
TOWN OF LISBON, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2022



KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Janeth Ferrer Asst.

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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Lisbon, Connecticut

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, business activities and the aggregate remaining fund information of the Town of Lisbon, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules on pages 4-8, 54-55, and 51-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and other 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 March 17, 2023, on our consideration of the Town of Lisbon's internal control over financial reporting and on our test 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 Lisbon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lisbon's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
March 17, 2023

TOWN OF LISBON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Lisbon, CT, we offer readers of the Town of Lisbon, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Lisbon, CT for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Lisbon, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,765,560 (*net position*). Governmental activities reflect an unrestricted net position in the amount of \$2,454,076 which may be used to meet ongoing obligations to citizens and creditors. Restricted net position of \$1,249,976 is restricted for various programs such as small cities loans, road repairs and maintenance, education, and others.
- In the Town's business-type activities, total net position decreased by \$107,785.
- As of the close of the current fiscal year, the Town of Lisbon, CT's governmental funds reported combined ending fund balances of \$14,977,080, an increase of \$7,856,690 in comparison with the prior year. Of this amount, \$3,372,458 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,372,458 or 24.7 percent of total General Fund budget basis expenditures and transfers. The total fund balance of the General Fund was \$3,611,193 or 26.7 percent of total General Fund budget basis expenditures and transfers.
- A new 10-year agreement was signed that began January 2021. Wheelabrator will pay \$417,500 in lieu of taxes annually as well as royalties of approximately \$150,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 12-13 of this report.

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

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

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

The Town of Lisbon, CT, maintains Twelve (12) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Nonrecurring Fund, Town Aid Roads Fund, Miscellaneous Town Grant Fund, and the Education Grants Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14-17 of this report.

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

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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

The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Lisbon, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,765,560 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	Restated				Restated	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 16,333,201	\$ 8,344,703	\$ 120,637	\$ 120,033	\$ 16,453,838	\$ 8,464,736
Capital Assets	12,377,669	11,203,614	2,160,362	2,265,023	14,538,031	13,468,637
Total Assets	<u>28,710,870</u>	<u>19,548,317</u>	<u>2,280,999</u>	<u>2,385,056</u>	<u>30,991,869</u>	<u>21,933,373</u>
Deferred Outflows of Resources	656,680	699,483	-	-	656,680	699,483
Long-term Liabilities	12,211,438	4,073,085	-	-	12,211,438	4,073,085
Other Liabilities	1,279,966	999,764	59,505	55,777	1,339,471	1,055,541
Total Liabilities	<u>13,491,404</u>	<u>5,072,849</u>	<u>59,505</u>	<u>55,777</u>	<u>13,550,909</u>	<u>5,128,626</u>
Deferred Inflows of Resources	1,332,080	549,117	-	-	1,332,080	549,117
Net Position:						
Net Investment						
in Capital Assets	10,901,146	10,160,568	2,160,362	2,265,023	13,061,508	12,425,591
Restricted	1,249,976	1,209,478	-	-	1,249,976	1,209,478
Unrestricted	2,392,944	3,255,788	61,132	64,256	2,454,076	3,320,044
Total Net Position	<u>\$ 14,544,066</u>	<u>\$ 14,625,834</u>	<u>\$ 2,221,494</u>	<u>\$ 2,329,279</u>	<u>\$ 16,765,560</u>	<u>\$ 16,955,113</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets increased by \$740,578 primarily due to fixed asset additions and the pay down of related debt being greater than depreciation.

The Town's restricted net position of \$1,249,976 increased by \$40,498 compared to last years restricted net position of \$1,209,478.

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The Town's unrestricted net position of \$2,454,076 decreased by \$865,968 compared to last years unrestricted net position of \$3,320,044. This decrease is primarily due to deferred inflows related to post-employment benefits.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 10,032,864	\$ 9,709,725	\$ -	\$ -	\$ 10,032,864	\$ 9,709,725
Unrestricted Grants & Contributions	279,545	308,683	-	-	279,545	308,683
Unrestricted Investment Income	51,487	14,509	355	244	51,842	14,753
<i>Program Revenues:</i>						
Charges for Services	563,981	407,860	123,190	82,111	687,171	489,971
Operating Grants and Contributions	5,792,939	6,155,017	-	-	5,792,939	6,155,017
Capital Grants and Contributions	-	48,000	-	-	-	48,000
Total Revenues	16,720,816	16,643,794	123,545	82,355	16,844,361	16,726,149
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,761,733	1,777,379	-	-	1,761,733	1,777,379
Fire Protection	533,017	458,910	-	-	533,017	458,910
Police Protection	162,571	147,736	-	-	162,571	147,736
Highways and Streets	983,830	812,143	-	-	983,830	812,143
Seniors and Senior Center	152,083	122,205	-	-	152,083	122,205
Recreation	67,350	57,396	-	-	67,350	57,396
Education	12,951,044	13,276,038	-	-	12,951,044	13,276,038
Interest on Long-Term Debt	190,956	9,382	-	-	190,956	9,382
<i>Business-Type Activities:</i>						
Water Pollution Control Authority	-	-	231,330	222,098	231,330	222,098
Total Expenses	16,802,584	16,661,189	231,330	222,098	17,033,914	16,883,287
Change in Net Position	(81,768)	(17,395)	(107,785)	(139,743)	(189,553)	(157,138)
Beginning Net Position, Restated	14,625,834	14,609,148	2,329,279	2,469,022	16,955,113	17,078,170
Ending Net Position	\$ 14,544,066	\$ 14,591,753	\$ 2,221,494	\$ 2,329,279	\$ 16,765,560	\$ 16,921,032

Governmental activities. Governmental activities decreased the Town of Lisbon, CT's net position by \$81,768.

Sixty percent (60%) of the revenues of the Town were derived from property taxes, followed by thirty-six percent (36%) from grants and contributions, four percent (4%) from charges for services and less than one percent of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-seven percent (77%) of the expenses of the Town relate to education, six percent (6%) relate to highways and streets, five percent (5%) relate to fire and police protection, one percent (1%) relate to seniors and recreation, and eleven percent (11%) relate to general government.

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

The activity of the Authority has been relatively consistent as the system has not been expanding to significant new users in recent years. The Authority shows a loss each year, but it is primarily due to the depreciation expense, a non-cash expense, and any repairs needed to the lines. This year depreciation totaled \$104,660 and the decrease in net position totaled \$107,785.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the Town of Lisbon, CT's governmental funds reported combined ending fund balances of \$14,977,080 an increase of \$7,856,690 in comparison with the prior year. Twenty-Three percent (23%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of Lisbon, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,372,458. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24.7 percent of total General Fund budget basis expenditures and transfers.

The fund balance of the Town of Lisbon, CT's General Fund increased by \$39,021 during the current fiscal year. Along with the budgeted surplus, key factors in this increase are as follows:

- Expenditures coming in less than budgeted, primarily in non-allocated expenditures, highways and streets, and recreation.
- There were proceeds from equipment financing which contributed \$710,000.

Town Aid Road Fund. The fund balance of the Town Aid Road Fund decreased by \$97,389 during the current fiscal year. This decrease is primarily attributable to spending \$279,472 on highways and streets.

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$7,782,103 during the current fiscal year. This increase is primarily related to an authorized transfer from unassigned fund balance of the General Fund in the amount of \$110,000 to fund future capital projects and purchases, along with grants and interest and dividends received, less the current year capital outlays.

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Miscellaneous Town Grant Fund. The fund balance of the Miscellaneous Town Grant Fund decreased by \$48 during the current fiscal year.

Education Grant Fund. The fund balance of the Education Grant Fund increased by \$1,717 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property Taxes	\$ 9,458,143	\$ 9,627,414	\$ 169,271
Intergovernmental	3,071,241	3,079,526	8,285
Local Revenues	655,950	813,960	158,010
Investment Income	5,000	17,141	12,141
Total Revenues	<u>13,190,334</u>	<u>13,538,041</u>	<u>347,707</u>
EXPENDITURES			
Selectmen	3,254,348	3,003,075	251,273
Education	10,050,814	10,004,657	46,157
Capital Outlay	273,000	251,198	21,802
Debt Service	277,343	277,342	1
Total Expenditures	<u>13,855,505</u>	<u>13,536,272</u>	<u>319,233</u>
OTHER FINANCING SOURCES (USES)			
Appropriation from Fund Balance	357,642	-	(357,642)
Transfers	-	(24,848)	(24,848)
Total Other Financing Sources (Uses)	<u>357,642</u>	<u>(24,848)</u>	<u>(382,490)</u>
INCREASE (DECREASE)			
IN FUND BALANCE	<u>\$ (307,529)</u>	<u>\$ (23,079)</u>	<u>\$ 284,450</u>

The original approved budget projected a deficit of \$307,529. The Town approved additional appropriations from fund balance of \$357,642 during the year.

Actual revenues came in \$347,707 greater than budgeted. Much of this is due to higher-than-expected revenues from tax collections (above budget by \$169,271), as well as higher than expected local revenues (above budget by \$158,010).

Expenditures were \$319,233 under the final budget with a number of appropriations significantly under budget which is primarily made up of non-allocated selectmen's expenditures which was \$91,743 under budget, highways and streets which was \$36,663 under budget, and recreation which was \$62,610 under budget.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Lisbon, CT's reported value in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$14,538,032 (net of accumulated depreciation). This reported value in capital assets includes land, buildings and systems, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$1,069,395, which consisted of capital additions of \$1,799,759 and current year depreciation of \$730,364.

	<u>2022</u>	<u>2021</u>
<i>Governmental Activities:</i>		
Land	\$ 2,612,463	\$ 2,612,463
Construction in Progress	785,154	-
Buildings and Systems	5,692,716	6,002,370
Machinery and Equipment	1,545,003	731,413
Infrastructure	1,742,333	1,857,368
	<u>\$ 12,377,669</u>	<u>\$ 11,203,614</u>
	<u>2022</u>	<u>2021</u>
<i>Business-type Activities:</i>		
Buildings and Systems	\$ 2,160,363	\$ 2,265,023

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

- The addition of a Fire Truck with accessories
- The start of construction of the Firehouse building

Additional information on the Town of Lisbon, CT's capital assets can be found in Note 6 on page 34 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Lisbon, CT had long-term debt and liabilities outstanding of \$12,211,438.

	<u>2022</u>	<u>2021</u>
G.O. Bonds	\$ 8,750,000	\$ 425,000
Bond Anticipation Note	-	585,000
Equipment Financing Notes	710,000	-
Unamortized Premium	542,070	33,046
Compensated Absences	351,745	350,743
OPEB Liability	1,258,022	1,698,283
Net Pension Liability	599,601	981,013
Total	<u>\$ 12,211,438</u>	<u>\$ 4,073,085</u>

The Town of Lisbon, CT's total long-term debt and liabilities increased \$8,138,353 (200 percent) during the current fiscal year due mainly to the reporting of Bond Anticipation Note being reported as long-term debt and the paydown of the General Obligation Bonds. Additional information on the Town of Lisbon, CT's long-term debt can be found in Note 7 on pages 35-36 of this report.

The Town currently maintains a bond rating of Aa3 by Moody's.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget.
- The Town has negotiated a new 10-year agreement beginning in January 2021 in the amount of \$417,500 and tipping fees of \$0.50 per ton of non-Lisbon trash estimated at \$100,000 plus per year.
- The Town recently purchased a new fire truck, and the first of 5 payments will begin in the 2023-2024 budget year of \$151,021.
- The Town approved the issuance of Bonds in the amount of \$13,000,000. The initial \$8,000,000 bond payments begin in the 2023-2024 budget year of \$636,330.
- Without increase or negative adjustments to the Towns General Budget or the Board of Education budget the payments for the Firehouse and the fire truck represent approximately a 2 mill increase in the mill rate.

All of these factors were considered in preparing the Town of Lisbon, CT's budget for the 2023 fiscal year and the Boards of Selectmen and Finance are preparing a plan of action for the worst-case scenarios.

REQUEST FOR INFORMATION

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

Basic Financial Statements

TOWN OF LISBON, CONNECTICUT

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 15,540,692	\$ 96,875	\$ 15,637,567
Investments	4,247	-	4,247
Restricted Cash	109,813	-	109,813
Receivables, Net of Allowance	671,484	23,762	695,246
Other Assets	6,965	-	6,965
Capital Assets:			
Assets Not Being Depreciated	3,397,617	-	3,397,617
Assets Being Depreciated, Net	8,980,052	2,160,362	11,140,414
Total Assets	28,710,870	2,280,999	30,991,869
Deferred Outflows of Resources			
Deferred Outflows - Pension	239,940	-	239,940
Deferred Outflows - OPEB	416,740	-	416,740
Total Deferred Outflows of Resources	656,680	-	656,680
Liabilities			
Accounts Payable and Accrued Items	345,888	59,505	405,393
Unearned Revenue	682,077	-	682,077
Performance Bonds	109,813	-	109,813
Accrued Interest Payable	142,188	-	142,188
Noncurrent Liabilities:			
Due Within One Year	363,647	-	363,647
Due In More Than One Year	11,847,791	-	11,847,791
Total Liabilities	13,491,404	59,505	13,550,909
Deferred Inflows of Resources			
Deferred Inflows - Pension	357,995	-	357,995
Deferred Inflows - OPEB	974,085	-	974,085
Total Deferred Inflows of Resources	1,332,080	-	1,332,080
Net Position			
Net Investment in Capital Assets	10,901,146	2,160,362	13,061,508
Restricted:			
Nonexpendable	1,100	-	1,100
Expendable	1,248,876	-	1,248,876
Unrestricted	2,392,944	61,132	2,454,076
Total Net Position	\$ 14,544,066	\$ 2,221,494	\$ 16,765,560

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

TOWN OF LISBON, CONNECTICUT
Statement of Activities
For the Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Program Activities							
Governmental Activities:							
General Government	\$ 1,761,733	\$ 296,674	\$ 163,483	\$ -	\$ (1,301,576)		\$ (1,301,576)
Fire Protection	533,017	-	-	-	(533,017)		(533,017)
Police Protection	162,571	-	-	-	(162,571)		(162,571)
Highways and Streets	983,830	-	179,793	-	(804,037)		(804,037)
Seniors and Senior Center	152,083	9,857	549	-	(141,677)		(141,677)
Recreation	67,350	11,424	-	-	(55,926)		(55,926)
Education	12,951,044	246,026	5,449,114	-	(7,255,904)		(7,255,904)
Interest Expense	190,956	-	-	-	(190,956)		(190,956)
Total Governmental Activities	16,802,584	563,981	5,792,939	-	(10,445,664)		(10,445,664)
Business-Type Activities:							
Water Pollution Control Authority	231,330	123,190	-	-	(108,140)		(108,140)
Total Primary Government	\$ 17,033,914	\$ 687,171	\$ 5,792,939	\$ -	(108,140)		(10,553,804)
General Revenues:							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					10,032,864		10,032,864
Grants and Contributions not Restricted to Specific Programs					279,545		279,545
Unrestricted Investment Earnings					51,487	355	51,842
Total General Revenues					10,363,896	355	10,364,251
Change in Net Position					(81,768)	(107,785)	(189,553)
Net Position at Beginning of Year, Restated					14,625,834	2,329,279	16,955,113
Net Position at End of Year					\$ 14,544,066	\$ 2,221,494	\$ 16,765,560

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

TOWN OF LISBON, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Miscellaneous Town Grant Fund	Education Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 3,670,436	\$ 10,386,711	\$ 588,916	\$ 581,575	\$ 68,699	\$ 244,355	\$ 15,540,692
Investments	-	-	-	-	-	4,247	4,247
Restricted Cash	109,813	-	-	-	-	-	109,813
Receivables, Net of Allowance	292,324	-	-	235,018	77,990	66,152	671,484
Other Assets	-	-	-	-	-	6,965	6,965
Due from Other Funds	15,934	-	-	-	27,715	-	43,649
Total Assets	\$ 4,088,507	\$ 10,386,711	\$ 588,916	\$ 816,593	\$ 174,404	\$ 321,719	\$ 16,376,850
Liabilities							
Accounts Payable and Accrued Items	\$ 121,443	\$ 217,233	\$ 203	\$ 103	\$ -	\$ 6,906	\$ 345,888
Unearned Revenue	-	9,463	-	513,877	158,737	-	682,077
Performance Bonds	109,813	-	-	-	-	-	109,813
Due to Other Funds	27,715	-	-	5,500	10,434	-	43,649
Total Liabilities	258,971	226,696	203	519,480	169,171	6,906	1,181,427
Deferred Inflows of Resources							
Unavailable Revenue:							
Property Taxes and Interest	193,863	-	-	-	-	-	193,863
Sewer Assessment Charges	24,480	-	-	-	-	-	24,480
Total Deferred Inflows of Resources	218,343	-	-	-	-	-	218,343
Fund Balances							
Nonspendable	-	-	-	-	-	1,100	1,100
Restricted	44,104	-	588,713	297,113	5,233	313,713	1,248,876
Committed	-	9,494,766	-	-	-	-	9,494,766
Assigned	194,631	665,249	-	-	-	-	859,880
Unassigned	3,372,458	-	-	-	-	-	3,372,458
Total Fund Balances	3,611,193	10,160,015	588,713	297,113	5,233	314,813	14,977,080
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,088,507	\$ 10,386,711	\$ 588,916	\$ 816,593	\$ 174,404	\$ 321,719	\$ 16,376,850

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

TOWN OF LISBON, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

Fund balances reported in governmental funds Balance Sheet	\$ 14,977,080
Amounts reported for governmental activities in the government-wide Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	25,835,202
<i>Depreciation</i>	(13,457,533)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
<i>Property taxes and interest receivable greater than 60 days</i>	193,863
<i>Assessments receivable greater than 60 days</i>	24,480
Certain changes related to pensions and OPEB are deferred and amortized over time.	(675,400)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
<i>Bonds payable</i>	(8,750,000)
<i>Bond premiums</i>	(542,070)
<i>Equipment Financing Notes</i>	(710,000)
<i>Net Pension Liability - MERS</i>	(599,601)
<i>OPEB liability</i>	(1,258,022)
<i>Accrued interest</i>	(142,188)
<i>Compensated Absences</i>	<u>(351,745)</u>
Net position of governmental activities	<u>\$ 14,544,066</u>

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

TOWN OF LISBON, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Miscellaneous Town Grant Fund	Education Grants Fund	Nonmajor Governmental Funds	Total
Revenues							
Property Taxes, Interest and Lien Fees	\$ 9,627,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,627,414
Intergovernmental Revenues	4,297,479	-	179,793	163,483	671,900	360,814	5,673,469
Charges for Services	812,314	21,000	-	5,811	22,893	232,990	1,095,008
Interest and Dividends	17,141	32,042	2,290	-	-	14	51,487
Other	-	-	-	-	-	-	-
Total Revenues	<u>14,754,348</u>	<u>53,042</u>	<u>182,083</u>	<u>169,294</u>	<u>694,793</u>	<u>593,818</u>	<u>16,447,378</u>
Expenditures							
Current:							
General Government	1,651,027	-	-	78,936	-	-	1,729,963
Fire Protection	472,587	-	-	-	-	-	472,587
Police Protection	162,571	-	-	-	-	-	162,571
Highway and Streets	563,319	-	279,472	-	-	-	842,791
Seniors and Senior Center	132,020	-	-	5,254	-	11,872	149,146
Recreation	19,905	-	-	-	-	-	19,905
Education	11,160,510	-	-	-	693,076	450,660	12,304,246
Debt Service:							
Principal	260,000	-	-	-	-	-	260,000
Interest and Issuance Costs	17,342	53,793	-	-	-	-	71,135
Capital Outlay	961,198	852,693	-	-	-	-	1,813,891
Total Expenditures	<u>15,400,479</u>	<u>906,486</u>	<u>279,472</u>	<u>84,190</u>	<u>693,076</u>	<u>462,532</u>	<u>17,826,235</u>
Excess/(Deficiency) of Revenues over Expenditures	(646,131)	(853,444)	(97,389)	85,104	1,717	131,286	(1,378,857)
Other Financing Sources/(Uses)							
Proceeds from the Issuance of Bonds	-	8,000,000	-	-	-	-	8,000,000
Proceeds from Bond Premiums	-	525,547	-	-	-	-	525,547
Proceeds from Equipment Financing	710,000	-	-	-	-	-	710,000
Transfers In	85,152	110,000	-	-	-	-	195,152
Transfers Out	(110,000)	-	-	(85,152)	-	-	(195,152)
Total Other Financing Sources/(Uses)	<u>685,152</u>	<u>8,635,547</u>	<u>-</u>	<u>(85,152)</u>	<u>-</u>	<u>-</u>	<u>9,235,547</u>
Net Change in Fund Balances	39,021	7,782,103	(97,389)	(48)	1,717	131,286	7,856,690
Fund Balances at Beginning of Year, Restated	<u>3,572,172</u>	<u>2,377,912</u>	<u>686,102</u>	<u>297,161</u>	<u>3,516</u>	<u>183,527</u>	<u>7,120,390</u>
Fund Balances at End of Year	<u>\$ 3,611,193</u>	<u>\$ 10,160,015</u>	<u>\$ 588,713</u>	<u>\$ 297,113</u>	<u>\$ 5,233</u>	<u>\$ 314,813</u>	<u>\$ 14,977,080</u>

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

TOWN OF LISBON, CONNECTICUT

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

Net change in fund balances - total governmental funds \$ 7,856,690

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

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

<i>Capital outlay</i>	1,799,759
<i>Depreciation expense</i>	(625,704)

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

<i>Property taxes and interest collected accrual basis change</i>	1,933
<i>Assessment revenue accrual basis change</i>	(13,983)

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

<i>Proceeds from long-term debt - general obligation bonds</i>	(8,540,000)
<i>Proceeds from long-term debt - equipment financing notes</i>	(710,000)
<i>Premium on bonds issued</i>	(525,547)
<i>Principal payments on long-term debt - bond anticipation notes</i>	585,000
<i>Principal payments on long-term debt - general obligation bonds</i>	215,000
<i>Amortization of premium</i>	16,523

<i>Amortization of deferred outflows related to pension and OPEB benefits</i>	(42,803)
<i>Increase in deferred inflows related to pension and OPEB benefits</i>	(782,963)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in:

<i>Accrued interest</i>	(136,344)
<i>Net Pension Liability - MERS</i>	381,412
<i>OPEB liability</i>	440,261
<i>Compensated Absences</i>	<u>(1,002)</u>

Change in net position of governmental activities **\$ (81,768)**

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

TOWN OF LISBON, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2022

	<u>Water Pollution Control Authority Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 96,875
Usage Receivable	23,762
Total Current Assets	<u>120,637</u>
Capital Assets:	
Buildings and Improvements	4,186,405
Less Accumulated Depreciation	<u>(2,026,043)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,160,362</u>
Total Assets	<u>\$ 2,280,999</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Current Liabilities:	
Accounts Payable	<u>\$ 59,505</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	2,160,362
Unrestricted	<u>61,132</u>
Total Net Position	<u>\$ 2,221,494</u>

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

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

	Water Pollution Control Authority Fund
OPERATING REVENUES	
Charges for Services	\$ 123,190
OPERATING EXPENSES	
Contractual Services	125,466
Other Supplies and Expenses	1,203
Depreciation Expense	104,661
Total Operating Expenses	231,330
Operating Income/(Loss)	(108,140)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	355
Change in Net Position	(107,785)
Net Position - Beginning of Year	2,329,279
Net Position - End of Year	\$ 2,221,494

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

TOWN OF LISBON, CONNECTICUT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Water Pollution Control Authority Fund
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 109,827
Payments to Suppliers	(122,941)
Net Cash Provided by Operating Activities	(13,114)
Cash Flows from Investing Activities:	
Interest Income	355
Net Cash Provided by Investing Activities	355
Net Increase/(Decrease) in Cash and Cash Equivalents	(12,759)
Cash and Cash Equivalents at Beginning of Year	109,634
Cash and Cash Equivalents at End of Year	\$ 96,875
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	\$ (108,140)
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	104,661
Change in Assets and Liabilities:	
(Increase) Decrease in Usage Receivable	(13,363)
Increase (Decrease) in Accounts Payable	3,728
Total Adjustments	95,026
Net Cash Provided by Operating Activities	\$ (13,114)

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

TOWN OF LISBON, CONNECTICUT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Private-Purpose Trust Funds</u>
Assets	
Cash and Cash Equivalents	\$ 72,127
Total Assets	<u>72,127</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Payables	-
Total Liabilities	<u>-</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Restricted for Scholarships	72,127
Total Net Position	<u>\$ 72,127</u>

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

TOWN OF LISBON, CONNECTICUT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Private-Purpose Trust Funds
Additions	
Contributions	\$ -
Interest Income	127
Total Additions	127
Deductions	
Scholarships	-
Total Deductions	-
Change in Net Position	127
Net Position at Beginning of Year	72,000
Net Position at End of Year	\$ 72,127

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. The Entity adopted the requirements of the guidance effective July, 1, 2021, however, management concluded that they did not have any significant arrangements that met the requirement of this standard.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

The town reports the following major proprietary funds:

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

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

- The *Custodial Funds* account for resources held by the Town in a purely custodial capacity on behalf of student groups.
- The *Private Purpose Trust Fund* is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes private purpose trust funds to account for activities of funds held in trust for student scholarships.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust whose portfolios are limited to obligations of the United States and its agencies, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

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

Taxes Receivable - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible motor vehicle and personal property taxes and interest in the amount of \$17,456. Property taxes are assessed as of October 1 and billed the following July. Real property bills are payable in two installments, July 1 and January 1. Motor vehicle and personal property taxes are payable in one installment on July 1, with the motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

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

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

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

TOWN OF LISBON, CONNECTICUT

Notes to the Financial Statements

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Long-term obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

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

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

Fair Value of Financial Instruments

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

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

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

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

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

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

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

A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. During the year, \$357,642 of additional appropriations were made from fund balance. These increased the original budget by the same amount.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The following is a summary of cash and cash equivalents at June 30, 2022:

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Cash	\$ 13,852,925	\$ 96,875	\$ 72,139	\$ 14,021,939
Cash Equivalents	1,195,642	-	-	1,195,642
Restricted Cash	109,813	-	-	109,813
Total	<u>\$ 15,158,380</u>	<u>\$ 96,875</u>	<u>\$ 72,139</u>	<u>\$ 15,327,394</u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 15,819,517
Less: Cash Equivalents (STIF)	(1,195,642)
Plus: Investments (CDs)	4,247
	<u>\$ 14,628,122</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$14,628,122 and the bank balance was \$14,967,870. Of the bank balance, Federal Depository Insurance Corporation insured \$780,871.

As of June 30, 2022, \$14,186,999 of the Town’s bank balance of \$14,628,122 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,718,299
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>1,468,700</u>
Total	<u>\$ 14,186,999</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Cash Equivalents

At June 30, 2022, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$1,195,642. STIF is rated AAAm by Standard and Poor's and has an average maturity of under 60 days.

Investments

The following is a summary of investments at June 30, 2022:

	Governmental Funds
Certificates of Deposit	<u>\$ 4,247</u>

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

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

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

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

As of June 30, 2022, the Town had the following investments subject to interest rate risk:

	<u>Total</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Certificates of Deposit	<u>\$ 4,247</u>	<u>\$ -</u>	<u>\$ 4,247</u>	<u>\$ -</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 4 – RECEIVABLES

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

	General Fund	Miscellaneous Town Grant Fund	WPCA	Nonmajor and Other Funds	Total
Receivables:					
Property taxes	\$ 196,498	\$ -	\$ -	\$ -	\$ 196,498
Interest, Liens, and Fees	40,601	-	-	-	40,601
Assessments	24,480	-	-	-	24,480
Usage Charges	-	-	23,762	-	23,762
Loans	-	235,018	-	-	235,018
Intergovernmental	4,143	-	-	131,806	135,949
Accounts	44,916	-	-	12,336	57,252
Gross Receivables	<u>310,638</u>	<u>235,018</u>	<u>23,762</u>	<u>144,142</u>	<u>713,560</u>
Less allowance for uncollectibles:					
Property taxes	(15,178)	-	-	-	(15,178)
Interest, Liens, and Fees	(3,136)	-	-	-	(3,136)
Total allowance	<u>(18,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,314)</u>
Net Total Receivables	<u>\$ 292,324</u>	<u>\$ 235,018</u>	<u>\$ 23,762</u>	<u>\$ 144,142</u>	<u>\$ 695,246</u>

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

	Unavailable	Unearned
General Fund:		
Property Taxes and Interest	\$ 193,863	\$ -
Assessments	24,480	-
Capital Nonrecurring Fund:		
Advances on Grants	-	9,463
Miscellaneous Town Grant Fund:		
Advances on Grants	-	513,877
Education Grants Funds:		
Advances on Grants	-	158,737
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 218,343</u>	<u>\$ 682,077</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 2,612,463	\$ -	\$ -	\$ 2,612,463
Construction in Progress	-	785,154	-	785,154
Total capital assets, not being depreciated	<u>2,612,463</u>	<u>785,154</u>	<u>-</u>	<u>3,397,617</u>
Capital assets, being depreciated				
Buildings and Systems	14,609,240	54,605	-	14,663,845
Machinery & Equipment	4,081,791	960,000	-	5,041,791
Infrastructure	2,731,949	-	-	2,731,949
Total capital assets, being depreciated	<u>21,422,980</u>	<u>1,014,605</u>	<u>-</u>	<u>22,437,585</u>
Less accumulated depreciation for:				
Buildings and Systems	8,606,870	364,259	-	8,971,129
Machinery & Equipment	3,350,378	146,410	-	3,496,788
Infrastructure	874,581	115,035	-	989,616
Total accumulated depreciation	<u>12,831,829</u>	<u>625,704</u>	<u>-</u>	<u>13,457,533</u>
Total capital assets, being depreciated	<u>8,591,151</u>	<u>388,901</u>	<u>-</u>	<u>8,980,052</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 11,203,614</u>	<u>\$ 1,174,055</u>	<u>\$ -</u>	<u>\$ 12,377,669</u>
<i>Business-Type Activities:</i>				
Capital assets, being depreciated				
Buildings and Systems	\$ 4,186,405	\$ -	\$ -	\$ 4,186,405
Less accumulated depreciation for:				
Buildings and Systems	1,921,382	104,660	-	2,026,042
Total accumulated depreciation	<u>1,921,382</u>	<u>104,660</u>	<u>-</u>	<u>2,026,042</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 2,265,023</u>	<u>\$ (104,660)</u>	<u>\$ -</u>	<u>\$ 2,160,363</u>

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

Governmental Activities:	
General Government	\$ 18,986
Fire Protection	60,403
Highways and Streets	151,165
Recreation	47,445
Seniors and Senior Center	2,937
Education	<u>344,768</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 625,704</u>
Business-Type Activities:	
WPCA	<u>\$ 104,660</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) inter-fund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2022, the outstanding balances between funds were:

Due from:	Due to:	Total
General Fund	Education Grants Fund	\$ 27,715
Miscellaneous Grant Fund	General Fund	5,500
Education Grants Fund	General Fund	10,434
		\$ 43,649

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2022 were as follows:

Transfer Out:	Transfer In:	Total
General Fund	Capital Nonrecurring Fund	\$ 110,000
Miscellaneous Town Grant Fund	General Fund	85,152
		\$ 195,152

NOTE 7 – LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable:					
General Obligation Bonds	\$ 425,000	\$ 8,540,000	\$ 215,000	\$ 8,750,000	\$ 210,000
Unamortized Premium	33,046	525,547	16,523	542,070	16,523
Total Bonds Payable	458,046	9,065,547	231,523	9,292,070	226,523
Bond Anticipation Note	585,000	-	585,000	-	-
Equipment Financing Notes	-	710,000	-	710,000	136,815
Compensated Absences	350,743	18,684	17,682	351,745	309
OPEB Liability	1,698,283	-	440,261	1,258,022	-
Net Pension Liability	981,013	-	381,412	599,601	-
Total	\$ 4,073,085	\$ 9,794,231	\$ 1,655,878	\$ 12,211,438	\$ 363,647

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

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds outstanding as of June 30, 2022 consisted of the following:

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal Outstanding June 30, 2022</u>
Water/Schools Refunding Bonds	2012	\$ 3,560,000	2 - 3%	7/15/2022	\$ 210,000
Town Fire Station Project Bond	2022	\$ 8,000,000	2 - 4%	8/15/2041	8,000,000
Hoydila Project Bond	2022	\$ 540,000	2.38%	8/1/2031	540,000
					<u>\$ 8,750,000</u>

Bonds Authorized and Unissued

At June 30, 2022, the Town has debt authorized but unissued of \$5,000,000.

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

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 210,000	\$ 268,778	\$ 478,778
2024	479,000	229,748	708,748
2025	479,000	205,231	684,231
2026	479,000	186,949	665,949
2027	479,000	168,667	647,667
2028-2032	2,370,000	588,395	2,958,395
2033-2037	2,154,000	318,825	2,472,825
2038-2042	2,100,000	107,625	2,207,625
Total	<u>\$ 8,750,000</u>	<u>\$ 2,074,218</u>	<u>\$ 10,824,218</u>

Interest paid and expensed on G.O. bonds for the year ended June 30, 2022 totaled \$9,525.

Compensated Absences

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

Equipment Financing Notes

The Town has equipment financing notes for the acquisition of various equipment.

<u>Equipment</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Principal Outstanding June 30, 2022</u>
Fire Truck and Accessories	2022	\$ 710,000	1.860%	8/26/2026	\$ 710,000

Annual debt service requirements on equipment financing notes as of June 30, 2022 are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 136,815	\$ 13,206	\$ 150,021
2024	139,360	10,661	150,021
2025	141,952	8,069	150,021
2026	144,592	5,429	150,021
2027	147,281	2,740	150,021
Total	<u>\$ 710,000</u>	<u>\$ 40,105</u>	<u>\$ 750,105</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 8 – TAX ABATEMENTS

The Town hosts Wheelabrator, a trash to energy plant. When the plant was built, the Town entered into an agreement with Wheelabrator and Eastern Connecticut Resource Recovery Authority which abated property taxes on the plant in exchange for \$1,000,000 annual payments in lieu of property taxes per year. The contract also required that Wheelabrator pay royalties to the Town annually, which were approximately \$150,000 per year. A new 10-year agreement was signed which began December 2020. The new agreement includes annual payments of \$417,500 in lieu of property taxes along with royalties of approximately \$150,000 per year.

NOTE 9 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

	General Fund	Capital Nonrecurring Fund	Town Aid Road Fund	Miscellaneous Town Grant Fund	Education Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100	\$ 1,100
Restricted for:							
General Government	\$ -	\$ -	\$ -	\$ 772	\$ -	\$ 2,708	\$ 3,480
Public Works	-	-	588,713	-	-	-	588,713
Town Clerk Documents	44,104	-	-	-	-	-	44,104
Small Cities Loans	-	-	-	296,341	-	-	296,341
Education	-	-	-	-	5,233	302,557	307,790
Senior and Senior Center	-	-	-	-	-	8,448	8,448
Total Restricted	<u>\$ 44,104</u>	<u>\$ -</u>	<u>\$ 588,713</u>	<u>\$ 297,113</u>	<u>\$ 5,233</u>	<u>\$ 313,713</u>	<u>\$ 1,248,876</u>
Committed to:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	-	9,494,766	-	-	-	-	9,494,766
Total Committed	<u>\$ -</u>	<u>\$ 9,494,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,494,766</u>
Assigned:							
Encumbrances- Education	\$ 194,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,631
Capital	-	665,249	-	-	-	-	665,249
Total Assigned	<u>\$ 194,631</u>	<u>\$ 665,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 859,880</u>
Unassigned:	<u>\$ 3,372,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,372,458</u>

NOTE 10 – RETIREMENT BENEFITS

Connecticut State Teacher's Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 165 Capital Avenue, Hartford, Connecticut 06106.

TOWN OF LISBON, CONNECTICUT
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Benefit Provisions: The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

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

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2022 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$266,550. Covered payroll for the Town for the year ended June 30, 2022 was approximately \$3,230,913.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>11,339,930</u>
Total		<u>\$ 11,339,930</u>

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

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$949,541 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$732,019 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

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

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

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

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

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

Connecticut Municipal Employees' Retirement System

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

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

Disability Retirement – Service Connected: Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability, are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement – Non-Service Connected: Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

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

Contributions - Member: Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports a total liability of \$599,601 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the Town's proportion was 0.253%.

For the year ended June 30, 2022, the Town recognized pension expense of \$126,363. As of June 30, 2022, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 99,881	\$ -
Difference between projected and actual earnings	-	256,876
Difference between expected and actual experience	52,196	87,635
Change of assumptions	80,656	-
Change in proportional share	7,207	13,484
Total	<u>\$ 239,940</u>	<u>\$ 357,995</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

Year ended June 30:	
2023	\$ 26,956
2024	(90,211)
2025	(72,224)
2026	<u>(82,457)</u>
	<u>\$ (217,936)</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

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

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

	1% Decrease <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase <u>8.0%</u>
Net Pension Liability as of June 30, 2022	<u>\$ 1,000,759</u>	<u>\$ 599,601</u>	<u>\$ 254,194</u>

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Other Post-Employment Benefits

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

Contributions: The Town recommended contributions are actuarially determined on an annual basis using the entry age normal method. Contributions are established by contract and may be amended by union negotiations. The Town’s total plan contribution (implicit rate subsidy) was \$59,617 and the teacher’s retirement board subsidy was \$7,920.

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

Employees Covered by Benefit Terms: As of July 1, 2021, the following employees are covered by the benefit terms:

Retirees and beneficiaries receiving benefits	4
Active plan members	41
	45
	45

Total OPEB Liability: The Town’s total OPEB liability of \$1,258,022 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined based upon a July 1, 2021 actuarial valuation for the Town using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.16%
Inflation Rate	2.40%
 <u>Healthcare Cost Trend Rates:</u>	
Initial Medical Trend Rate	6.50%
Ultimate Medical Trend Rate	4.40%
Year Ultimate Medical Trend Rate Reached	2032

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

- Mortality tables changed to Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.
- Healthcare cost trend rates changed from 6.50% in 2019 reduced to an ultimate rate of 4.60% in 2027 and later to 6.50% in 2021 reduced to an ultimate rate of 4.40% in 2032 and later.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/21	\$ 1,698,283
Changes for the year:	
Service Cost	50,124
Interest	60,194
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(669,361)
Changes in Assumptions or other Inputs	186,319
Benefit Payments	(67,537)
Net Changes	(440,261)
Balance at 6/30/22	\$ 1,258,022

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 1,433,669	\$ 1,258,022	\$ 1,112,730

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,088,332	\$ 1,258,022	\$ 1,463,068

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$48,555. As of June 30, 2022, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 444	\$ 944,411
Change of assumptions	416,296	29,674
Total	\$ 416,740	\$ 974,085

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

Year ended June 30:	
2023	\$ (53,843)
2024	(53,843)
2025	(53,843)
2026	(53,843)
2027	(53,843)
Thereafter	(288,130)
	\$ (557,345)

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Connecticut Teachers' Retirement System - OPEB

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

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

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

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$22,344.

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.17%
Prior Measurement Date	2.21%

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

Measurement Date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.21%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 1,034,769	\$ 1,235,465	\$ 1,509,912

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

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

	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 1,512,166	\$ 1,235,465	\$ 1,019,784

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>1,235,465</u>
Total	\$	<u>1,235,465</u>

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

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$22,344 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$45,622 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 11 – RISK MANAGEMENT

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

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – LITIGATION AND CONTINGENCIES

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

Grants - The Town participates in several Federal and State assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2022 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 13 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

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

GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town's reporting period beginning July 1, 2023.

TOWN OF LISBON, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town’s reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town’s reporting period beginning July 1, 2024.

NOTE 14 – PRIOR PERIOD RESTATEMENT

The Town previously reported the activities of the Student Activity Fund as fiduciary activities. As of July 1, 2021, the Town made the following reporting change: the Student Activities Fund is now reported as a special revenue fund.

The government-wide net position and nonmajor governmental funds fund balance were restated as a result of the implementation. The results of the changes to the fund balance and net position are as follows:

	Governmental Activities	Nonmajor Governmental Funds	Custodial Funds
Net position/fund balance as reported at June 30, 2021	\$ 14,591,753	\$ 152,962	\$ 34,081
Reclassify to proper fund type	34,081	34,081	(34,081)
Net position/fund balance as restated at July 1, 2021	\$ 14,625,834	\$ 187,043	\$ -

**Required
Supplementary
Information**

TOWN OF LISBON, CONNECTICUT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Property Taxes	\$ 9,458,143	\$ 9,458,143	\$ 9,612,571	\$ 154,428
Benefit Assessment - WPCA	-	-	14,843	14,843
Sewer Assessment	-	-	-	-
Total Property Taxes	<u>9,458,143</u>	<u>9,458,143</u>	<u>9,627,414</u>	<u>169,271</u>
Intergovernmental				
Education				
Education Cost Sharing	2,899,516	2,899,516	2,911,659	12,143
Other Educational Grants	10,909	10,909	1,300	(9,609)
Total Education	<u>2,910,425</u>	<u>2,910,425</u>	<u>2,912,959</u>	<u>2,534</u>
Other				
Pequot Funds	11,287	11,287	11,287	-
Municipal Stabilization Grant	139,316	139,316	139,316	-
Other Grants	3,683	3,683	6,633	2,950
Total Other	<u>154,286</u>	<u>154,286</u>	<u>157,236</u>	<u>2,950</u>
Tax Relief				
Veterans	2,200	2,200	3,206	1,006
Totally Disabled	500	500	451	(49)
Payment in Lieu of Taxes - State Property	3,830	3,830	5,674	1,844
Total Tax Relief	<u>6,530</u>	<u>6,530</u>	<u>9,331</u>	<u>2,801</u>
Total Intergovernmental	<u>3,071,241</u>	<u>3,071,241</u>	<u>3,079,526</u>	<u>8,285</u>
Local Revenues				
Fees				
Land Fees	18,000	18,000	36,007	18,007
Preservation Fees	-	-	1,294	1,294
TC Farm Fund MERS	-	-	1,697	1,697
Planning and Zoning Fees	5,000	5,000	9,631	4,631
Miscellaneous Fees	1,000	1,000	3,758	2,758
Local Capital Improvement Fees	1,800	1,800	1,941	141
Sports License Fees	100	100	77	(23)
Dog License Fees	350	350	1,230	880
Total Fees	<u>26,250</u>	<u>26,250</u>	<u>55,635</u>	<u>29,385</u>
Permits				
Building Permits	40,000	40,000	135,992	95,992
Pistol Permits	2,000	2,000	2,310	310
Total Permits	<u>42,000</u>	<u>42,000</u>	<u>138,302</u>	<u>96,302</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Charges for Services				
Conveyance Tax	\$ 30,000	\$ 30,000	\$ 67,632	\$ 37,632
Copies	7,000	7,000	8,294	1,294
Total Charges for Services	<u>37,000</u>	<u>37,000</u>	<u>75,926</u>	<u>38,926</u>
Wheelabrator				
Contract Fee	417,500	417,500	417,500	-
Host Community Royalties	92,000	92,000	101,325	9,325
Total Wheelabrator	<u>509,500</u>	<u>509,500</u>	<u>518,825</u>	<u>9,325</u>
Other				
Telecommunications Property	8,000	8,000	7,370	(630)
Recreation Committee Program Fees	33,000	33,000	11,424	(21,576)
Senior Van Donation Box	200	200	549	349
Refunds	-	-	5,929	5,929
Total Other	<u>41,200</u>	<u>41,200</u>	<u>25,272</u>	<u>(15,928)</u>
Total Local Revenues	<u>655,950</u>	<u>655,950</u>	<u>813,960</u>	<u>158,010</u>
Investment Income	<u>5,000</u>	<u>5,000</u>	<u>17,141</u>	<u>12,141</u>
Total Revenues	<u>13,190,334</u>	<u>13,190,334</u>	<u>13,538,041</u>	<u>347,707</u>
EXPENDITURES				
General Government				
Selectmen's Office				
First Selectman's Salary	52,546	52,546	52,545	1
Second Selectman's Salary	5,660	5,660	5,659	1
Third Selectman's Salary	5,660	5,660	5,659	1
Bookkeeper's Salary	37,269	37,269	37,269	-
Secretary/Clerk's Salary	44,757	44,757	44,757	-
Selectmens' Supplies	3,000	3,000	2,986	14
Supplies and Expenses	3,000	3,000	1,823	1,177
Total Selectmen's Office	<u>151,892</u>	<u>151,892</u>	<u>150,698</u>	<u>1,194</u>
Town Clerk's Office				
Town Clerk's Salary	51,782	51,782	51,782	-
Assistant Town Clerk's Salary	23,889	23,889	23,889	-
Records Management Service	6,000	6,000	11,782	(5,782)
Supplies and Expenses	13,000	13,000	9,890	3,110
Vital Statistics	1,500	1,500	1,308	192
Document Preservation Grant	1	1	-	1
Total Town Clerk's Office	<u>96,172</u>	<u>96,172</u>	<u>98,651</u>	<u>(2,479)</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Tax Collector's Office				
Tax Collector's Salary	\$ 44,006	\$ 44,006	\$ 44,005	\$ 1
Tax Clerk's Wages	7,706	9,134	9,134	-
Contracted Service	2,950	2,950	2,907	43
Computer Management/Support	5,570	5,570	5,070	500
On-line Bill Pay	1,325	1,325	1,325	-
Tax Refunds	4,000	6,572	4,120	2,452
Supplies and Expense	4,250	4,250	5,401	(1,151)
Delinquent Motor Vehicle tax Fee	-	-	-	-
Total Tax Collector's Office	69,807	73,807	71,962	1,845
Assessor's Office				
Assessor's Salary	51,980	51,980	51,979	1
Assessor's Clerk Salary	20,343	13,343	11,609	1,734
Tax Mapping	7,000	7,000	6,999	1
Computer Maintenance/Support	16,250	15,250	14,785	465
Supplies and Expenses	4,375	12,375	12,168	207
Personal Property Audit	6,000	6,000	6,000	-
Total Assessor's Office	105,948	105,948	103,540	2,408
Treasurer's Office				
Treasurer's Salary	20,800	20,800	20,799	1
Deputy Treasurer's Salary	1,000	1,000	1,000	-
Supplies and Expenses	100	100	-	100
Bank Charges	100	100	-	100
Total Treasurer's Office	22,000	22,000	21,799	201
Board of Finance				
Auditor	17,800	17,800	17,800	-
Supplies and Expenses	1,310	1,310	1,234	76
Total Board of Finance	19,110	19,110	19,034	76
Planning and Zoning				
Purchased Services	59,000	59,000	52,743	6,257
Supplies and Expenses	3,800	4,800	3,833	967
Total Planning and Zoning	62,800	63,800	56,576	7,224
Zoning Board of Appeals				
Supplies and Expenses	2,500	3,500	3,123	377
Board of Tax Review				
Salaries	825	825	825	-
Supplies and Expenses	225	225	147	78
Total Board of Tax Review	1,050	1,050	972	78

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Conservation Committee				
Enforcement Officer	\$ 7,500	\$ 7,500	\$ 4,283	\$ 3,217
Supplies and Expenses	1,800	1,800	1,695	105
Total Conservation Committee	<u>9,300</u>	<u>9,300</u>	<u>5,978</u>	<u>3,322</u>
Historic District Study Committee				
Supplies and Expenses	1	1	-	1
Other Expenses	1	1	-	1
Total Historic District Study Committee	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>
Recycling Committee				
Purchased Services	55,730	55,730	55,730	-
Supplies	100	100	-	100
Total Recycling Committee	<u>55,830</u>	<u>55,830</u>	<u>55,730</u>	<u>100</u>
Registrars of Voters				
Democratic Registrar's Salary	9,123	9,123	9,122	1
Republican Registrar's Salary	9,123	9,123	9,122	1
Purchased Services	2,100	2,100	-	2,100
Supplies and Expense	34,000	34,000	29,611	4,389
Democratic Deputy Registrar	300	300	300	-
Republican Deputy Registrar	300	300	300	-
Total Registrars of Voters	<u>54,946</u>	<u>54,946</u>	<u>48,455</u>	<u>6,491</u>
Clerk to the Boards				
Clerk to the Boards	10,000	11,500	10,214	1,286
Supplies and Expenses	600	600	468	132
Total Clerk to the Boards	<u>10,600</u>	<u>12,100</u>	<u>10,682</u>	<u>1,418</u>
Non-Allocated Expenditures				
Employee Insurance	286,342	285,516	245,786	39,730
Social Security and Medicare	63,550	63,550	61,541	2,009
Municipal Education	4,000	4,000	2,071	1,929
Unemployment Compensation	4,000	-	-	-
Union Related Contingency	5,600	5,600	5,150	450
Pension	500	500	-	500
Town Share Retirement Compensation	81,450	82,276	82,276	-
Employee Retirement Accrued Liability	2,500	2,500	2,340	160
Town Counsel	50,000	50,000	47,196	2,804
Town Engineer	65,000	65,000	64,732	268
Insurance and Bonding	230,000	230,000	206,888	23,112
Payroll Service	6,000	6,000	5,158	842
Consulting Fees/Contracted Services	55,000	53,000	46,163	6,837
Town Hall Utilities	27,000	27,000	24,019	2,981

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Non-Allocated Expenditures (Continued)				
Town Hall Maintenance	\$ 12,000	\$ 16,400	\$ 16,307	\$ 93
Town Hall Equipment Maintenance	1,500	1,500	926	574
Town Hall Computer	9,500	9,500	3,989	5,511
Town Hall Copier Maintenance	2,000	2,000	1,915	85
Town Hall Postage	10,000	10,000	8,837	1,163
Town Hall Supplies and Expense	3,250	3,250	1,938	1,312
Advertising and Communications	4,000	3,000	2,867	133
Walking Weekend	150	150	150	-
Donations	1,650	1,650	1,400	250
Auditors Contracted Services	1,000	1,000	-	1,000
Total Non-Allocated Expenditures	<u>925,992</u>	<u>923,392</u>	<u>831,649</u>	<u>91,743</u>
Town Memberships				
Town Memberships	<u>104,904</u>	<u>104,904</u>	<u>103,547</u>	<u>1,357</u>
Other Protection and Prevention				
Building Inspector Wages	27,500	27,500	16,024	11,476
Animal Control Officer's Salary	13,293	13,293	13,293	-
Zoning Enforcement Wages	10,000	10,000	8,506	1,494
Building Inspector Supplies and Expenses	2,500	2,500	2,500	-
Dog Damages	1	1	-	1
ZEO Supplies and Expenses	500	500	498	2
Total Other Protection and Prevention	<u>53,794</u>	<u>53,794</u>	<u>40,821</u>	<u>12,973</u>
Health and Welfare				
Public Health Nursing	500	500	-	500
Health Department	29,456	29,456	29,456	-
Sewer Line Fees	1,000	1,000	-	1,000
Total Health and Welfare	<u>30,956</u>	<u>30,956</u>	<u>29,456</u>	<u>1,500</u>
Total General Government	<u>1,777,603</u>	<u>1,782,503</u>	<u>1,652,673</u>	<u>129,830</u>
Fire Protection				
Lisbon Volunteer Fire Department	125,358	125,358	125,358	-
Lisbon Emergency Response, LLC	188,000	273,152	273,152	-
LVFD SCBA's	3,500	3,500	2,330	1,170
Hydrant Rental	33,750	46,240	46,239	1
Recruitment/Retention	16,635	16,635	16,635	-
Fire Marshal's Salary	9,033	9,033	2,142	6,891
Fire Marshal Supplies and Expense	3,000	3,000	1,234	1,766
Dept. of Emergency Mgmt. Director's Stipend	1,750	1,750	1,750	-
Tree Warden Stipend	600	600	600	-
Burning Official	200	200	200	-
Dept. of Emergency Mgmt. Expense	3,000	3,000	2,947	53
Total Fire Protection	<u>384,826</u>	<u>482,468</u>	<u>472,587</u>	<u>9,881</u>

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Police Protection				
Resident State Trooper Contract	\$ 153,863	\$ 153,863	\$ 153,863	\$ -
Trooper's Supplies and Expenses	3,000	3,000	1,777	1,223
Resident State Trooper Overtime	10,000	10,000	6,931	3,069
Total Police Protection	<u>166,863</u>	<u>166,863</u>	<u>162,571</u>	<u>4,292</u>
Highways and Streets				
Highway Department Salaries	268,882	269,918	269,918	-
Street Lighting	33,000	28,600	23,784	4,816
Contracted Services	50,000	45,579	39,081	6,498
Town Garage Utilities	40,000	53,410	53,410	-
Town Equipment and Trucks	88,000	88,000	79,528	8,472
Highway Department Supplies	8,000	8,000	6,245	1,755
Road Repair and Maintenance	49,500	49,500	48,962	538
General Road Repair	20,000	20,000	20,000	-
Town Garage Maintenance	18,500	6,975	4,100	2,875
Sanitation	30,000	30,000	18,291	11,709
Total Highways and Streets	<u>605,882</u>	<u>599,982</u>	<u>563,319</u>	<u>36,663</u>
Seniors and Senior Center				
Senior Coordinator's Salary	48,735	48,735	48,734	1
Van Driver's Salary	23,465	23,565	23,537	28
Senior Meal Site Wages	16,317	16,317	14,080	2,237
Senior Center Coverage Wages	4,800	4,700	2,199	2,501
Senior Citizen's Services	3,500	2,750	2,424	326
Senior Center Utilities	15,000	16,500	16,495	5
Senior Center Maintenance	12,000	22,750	20,567	2,183
Senior Van Maintenance	1,500	1,000	452	548
Senior Coordinator Supplies	1,000	1,000	870	130
Senior Center Supplies	1,200	1,200	1,172	28
Senior Center Copier Expense	1,500	1,500	1,490	10
Total Seniors and Senior Center	<u>129,017</u>	<u>140,017</u>	<u>132,020</u>	<u>7,997</u>
Recreation				
Special Events	60,000	60,000	10,404	49,596
Recreation Purchased Services	12,000	12,000	8,700	3,300
Recreation Supplies	1,015	1,015	88	927
Recreation Maintenance of Municipal Rec Fields	4,000	4,000	713	3,287
Lisbon Meadows Park	5,500	5,500	-	5,500
Total Recreation	<u>82,515</u>	<u>82,515</u>	<u>19,905</u>	<u>62,610</u>
Education				
Board of Education	10,050,814	10,050,814	10,004,657	46,157

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Capital Outlay				
Capital Improvements	\$ 20,000	\$ 270,000	\$ 250,734	\$ 19,266
Equipment, Furniture, Fixtures	3,000	3,000	464	2,536
Total Capital Outlay	23,000	273,000	251,198	21,802
Debt Service				
Principal, General Obligation Bond	215,000	215,000	215,000	-
Principal, Hoydilla Property	45,000	45,000	45,000	-
Interest, General Obligation Bond	9,525	9,525	9,525	-
Interest, Hoydilla Property	7,818	7,818	7,817	1
Total Debt Service	277,343	277,343	277,342	1
Total Expenditures	13,497,863	13,855,505	13,536,272	319,233
Excess (Deficiency) of Revenues Over Expenditures	(307,529)	(665,171)	1,769	666,940
Other Financing Sources and (Uses)				
Appropriation from Fund Balance	-	357,642	-	(357,642)
Transfers In	-	-	85,152	85,152
Transfers Out	-	-	(110,000)	(110,000)
Total Other Financing Sources and (Uses)	-	357,642	(24,848)	(382,490)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis	\$ (307,529)	\$ (307,529)	(23,079)	\$ 284,450
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			971,885	
Expenditures from Teachers' Retirement and OPEB			(971,885)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			246,068	
Expenditures from Excess Cost Grant			(246,068)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(157,784)	
Current Year Encumbrances			194,631	
Change in Accrued Payroll:				
Board of Education			25,253	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis			\$ 39,021	

See accountant's report.

TOWN OF LISBON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

Notes to Required Supplementary Information:

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

See accountant's report.

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

Schedule of Changes in the Net Pension Liability and Related Ratios Last 10 Fiscal Years or Since Inception of GASB 68	2022	2021	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.253%	0.250%	0.255%	0.250%	0.251%	0.251%	0.197%	0.197%
Town's Portion of Net Pension Liability	\$ 599,601	\$ 981,013	\$ 941,320	\$ 954,953	\$ 414,874	\$ 492,619	\$ 269,858	\$ 202,758
Town's Covered Payroll	\$ 686,004	\$ 639,769	\$ 655,648	\$ 702,823	\$ 597,453	\$ 597,453	\$ 437,388	\$ 437,388
Town's Portion of Net Pension Liability as a % of Covered Payroll	87.40%	153.34%	143.57%	135.87%	69.44%	82.45%	61.70%	46.36%
Plan Fiduciary Net Position as a % of Total Pension Liability	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

Schedule of Employer Contributions Since Inception of GASB 68	2022	2021	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 99,881	\$ 88,555	\$ 79,811	\$ 72,945	\$ 71,152	\$ 67,990	\$ 49,478	\$ 48,686
Town's Contributions in Relation to the Contractually Required Contribution	99,881	88,555	79,811	72,945	71,152	67,990	49,478	48,686
Town's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 686,004	\$ 639,769	\$ 655,648	\$ 702,823	\$ 597,453	\$ 597,453	\$ 437,388	\$ 437,388
Town's Contributions as a Percentage of Covered Payroll	14.56%	13.84%	12.17%	10.38%	11.91%	11.38%	11.31%	11.13%

Notes to Schedule	June 30, 2021
Actuarial valuation date	Entry age
Actuarial cost method	Level dollar, closed
Amortization method	5-year smoothed market
Asset valuation method	20 years
Single equivalent amortization period	2.50%
Inflation	3.50%-10.00%
Salary Increases	7.00% net of investment related expense
Investment rate of return	

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	11,339,930	14,317,940	13,030,038	10,046,917	10,663,253	11,249,813	8,517,731	7,872,936
Total	\$ 11,339,930	\$ 14,317,940	\$ 13,030,038	\$ 10,046,917	\$ 10,663,253	\$ 11,249,813	\$ 8,517,731	\$ 7,872,936
Town's covered payroll	\$ 3,230,913	\$ 3,313,819	\$ 3,289,182	\$ 3,097,173	\$ 3,133,413	\$ 3,074,214	\$ 3,075,670	\$ 3,098,730
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

- Actuarial cost method: Entry Age
- Amortization method: Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
- Single equivalent amortization period: 30 years
- Asset valuation method: 4-year smoothed market
- Inflation: 2.50%
- Salary increases: 3.25% - 6.50% average, including inflation
- Investment rate of return: 6.90% net of investment related expense

See accountant's report.

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

	2022	2021	2020	2019	2018
Schedule of Proportionate Share of Net OPEB Liability					
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>1,235,465</u>	<u>2,135,521</u>	<u>2,032,108</u>	<u>2,008,405</u>	<u>2,744,583</u>
Total	<u>\$ 1,235,465</u>	<u>\$ 2,135,521</u>	<u>\$ 2,032,108</u>	<u>\$ 2,008,405</u>	<u>\$ 2,744,583</u>
Town's covered payroll	<u>\$ 3,230,913</u>	<u>\$ 3,313,819</u>	<u>\$ 3,289,182</u>	<u>\$ 3,097,173</u>	<u>\$ 3,133,413</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over a closed period
Amortization Period	30 years
Asset Valuation Method	Market value of assets
Investment Rate of Return	3.00%, net of investment related expense including price inflation
Price Inflation	2.50%

See accountant's report.

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 50,124	\$ 47,481	\$ 67,666	\$ 59,080	\$ 60,760
Interest	60,194	36,845	61,488	61,674	55,622
Differences Between Expected and Actual Experience	(669,361)	544	(429,213)	(22,655)	(5,334)
Changes of Assumptions	186,319	11,577	263,276	69,404	(53,609)
Benefit Payments	(67,537)	(35,587)	(19,682)	(16,221)	(15,423)
Net Change in Total OPEB Liability	(440,261)	60,860	(56,465)	151,282	42,016
Total OPEB Liability - Beginning	1,698,283	1,637,423	1,693,888	1,542,606	1,500,590
Total OPEB Liability - Ending*	<u>\$ 1,258,022</u>	<u>\$ 1,698,283</u>	<u>\$ 1,637,423</u>	<u>\$ 1,693,888</u>	<u>\$ 1,542,606</u>
Covered Payroll	\$ 3,344,231	\$ 2,951,432	\$ 2,876,639	\$ 3,063,360	\$ 2,985,731
Total OPEB Liability as a Percentage of Covered Payroll	37.62%	57.54%	56.92%	55.30%	51.67%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

Notes to Schedule

Measurement Date	June 30, 2022
Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.40%
Healthcare Cost Trend Rates	6.50%, reducing by 0.20% each year to an ultimate rate of 4.40% per year.

See accountant's report.

**Supplemental, Combining
and Individual Fund
Statements and Schedules**

TOWN OF LISBON, CONNECTICUT
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	SPECIAL REVENUE FUNDS					PERMANENT FUNDS			Total
	Cafeteria Fund	After School Child Care Fund	Shooting Stars Fund	Student Activity Fund	Ducharme Trust Fund	Palmer Fund	Preston Learned Fund		
Assets									
Cash and Cash Equivalents	\$ 58,150	\$ 75,131	\$ 4,201	\$ 29,065	\$ 74,000	\$ 699	\$ 3,109	\$ 244,355	
Investments	-	-	4,247	-	-	-	-	4,247	
Receivables, Net	53,816	12,336	-	-	-	-	-	66,152	
Other Assets	6,965	-	-	-	-	-	-	6,965	
Due from Other Funds	-	-	-	-	-	-	-	-	
Total Assets	\$ 118,931	\$ 87,467	\$ 8,448	\$ 29,065	\$ 74,000	\$ 699	\$ 3,109	\$ 321,719	
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ 1,464	\$ 5,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,906	
Unearned Revenues Due to Other Funds	-	-	-	-	-	-	-	-	
Total Liabilities	1,464	5,442	-	-	-	-	-	6,906	
Fund Balances:									
Nonspendable Restricted	117,467	82,025	8,448	29,065	74,000	100	1,000	1,100	
Committed	-	-	-	-	-	599	2,109	313,713	
Unassigned	-	-	-	-	-	-	-	-	
Total Fund Balances	117,467	82,025	8,448	29,065	74,000	699	3,109	314,813	
Total Liabilities and Fund Balances	\$ 118,931	\$ 87,467	\$ 8,448	\$ 29,065	\$ 74,000	\$ 699	\$ 3,109	\$ 321,719	

See accountant's report.

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

	SPECIAL REVENUE FUNDS					PERMANENT FUNDS			Total
	Cafeteria Fund	After School Child Care Fund	Shooting Stars Fund	Student Activity Fund	Ducharme Trust Fund	Palmer Fund	Preston Learned Fund		
Revenues									
Intergovernmental Revenues	\$ 360,814	-	-	-	-	-	-	\$	\$ 360,814
Charges for Services	24,873	128,806	9,857	69,454	-	-	-	-	232,990
Interest Income	-	-	10	-	-	1	3	-	14
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	385,687	128,806	9,867	69,454	-	1	3	-	593,818
Expenditures									
General Government	-	-	-	-	-	-	-	-	-
Seniors and Senior Center Education	293,651	82,539	11,872	74,470	-	-	-	-	11,872
Total Expenditures	293,651	82,539	11,872	74,470	-	-	-	-	450,660
Excess/(Deficiency) of Revenues Over Expenditures	92,036	46,267	(2,005)	(5,016)	-	1	3	-	131,286
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	92,036	46,267	(2,005)	(5,016)	-	1	3	-	131,286
Fund Balances at Beginning of Year, Restated	25,431	35,758	10,453	34,081	74,000	698	3,106	-	183,527
Fund Balances at End of Year	\$ 117,467	\$ 82,025	\$ 8,448	\$ 29,065	\$ 74,000	\$ 699	\$ 3,109	\$	\$ 314,813

See accountant's report.

TOWN OF LISBON, CONNECTICUT

Schedule of Debt Limitation

June 30, 2022

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 9,249,178

Reimbursement for Revenue Loss on:

 Tax Relief for Elderly and Disabled - Prior Fiscal Year 431

Base \$ 9,249,609

	General Purposes <small>(2.25 x base)</small>	Schools <small>(4.50 x base)</small>	Sewers <small>(3.75 x base)</small>	Urban Renewal <small>(3.25 x base)</small>	Pension Deficit <small>(3.00 x base)</small>
Debt Limitation:					
Statutory Debt Limits by Function	\$ 20,811,620	\$ 41,623,241	\$ 34,686,034	\$ 30,061,229	\$ 27,748,827
Indebtedness:					
Bonds Payable**	8,540,000	71,400	138,600	-	-
Total Indebtedness	8,540,000	71,400	138,600	-	-
Debt Limitation in Excess of Debt*	\$ 12,271,620	\$ 41,551,841	\$ 34,547,434	\$ 30,061,229	\$ 27,748,827

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$64,744,246.

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Schedule of Property Taxes Levied, Collected, and Outstanding
 For the Year Ended June 30, 2022

List of Outstanding 10/1: July 1, 2021	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year			Transfers to Suspense	Outstanding June 30, 2022
		Additions	Deductions		Taxes	Interest	Liens		
2020	\$ 9,561,348	\$ 16,443	\$ 20,184	\$ 9,557,607	\$ 27,668	\$ 184	\$ 9,467,594	\$ -	\$ 117,865
2019	\$ 116,218	2,296	960	117,554	13,011	600	73,735	-	57,430
2018	46,227	2,193	116	48,304	12,628	356	32,718	13,251	15,319
2017	14,994	-	6	14,988	4,345	216	17,104	-	2,445
2016	2,457	-	-	2,457	10	24	46	-	2,445
2015	2,854	-	-	2,854	2,528	-	4,388	-	994
2014	-	-	-	-	-	-	-	-	-
2013	4,548	-	4,548	-	-	-	-	-	-
	\$ 187,298	\$ 20,932	\$ 25,814	\$ 9,743,764	60,190	1,380	9,595,585	\$ 13,251	\$ 196,498

Net Grand List - October 1, 2020

Tax Rate: 23.23 mills

Total Suspense Collections 1,585
 Total Collections \$ 9,535,600
 Interest 1,337
 Liens -
 Total \$ 9,598,507

See accountant's report.

TOWN OF LISBON, CONNECTICUT
 Schedule of Changes in Fund Balance by Project
 Capital Nonrecurring Fund
 For the Year Ended June 30, 2022

	Beginning Fund Balance	Current Year Appropriations	Internal Fund Transfers	Current Year Expenditures	Current Year Revenues	Ending Fund Balance
Committed Fund Balance:						
Bundy Hill Road Bridge	\$ 339,977	\$ -	\$ -	\$ (2,080)	\$ -	\$ 337,897
1 South Burham Highway	54,500	-	-	-	-	54,500
Open Space Fees	136,400	21,000	-	-	-	157,400
Capital Projects	387,659	30,000	(54,605)	-	-	363,054
Plan of Conservation and Development	185,028	10,000	-	-	-	195,028
Salt Shed Construction	220,000	15,000	-	-	-	235,000
Public and Safety Vehicles	210,104	40,000	-	-	-	250,104
Revaluation	71,945	10,000	-	(10,855)	-	71,090
Land Purchases	67,345	5,000	-	-	-	72,345
GIS Assessor Mapping	46,250	-	-	-	-	46,250
Lisbon Meadow Park Improvements	15,498	-	-	-	-	15,498
Voting Machine Replacement	10,000	-	-	-	-	10,000
Senior Center Windows Project	-	-	54,605	(54,605)	-	-
Fire Station	-	-	-	(785,154)	8,471,754	7,686,600
Total Committed Fund Balance	1,744,706	131,000	-	(852,694)	8,471,754	9,494,766
Assigned Fund Balance:						
Ford F550 Truck	1,000	-	-	-	-	1,000
LCS Oil Tank Removal	284,894	-	-	-	-	284,894
School Window Project	122,922	-	-	-	-	122,922
Undesignated	224,390	-	-	-	32,043	256,433
Total Assigned Fund Balance	633,206	-	-	-	32,043	665,249
Total Fund Balance	\$ 2,377,912	\$ 131,000	\$ -	\$ (852,694)	\$ 8,503,797	\$ 10,160,015

See accountant's report.

