfers	Fund Balance
Actual – NonGAAP Budgetary Basis – June 30, 2021	\$ 5,900,863	\$ 5,468,829	\$ 2,989,362
RSD #6 Capital Project Assessment Refund	(90,705)	(90,705)	---
Volunteer Tax Credits	(25,477)	(25,477)	---
To gross up revenues and expenditures -			
Building department	53,708	53,708	---
LOCIP funds – Library renovation	<u>71,000</u>	<u>71,000</u>	<u>---</u>
Actual – GAAP – June 30, 2021	<u>\$ 5,909,389</u>	<u>\$ 5,477,355</u>	<u>\$ 2,989,362</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 14,454	\$ 15,200	\$ 11,685	\$ 12,113	\$ 9,912	\$ 11,990	\$ 13,015	\$ 20,164
Interest	47,510	45,901	50,959	50,987	47,784	50,753	46,851	51,669
Difference between expected and actual experience	(290,108)	10,433	(39,868)	(1,728)	62,490	(38,381)	15,381	(89,163)
Changes in assumptions	60,585	17,565	98,469	-	(6,260)	(11,250)	51,134	1,803
Benefit payments, including refunds of member contributions	(53,337)	(55,624)	(57,309)	(61,672)	(61,672)	(61,672)	(62,718)	(61,392)
Net change in total pension liability	(220,896)	33,475	63,936	(300)	52,254	(48,560)	63,663	(76,919)
Total pension liability - beginning	970,406	936,931	872,995	873,295	821,041	869,601	805,938	882,857
Total pension liability - ending	749,510	970,406	936,931	872,995	873,295	821,041	869,601	805,938
Plan fiduciary net position								
Contributions - employer	62,000	60,000	58,800	55,000	58,000	38,160	40,963	41,375
Net investment income	157,077	6,419	18,530	30,547	31,747	15,137	4,364	57,936
Benefit payments, including refunds of member contributions	(53,337)	(55,624)	(57,309)	(61,672)	(61,672)	(61,672)	(62,718)	(61,392)
Administrative expense	(4,008)	(3,684)	(3,578)	(3,449)	(3,232)	(3,153)	(3,288)	(3,293)
Net change in plan fiduciary net position	161,732	7,111	16,443	20,426	24,843	(11,528)	(20,679)	34,626
Plan fiduciary net position - beginning	557,074	549,963	533,520	513,094	488,251	499,779	520,458	485,832
Plan fiduciary net position - ending	718,806	557,074	549,963	533,520	513,094	488,251	499,779	520,458
Net Pension Liability - Ending	\$ 30,704	\$ 413,332	\$ 386,968	\$ 339,475	\$ 360,201	\$ 332,790	\$ 369,822	\$ 285,480
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.90%	57.41%	58.70%	61.11%	58.75%	59.47%	57.47%	64.58%
Covered Employee Payroll	\$ 147,628	\$ 202,313	\$ 198,162	\$ 192,459	\$ 195,802	\$ 163,976	\$ 189,096	\$ 230,525
Net Pension Liability as a percentage of covered employee payroll	20.80%	204.30%	195.28%	176.39%	183.96%	202.95%	195.57%	123.84%

Town of Warren
Schedule of Employer Contributions
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 81,513	\$ 69,903	\$ 64,732	\$ 56,213	\$ 48,869	\$ 51,802	\$ 42,072	\$ 57,873	\$ 57,429	\$ 51,527
Contributions in relation to the actuarially determined contribution	62.00%	60.00%	52.80%	55.00%	58.00%	38.16%	40.56%	-	33.00%	38.00%
Contribution Deficiency (Excess)	\$ 19,513	\$ 9,903	\$ 5,932	\$ 1,213	\$ (9,131)	\$ 13,642	\$ 1,109	\$ 57,873	\$ 24,429	\$ 13,527
Covered employee payroll	\$ 147,628	\$ 202,313	\$ 198,162	\$ 192,453	\$ 195,802	\$ 163,976	\$ 189,096	\$ 230,525	\$ 219,412	\$ 257,213
Contributions as a percentage of covered employee payroll	42.00%	29.66%	29.67%	28.58%	29.62%	23.27%	21.66%	0.00%	15.04%	14.77%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2021

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	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	7 years
Asset valuation method	Fair market value
Salary increases	3.00%
Investment rate of return	4.50%
Retirement age	65
Mortality	Pub-2010 General Government with Scale MP-2020 Generational Improvements (Male/Female); separate tables are used for Employees, Healthy Retirees, and Contingent Survivors

Changes in benefit terms

None

Changes of assumptions

Mortality - Beginning June 30, 2020, the Pub-2010 General Government with Scale MP-2020 Generational Improvements (Male/Female) was used. For June 30, 2019, the mortality table used was RP-2017 Total for Employees and Health 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 - Beginning June 30, 2021, the discount rate changed to 4.50% from 5.00%. For June 30, 2019, the long term rate of return assumption changed from 6.00% to 5.00%. See the details below.

	7/1/2021	7/1/2020	7/1/2019	7/1/2018
Long term rate of return on investments	4.50%	5.00%	5.00%	6.00%
Municipal bond rate	2.18%	2.66%	2.79%	2.98%
Discount rate for net pension liability purposes	4.50%	5.00%	5.00%	6.00%

Town of Warren
Schedule of Investment Returns
Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	29.74%	1.23%	3.71%	6.39%	6.97%	3.25%	0.90%	11.25%

Town of Warren
Nonmajor Government Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds					
	Park and Recreation Fund	Warren Cemetery Commission	Good Neighbor Fund	Force Majeure Fund	Social Service Special Project Fund	Total
ASSETS:						
Cash and cash equivalents	\$ ---	\$ 125,648	\$ 14,955	\$ ---	\$ ---	\$ 140,603
Prepaid expenses	429	---	---	---	---	429
Due from other funds	81,979	---	6,200	43,140	42,687	174,006
Total Assets	<u>\$ 82,408</u>	<u>\$ 125,648</u>	<u>\$ 21,155</u>	<u>\$ 43,140</u>	<u>\$ 42,687</u>	<u>\$ 315,038</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Due to other funds	\$ ---	\$ 280	\$ ---	\$ ---	\$ ---	\$ 280
Fund Balances:						
Nonspendable:						
Prepayments	429	---	---	---	---	429
Restricted for:						
Social services	---	---	21,155	---	42,687	63,842
Committed to:						
Parks and recreation	81,979	---	---	---	---	81,979
Cemetery operations	---	125,368	---	---	---	125,368
Waste disposal	---	---	---	43,140	---	43,140
Total Fund Balances	<u>82,408</u>	<u>125,368</u>	<u>21,155</u>	<u>43,140</u>	<u>42,687</u>	<u>314,758</u>
Total Liabilities and Fund Balances	<u>\$ 82,408</u>	<u>\$ 125,648</u>	<u>\$ 21,155</u>	<u>\$ 43,140</u>	<u>\$ 42,687</u>	<u>\$ 315,038</u>

Town of Warren
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2021

	Special Revenue Funds					
	Park and Recreation Fund	Warren Cemetery Commission	Good Neighbor Fund	Force Majeure Fund	Social Service Special Project Fund	Totals
Revenues:						
Investment income	\$ ---	\$ 126	\$ 15	\$ ---	\$ ---	\$ 141
Program fees and other receipts	39,892	1,900	6,505	227	22,425	70,949
Total Revenues	<u>39,892</u>	<u>2,026</u>	<u>6,520</u>	<u>227</u>	<u>22,425</u>	<u>71,090</u>
Expenditures:						
Cemetery expenditures	---	16,838	---	---	---	16,838
Programs and Activities	75,901	---	2,695	---	8,993	87,589
Total Expenditures	<u>75,901</u>	<u>16,838</u>	<u>2,695</u>	<u>---</u>	<u>8,993</u>	<u>104,427</u>
Excess (Deficiency) of revenues over expenditures	(36,009)	(14,812)	3,825	227	13,432	(33,337)
Other Financing Sources:						
Operating transfers in	34,000	14,000	---	---	---	48,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(2,009)	(812)	3,825	227	13,432	14,663
Fund Balance - beginning of year	<u>84,417</u>	<u>126,180</u>	<u>17,330</u>	<u>42,913</u>	<u>29,255</u>	<u>300,095</u>
Fund Balance - end of year	<u>\$ 82,408</u>	<u>\$ 125,368</u>	<u>\$ 21,155</u>	<u>\$ 43,140</u>	<u>\$ 42,637</u>	<u>\$ 314,758</u>

Town of Warren
Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)
Year Ended June 30, 2021

	Taxes Receivable July 1, 2020	Assessor's Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Total Net Collections	Taxes Receivable June 30, 2021
		Additions	Reductions			Taxes	Interest & Lions	Refunds and Adjustments		
Grand List :										
October 1,										
2019	\$ 5,429,383	\$ 10,639	\$ (7,624)	\$ (756)	\$ 5,431,642	\$ 5,398,759	\$ 28,906	\$ 276	\$ 5,427,941	\$ 33,159
2018	22,748	269	(517)	(267)	22,233	5,455	1,676	(82)	7,049	16,696
2017	4,506	236	(271)	(2,515)	1,956	1,158	725	(312)	1,571	486
2016	57	555	(4)	(54)	554	---	---	(554)	(554)	---
2015	36	83	---	(36)	83	---	---	(83)	(83)	---
Suspense collections	---	---	---	2,922	2,922	2,902	1,185	(20)	4,087	---
Totals	\$ 5,456,730	\$ 11,782	\$ (8,416)	\$ (706)	\$ 5,459,390	\$ 5,408,274	\$ 32,492	\$ (775)	\$ 5,440,011	\$ 50,341

Town of Warren
Statement of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
Year Ended June 30, 2021

Tax collections (including interest and lien fees) for the year ended June 30, 2021	\$ 5,440,011
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, 2021	\$ <u>5,440,011</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times Base	\$ 12,240,025	\$ -	\$ -	\$ -	\$ -
4 1/2 times Base	-	24,480,050	-	-	-
3 3/4 times Base	-	-	20,400,041	-	-
3 1/4 times Base	-	-	-	17,680,036	-
3 times Base	-	-	-	-	16,320,033
Total Debt Limitation	<u>12,240,025</u>	<u>24,480,050</u>	<u>20,400,041</u>	<u>17,680,036</u>	<u>16,320,033</u>
Indebtedness:					
General Obligation Bonds - Issued June 15, 2010 Wamogo Regional School District #6 Town's share 18.14%	1,383,000	-	-	-	-
General Obligation Bonds Issued 2017 - \$1,875,000	-	340,125	-	-	-
Total Indebtedness	<u>1,383,000</u>	<u>340,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation In Excess Of Outstanding and Authorized Debt	\$ <u>10,857,025</u>	\$ <u>24,139,925</u>	\$ <u>20,400,041</u>	\$ <u>17,680,036</u>	\$ <u>16,320,033</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, 2021, 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 December 9, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of 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 financial statements. 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.

A handwritten signature in black ink, appearing to read "Charles Heaven & Co." followed by a stylized flourish or initials.

Charles Heaven & Co.
Waterbury, Connecticut

December 9, 2021

STATE SINGLE AUDIT REPORT



Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Warren
Warren, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Warren, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Warren, Connecticut's major state programs for the year ended June 30, 2021. The Town of Warren, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Warren, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Warren, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Warren, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Warren, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Warren, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Warren, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Warren's internal control over compliance.

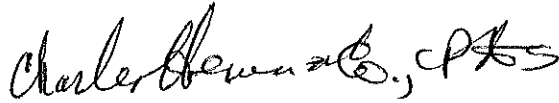
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the Town of Warren, Connecticut, as of and for the year ended June 30, 2021 and have issued our report thereon dated December 9, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



CHARLES HEAVEN & CO.

December 9, 2021

Town of Warren
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2021

State Grantor / Pass-Through Grantor	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management		
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004 \$	2,084
Reimbursable Property Tax - Disability Exemption	11000-OPM20600-17011	22
Property Tax Relief for Veterans	11000-OPM20600-17024	1,425
Local Capital Improvement	12050-OPM20600-40254	26,417
Coronavirus Relief Fund	12060-OPM20600-29561	6,219
Department of Transportation		
Town Aid Roads	12052-DOT57131-43455	166,040
Town Aid Roads	13033-DOT57131-43459	166,040
Connecticut State Library		
Historic Document Preservation	12060-CSI.66094-35150	5,500
Department of Agriculture		
Agricultural Viability	12060-DAG42710-90456	2,531
Judicial Branch		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	100
Total State Financial Assistance Before Exempt Programs		<u>376,378</u>
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	32,115
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	4,369
Total Exempt Programs		<u>36,484</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 412,862</u>

The accompanying notes are an integral part of this schedule

Town of Warren, Connecticut
Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2021

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Warren under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including: local capital improvement, road repairs, tax relief, education and other public assistance.

Because the Schedule presents only a selected portion of the operations of the Town of Warren, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Warren, Connecticut.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Warren conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditure column of the Schedule of Expenditures of State Financial Assistance.

Town of Warren, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

_____ yes X no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Transportation Fund	12052-DOT57131-43455	\$ <u>166,040</u>
Town Aid Road Transportation Fund - STO	13033-DOT57131-43459	\$ <u>166,040</u>
• Dollar threshold used to distinguish between type A and type B Programs		\$ <u>100,000</u>

**Town of Warren, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

We issued our report, dated December 9, 2021, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards. Our report on internal control over financial reporting indicated no findings or questioned costs.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.