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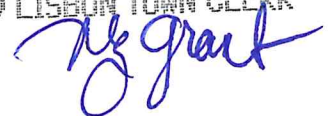
# TOWN OF LISBON, CONNECTICUT

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Annual Financial Statements

For the Year Ended June 30, 2023

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# TOWN OF LISBON, CONNECTICUT

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For the Year Ended June 30, 2023

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town 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 judgment, 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 4-11, 52-59, and 60-63 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.

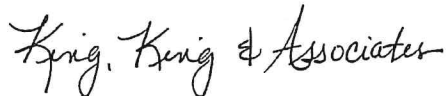
### **Supplementary Information**

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 February 12, 2024, 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  
February 12, 2024

**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2023

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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, 2023.

### **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 \$18,535,304 (*net position*). Governmental activities reflect an unrestricted net position in the amount of \$4,820,979 which may be used to meet ongoing obligations to citizens and creditors. Restricted net position of \$1,738,053 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 \$68,436.
- As of the close of the current fiscal year, the Town of Lisbon, CT's governmental funds reported combined ending fund balances of \$13,218,994, a decrease of \$1,952,969 in comparison with the prior year. Of this amount, \$4,053,892 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 \$4,053,892 or 29 percent of total General Fund budget basis expenditures and transfers. The total fund balance of the General Fund was \$4,190,284 or 30.7 percent of total General Fund budget basis expenditures and transfers.
- A 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).



**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
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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.

**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2023

**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 23-51 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 \$18,535,304 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2023	Restated 2022	2023	2022	2023	Restated 2022
Current and Other Assets	\$ 15,316,791	\$ 16,498,427	\$ 146,851	\$ 120,637	\$ 15,463,642	\$ 16,619,064
Capital Assets	15,487,424	12,212,443	2,055,701	2,160,362	17,543,125	14,372,805
Total Assets	<u>30,804,215</u>	<u>28,710,870</u>	<u>2,202,552</u>	<u>2,280,999</u>	<u>33,006,767</u>	<u>30,991,869</u>
Deferred Outflows of Resources	802,926	656,680	-	-	802,926	656,680
Long-term Liabilities	12,146,058	12,211,438	-	-	12,146,058	12,211,438
Other Liabilities	1,981,795	1,279,966	49,494	59,505	2,031,289	1,339,471
Total Liabilities	<u>14,127,853</u>	<u>13,491,404</u>	<u>49,494</u>	<u>59,505</u>	<u>14,177,347</u>	<u>13,550,909</u>
Deferred Inflows of Resources	1,097,042	1,332,080	-	-	1,097,042	1,332,080
Net Position:						
Net Investment						
in Capital Assets	9,920,571	10,901,146	2,055,701	2,160,362	11,976,272	13,061,508
Restricted	1,738,053	1,249,976	-	-	1,738,053	1,249,976
Unrestricted	4,723,622	2,392,944	97,357	61,132	4,820,979	2,454,076
Total Net Position	<u>\$ 16,382,246</u>	<u>\$ 14,544,066</u>	<u>\$ 2,153,058</u>	<u>\$ 2,221,494</u>	<u>\$ 18,535,304</u>	<u>\$ 16,765,560</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$1,085,236 primarily due to fixed asset additions and the pay down of related debt being less than depreciation and recognition of bond premium.

The Town's restricted net position of \$1,738,053 increased by \$488,077 compared to last years restricted net position of \$1,249,976.

**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
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The Town's unrestricted net position of \$4,820,979 increased by \$2,366,903 compared to last years unrestricted net position of \$2,454,076. This increase is primarily due to deferred inflows and outflows related to post-employment benefits, increase in tax collections.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
<i>General Revenues:</i>						
Property Taxes	\$ 10,936,740	\$ 10,032,864	\$ -	\$ -	\$ 10,936,740	\$ 10,032,864
Unrestricted Grants & Contributions	671,997	279,545	-	-	671,997	279,545
Unrestricted Investment Income	612,057	51,487	4,253	355	616,310	51,842
<i>Program Revenues:</i>						
Charges for Services	579,297	563,981	144,373	123,190	723,670	687,171
Operating Grants and Contributions	6,232,323	5,792,939	-	-	6,232,323	5,792,939
Capital Grants and Contributions	179,146	-	-	-	179,146	-
<b>Total Revenues</b>	<b>19,211,560</b>	<b>16,720,816</b>	<b>148,626</b>	<b>123,545</b>	<b>19,360,186</b>	<b>16,844,361</b>
<b>EXPENSES</b>						
<i>Governmental Activities:</i>						
General Government	1,945,219	1,761,733	-	-	1,945,219	1,761,733
Fire Protection	579,978	533,017	-	-	579,978	533,017
Police Protection	169,500	162,571	-	-	169,500	162,571
Highways and Streets	846,258	983,830	-	-	846,258	983,830
Seniors and Senior Center	181,880	152,083	-	-	181,880	152,083
Recreation	87,257	67,350	-	-	87,257	67,350
Education	13,390,362	12,951,044	-	-	13,390,362	12,951,044
Interest on Long-Term Debt	202,583	190,956	-	-	202,583	190,956
<i>Business-Type Activities:</i>						
Water Pollution Control Authority	-	-	217,062	231,330	217,062	231,330
<b>Total Expenses</b>	<b>17,403,037</b>	<b>16,802,584</b>	<b>217,062</b>	<b>231,330</b>	<b>17,620,099</b>	<b>17,033,914</b>
<b>Change in Net Position</b>	<b>1,808,523</b>	<b>(81,768)</b>	<b>(68,436)</b>	<b>(107,785)</b>	<b>1,740,087</b>	<b>(189,553)</b>
Beginning Net Position, Restated	14,573,723	14,625,834	2,221,494	2,329,279	16,795,217	16,955,113
<b>Ending Net Position</b>	<b>\$ 16,382,246</b>	<b>\$ 14,544,066</b>	<b>\$ 2,153,058</b>	<b>\$ 2,221,494</b>	<b>\$ 18,535,304</b>	<b>\$ 16,765,560</b>

**Governmental activities.** Governmental activities increased the Town of Lisbon, CT's net position by \$1,808,523.

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, five percent (5%) relate to highways and streets, four percent (4%) relate to fire and police protection, two percent (2%) relate to seniors and recreation, and twelve percent (12%) relate to general government.

**TOWN OF LISBON, CONNECTICUT**  
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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 \$104,661 and the decrease in net position totaled \$68,436.

## **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 \$13,218,994 a decrease of \$1,952,969 in comparison with the prior year. Thirty-one percent (31%) 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 \$4,053,892. 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 29.1 percent of total General Fund budget basis expenditures and transfers.

The fund balance of the Town of Lisbon, CT's General Fund increased by \$579,091 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.
- Property taxes and investment income had large surplus over budgeted.

**Town Aid Road Fund.** The fund balance of the Town Aid Road Fund increased by \$154,237 during the current fiscal year. This increase is primarily attributable to spending \$51,752 on highways and streets less than grant received current year.

**Capital Nonrecurring Fund.** The fund balance of the Capital Nonrecurring Fund decreased by \$2,821,973 during the current fiscal year. This decrease 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 of \$3,301,908.

**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2023

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**Miscellaneous Town Grant Fund.** The fund balance of the Miscellaneous Town Grant Fund decreased by \$18,886 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>
<b>REVENUES</b>			
Property Taxes	\$ 10,349,195	\$ 10,534,737	\$ 185,542
Intergovernmental	3,073,661	3,095,714	22,053
Local Revenues	718,800	804,228	85,428
Investment Income	15,000	215,145	200,145
<b>Total Revenues</b>	<u>14,156,656</u>	<u>14,649,824</u>	<u>493,168</u>
<b>EXPENDITURES</b>			
Selectmen	3,133,745	2,910,764	222,981
Education	10,179,667	10,170,041	9,626
Capital Outlay	23,000	20,606	2,394
Debt Service	701,217	701,542	(325)
<b>Total Expenditures</b>	<u>14,037,629</u>	<u>13,802,953</u>	<u>234,676</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Appropriation from Fund Balance	32,450	-	(32,450)
Transfers	-	(110,000)	(110,000)
<b>Total Other Financing Sources (Uses)</b>	<u>32,450</u>	<u>(110,000)</u>	<u>(142,450)</u>
<b>INCREASE (DECREASE)</b>			
<b>IN FUND BALANCE</b>	<u>\$ 151,477</u>	<u>\$ 736,871</u>	<u>\$ 585,394</u>

The original approved budget projected a surplus of \$151,477. The Town approved additional appropriations from fund balance of \$32,450 during the year.

Actual revenues came in \$493,168 greater than budgeted. Much of this is due to higher-than-expected revenues from tax collections (above budget by \$185,542), as well as higher than expected local revenues (above budget by \$85,428).

Expenditures were \$234,676 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 \$68,416 under budget, highways and streets which was \$34,321 under budget, and recreation which was \$42,203 under budget.

**TOWN OF LISBON, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2023

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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, 2023, amounts to \$17,543,125 (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 \$3,005,093, which consisted mainly of capital additions of \$3,910,814, and current year depreciation of \$740,494.

	<u>2023</u>	<u>2022</u>
<i>Governmental Activities:</i>		
Land	\$ 2,612,463	\$ 2,612,463
Construction in Progress	4,074,226	785,154
Buildings and Systems	5,875,171	5,692,716
Machinery and Equipment	1,298,266	1,545,003
Infrastructure	1,627,298	1,742,333
	\$ 15,487,424	\$ 12,377,669
	<u>2023</u>	<u>2022</u>
<i>Business-type Activities:</i>		
Buildings and Systems	\$ 2,055,701	\$ 2,160,363

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

- Fire Truck accessories
- Continuation of LVFD firehouse and fire department compressor
- 12 S. Burnham Newent Church acquisition

Additional information on the Town of Lisbon, CT's capital assets can be found in Note 5 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 \$12,146,058.

	<u>2023</u>	<u>2022</u>
G.O. Bonds	\$ 8,486,000	\$ 8,750,000
Equipment Financing Notes	573,185	710,000
Unamortized Premium	499,270	542,070
Compensated Absences	325,727	351,745
OPEB Liability	1,074,635	1,258,022
Net Pension Liability	1,187,241	599,601
Total	\$ 12,146,058	\$ 12,211,438

The Town of Lisbon, CT's total long-term debt and liabilities decreased \$65,380 (.5 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 AA by Standard & Poor's Global.

## **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 2024 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, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 14,658,232	\$ 128,989	\$ 14,787,221
Investments	4,251	-	4,251
Restricted Cash	144,406	-	144,406
Receivables, Net of Allowance	492,198	17,862	510,060
Other Assets	17,704	-	17,704
Capital Assets:			
Assets Not Being Depreciated	6,686,689	-	6,686,689
Assets Being Depreciated, Net	8,800,735	2,055,701	10,856,436
Total Assets	30,804,215	2,202,552	33,006,767
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - Pension	473,361	-	473,361
Deferred Outflows - OPEB	329,565	-	329,565
Total Deferred Outflows of Resources	802,926	-	802,926
<b>Liabilities</b>			
Accounts Payable and Accrued Items	849,229	49,494	898,723
Unearned Revenue	901,316	-	901,316
Performance Bonds	144,406	-	144,406
Accrued Interest Payable	86,844	-	86,844
Noncurrent Liabilities:			
Due Within One Year	649,746	-	649,746
Due In More Than One Year	11,496,312	-	11,496,312
Total Liabilities	14,127,853	49,494	14,177,347
<b>Deferred Inflows of Resources</b>			
Deferred Inflows - Pension	83,827	-	83,827
Deferred Inflows - OPEB	1,013,215	-	1,013,215
Total Deferred Inflows of Resources	1,097,042	-	1,097,042
<b>Net Position</b>			
Net Investment in Capital Assets	9,920,571	2,055,701	11,976,272
Restricted:			
Nonexpendable	1,100	-	1,100
Expendable	1,736,953	-	1,736,953
Unrestricted	4,723,622	97,357	4,820,979
Total Net Position	\$ 16,382,246	\$ 2,153,058	\$ 18,535,304

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, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Program Activities</b>							
Governmental Activities:							
General Government	\$ 1,945,219	\$ 223,237	\$ 682,130	\$ -	\$ (1,039,852)	\$ -	\$ (1,039,852)
Fire Protection	579,978	-	-	-	(579,978)	-	(579,978)
Police Protection	169,500	-	-	-	(169,500)	-	(169,500)
Highways and Streets	846,258	-	-	179,146	(667,112)	-	(667,112)
Seniors and Senior Center	181,880	20,683	538	-	(160,659)	-	(160,659)
Recreation	87,257	27,379	-	-	(59,878)	-	(59,878)
Education	13,390,362	307,998	5,549,655	-	(7,532,709)	-	(7,532,709)
Interest Expense	202,583	-	-	-	(202,583)	-	(202,583)
Total Governmental Activities	<u>17,403,037</u>	<u>579,297</u>	<u>6,232,323</u>	<u>179,146</u>	<u>(10,412,271)</u>		<u>(10,412,271)</u>
Business-Type Activities:							
Water Pollution Control Authority	217,062	144,373	-	-	(72,689)		(72,689)
Total Primary Government	<u>\$ 17,620,099</u>	<u>\$ 723,670</u>	<u>\$ 6,232,323</u>	<u>\$ 179,146</u>	<u>(72,689)</u>		<u>(10,484,960)</u>
General Revenues:							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					10,936,740	-	10,936,740
Grants and Contributions not Restricted to Specific Programs					671,997	-	671,997
Unrestricted Investment Earnings					612,057	4,253	616,310
Total General Revenues					<u>12,220,794</u>	<u>4,253</u>	<u>12,225,047</u>
Change in Net Position					1,808,523	(68,436)	1,740,087
Net Position at Beginning of Year, Restated					14,573,723	2,221,494	16,795,217
Net Position at End of Year					<u>\$ 16,382,246</u>	<u>\$ 2,153,058</u>	<u>\$ 18,535,304</u>

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

**TOWN OF LISBON, CONNECTICUT**

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Miscellaneous Town Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 4,380,710	\$ 8,293,411	\$ 752,132	\$ 804,055	\$ 427,924	\$ 14,658,232
Investments	-	-	-	-	4,251	4,251
Restricted Cash	144,406	-	-	-	-	144,406
Receivables, Net of Allowance	238,177	-	-	185,730	68,291	492,198
Other Assets	-	-	-	-	17,704	17,704
Due from Other Funds	5,500	-	-	16,938	31,875	54,313
<b>Total Assets</b>	<u>\$ 4,768,793</u>	<u>\$ 8,293,411</u>	<u>\$ 752,132</u>	<u>\$ 1,006,723</u>	<u>\$ 550,045</u>	<u>\$ 15,371,104</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Items	\$ 182,444	\$ 652,469	\$ 9,182	\$ 204	\$ 4,930	\$ 849,229
Unearned Revenue	-	137,668	-	685,020	78,628	901,316
Performance Bonds	144,406	-	-	-	-	144,406
Due to Other Funds	48,813	-	-	5,500	-	54,313
<b>Total Liabilities</b>	<u>375,663</u>	<u>790,137</u>	<u>9,182</u>	<u>690,724</u>	<u>83,558</u>	<u>1,949,264</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue:						
Property Taxes and Interest	185,208	-	-	-	-	185,208
Sewer Assessment Charges	17,638	-	-	-	-	17,638
<b>Total Deferred Inflows of Resources</b>	<u>202,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,846</u>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	1,100	1,100
Restricted	47,377	165,240	742,950	315,999	465,387	1,736,953
Committed	-	6,302,859	-	-	-	6,302,859
Assigned	89,015	1,035,175	-	-	-	1,124,190
Unassigned	4,053,892	-	-	-	-	4,053,892
<b>Total Fund Balances</b>	<u>4,190,284</u>	<u>7,503,274</u>	<u>742,950</u>	<u>315,999</u>	<u>466,487</u>	<u>13,218,994</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 4,768,793</u>	<u>\$ 8,293,411</u>	<u>\$ 752,132</u>	<u>\$ 1,006,723</u>	<u>\$ 550,045</u>	<u>\$ 15,371,104</u>

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

## TOWN OF LISBON, CONNECTICUT

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

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<b>Fund balances reported in governmental funds Balance Sheet</b>	<b>\$ 13,218,994</b>
<b>Amounts reported for governmental activities in the government- wide Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	29,580,790
<i>Depreciation</i>	(14,093,366)
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>	185,208
<i>Assessments receivable greater than 60 days</i>	17,638
Certain changes related to pensions and OPEB are deferred and amortized over time.	(294,116)
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>	(8,486,000)
<i>Bond premiums</i>	(499,270)
<i>Equipment Financing Notes</i>	(573,185)
<i>Net Pension Liability - MERS</i>	(1,187,241)
<i>OPEB liability</i>	(1,074,635)
<i>Accrued interest</i>	(86,844)
<i>Compensated Absences</i>	<u>(325,727)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 16,382,246</u></b>

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, 2023

	General Fund	Capital Nonrecurring Fund	Town Aid Roads Fund	Miscellaneous Town Grant Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Property Taxes, Interest and Lien Fees	\$ 10,534,737	\$ -	\$ -	\$ -	\$ -	\$ 10,534,737
Intergovernmental Revenues	4,422,632	-	179,146	465,969	958,361	6,026,108
Charges for Services	804,135	-	-	20,671	297,636	1,122,442
Interest and Dividends	215,145	369,935	26,843	111	23	612,057
Other	-	-	-	-	84,868	84,868
Total Revenues	<u>15,976,649</u>	<u>369,935</u>	<u>205,989</u>	<u>486,751</u>	<u>1,340,888</u>	<u>18,380,212</u>
<b>Expenditures</b>						
Current:						
General Government	1,782,133	-	-	7,006	-	1,789,139
Fire Protection	200,702	-	-	288,000	-	488,702
Police Protection	169,500	-	-	-	-	169,500
Highway and Streets	585,998	-	51,752	-	-	637,750
Seniors and Senior Center	151,462	-	-	7,547	18,969	177,978
Recreation	39,812	-	-	-	-	39,812
Education	11,635,803	-	-	-	1,205,129	12,840,932
Debt Service:						
Principal	419,304	-	-	-	-	419,304
Interest and Issuance Costs	282,238	-	-	-	-	282,238
Capital Outlay	20,606	3,301,908	-	165,312	-	3,487,826
Total Expenditures	<u>15,287,558</u>	<u>3,301,908</u>	<u>51,752</u>	<u>467,865</u>	<u>1,224,098</u>	<u>20,333,181</u>
Excess/(Deficiency) of Revenues over Expenditures	689,091	(2,931,973)	154,237	18,886	116,790	(1,952,969)
<b>Other Financing Sources/(Uses)</b>						
Transfers In	-	110,000	-	-	-	110,000
Transfers Out	(110,000)	-	-	-	-	(110,000)
Total Other Financing Sources/(Uses)	<u>(110,000)</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	579,091	(2,821,973)	154,237	18,886	116,790	(1,952,969)
Fund Balances at Beginning of Year, Restated	<u>3,611,193</u>	<u>10,325,247</u>	<u>588,713</u>	<u>297,113</u>	<u>349,697</u>	<u>15,171,963</u>
Fund Balances at End of Year	<u>\$ 4,190,284</u>	<u>\$ 7,503,274</u>	<u>\$ 742,950</u>	<u>\$ 315,999</u>	<u>\$ 466,487</u>	<u>\$ 13,218,994</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, 2023

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<b>Net change in fund balances - total governmental funds</b>	<b>\$(1,952,969)</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
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>	3,910,814
<i>Depreciation expense</i>	(635,833)
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>	(8,655)
<i>Assessment revenue accrual basis change</i>	(6,842)
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>Principal payments on long-term debt - general obligation bonds</i>	264,000
<i>Principal payments on long-term debt - equipment financing notes</i>	136,815
<i>Amortization of premium</i>	42,800
<i>Amortization of deferred outflows related to pension and OPEB benefits</i>	146,246
<i>Increase in deferred inflows related to pension and OPEB benefits</i>	235,038
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>	55,344
<i>Net Pension Liability - MERS</i>	(587,640)
<i>OPEB liability</i>	183,387
<i>Compensated Absences</i>	<u>26,018</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,808,523</u></b>

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, 2023

	<b>Water Pollution Control Authority Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 128,989
Usage Receivable	17,862
Total Current Assets	<u>146,851</u>
Capital Assets:	
Buildings and Improvements	4,186,405
Less Accumulated Depreciation	<u>(2,130,704)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,055,701</u>
<b>Total Assets</b>	<u>\$ 2,202,552</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	<u>\$ 49,494</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,055,701
Unrestricted	<u>97,357</u>
<b>Total Net Position</b>	<u>\$ 2,153,058</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, 2023

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	<u>Water Pollution Control Authority Fund</u>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 144,373
<b>OPERATING EXPENSES</b>	
Contractual Services	109,502
Other Supplies and Expenses	2,899
Depreciation Expense	<u>104,661</u>
Total Operating Expenses	<u>217,062</u>
Operating Income/(Loss)	(72,689)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	<u>4,253</u>
Change in Net Position	(68,436)
Net Position - Beginning of Year	<u>2,221,494</u>
Net Position - End of Year	<u>\$ 2,153,058</u>

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, 2023

	<b>Water Pollution Control Authority Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Customers and Users	\$ 150,273
Payments to Suppliers	(122,412)
Net Cash Provided by Operating Activities	<u>27,861</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	4,253
Net Cash Provided by Investing Activities	<u>4,253</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	32,114
Cash and Cash Equivalents at Beginning of Year	<u>96,875</u>
Cash and Cash Equivalents at End of Year	<u>\$ 128,989</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Income/(Loss)	\$ (72,689)
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	5,900
Increase (Decrease) in Accounts Payable	(10,011)
Total Adjustments	<u>100,550</u>
Net Cash Provided by Operating Activities	<u>\$ 27,861</u>

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

**TOWN OF LISBON, CONNECTICUT**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

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	<u>Private-Purpose Trust Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ -
<b>Total Assets</b>	<u>-</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
Payables	-
<b>Total Liabilities</b>	<u>-</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Restricted for Scholarships	-
<b>Total Net Position</b>	<u>\$ -</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, 2023

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	<b>Private-Purpose Trust Funds</b>
<b>Additions</b>	
Contributions	\$ 15,073
Interest Income	149
Total Additions	15,222
 <b>Deductions</b>	
Scholarships	-
Contributions Out	87,334
Other	15
Total Deductions	87,349
Change in Net Position	(72,127)
Net Position at Beginning of Year	72,127
Net Position at End of Year	\$ -

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

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**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

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

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

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

Property taxes when levied, licenses, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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- 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 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 *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.

#### **Accounting Estimates**

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

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

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

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

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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*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.

*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.

*Property Taxes Receivables* - 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 \$18,498. 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.

*Inventories and Prepaid Items* - All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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*Interfund Receivables and Payables* - 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.

*Leases (as Lessor)* – The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

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

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

<b>Assets</b>	<b>Years</b>
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.



**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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*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.

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.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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*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.

*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.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**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, there were additional appropriations of \$32,450.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**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, 2023:

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Cash	\$ 6,234,102	\$ 128,989	\$ 6,363,091
Cash Equivalents	8,258,890	-	8,258,890
Restricted Cash	144,406	-	144,406
Total	<u>\$ 14,637,398</u>	<u>\$ 128,989</u>	<u>\$ 14,766,387</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	\$ 14,766,387
Less: Cash Equivalents (STIF)	(8,258,890)
Plus: Investments (CDs)	4,251
	<u>\$ 6,511,748</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$6,511,748 and the bank balance was \$6,121,111. Of the bank balance, Federal Depository Insurance Corporation insured \$750,000.

As of June 30, 2023, \$5,371,111 of the Town’s bank balance of \$6,511,748 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,777,386
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>593,725</u>
Total	<u>\$ 5,371,111</u>

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**Cash Equivalents**

At June 30, 2023, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$8,258,890. 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, 2023:

	Governmental <u>Funds</u>
Certificates of Deposit	\$ <u>4,251</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, 2023, 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>4,251</u>	\$ <u>4,251</u>	\$ <u>-</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:

	<u>General Fund</u>	<u>Miscellaneous Town Grant Fund</u>	<u>WPCA</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 198,069	\$ -	\$ -	\$ -	\$ 198,069
Interest, Liens, and Fees	37,330	-	-	-	37,330
Assessments	17,638	-	-	-	17,638
Usage Charges	-	-	17,862	-	17,862
Loans	-	185,730	-	-	185,730
Intergovernmental	-	-	-	59,034	59,034
Accounts	3,638	-	-	9,257	12,895
Gross Receivables	<u>256,675</u>	<u>185,730</u>	<u>17,862</u>	<u>68,291</u>	<u>528,558</u>
Less allowance for uncollectibles:					
Property taxes	(15,570)	-	-	-	(15,570)
Interest, Liens, and Fees	(2,928)	-	-	-	(2,928)
Total allowance	<u>(18,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,498)</u>
Net Total Receivables	<u>\$ 238,177</u>	<u>\$ 185,730</u>	<u>\$ 17,862</u>	<u>\$ 68,291</u>	<u>\$ 510,060</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:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Property Taxes and Interest	\$ 185,208	\$ -
Assessments	17,638	-
Capital Nonrecurring Fund:		
Advances on Grants	-	137,668
Miscellaneous Town Grant Fund:		
Advances on Grants	-	685,020
Education Grants Funds:		
Advances on Grants	<u>-</u>	<u>78,628</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 202,846</u>	<u>\$ 901,316</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, 2023:

	Restated Beginning Balance	Increases	Decreases	Ending Balances
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 2,612,463	\$ -	\$ -	\$ 2,612,463
Construction in Progress	785,154	3,289,072	-	4,074,226
Total capital assets, not being depreciated	3,397,617	3,289,072	-	6,686,689
Capital assets, being depreciated				
Buildings and Systems	14,663,845	546,890	-	15,210,735
Machinery & Equipment	4,876,565	74,852	-	4,951,417
Infrastructure	2,731,949	-	-	2,731,949
Total capital assets, being depreciated	22,272,359	621,742	-	22,894,101
Less accumulated depreciation for:				
Buildings and Systems	8,971,129	364,435	-	9,335,564
Machinery & Equipment	3,496,788	156,363	-	3,653,151
Infrastructure	989,616	115,035	-	1,104,651
Total accumulated depreciation	13,457,533	635,833	-	14,093,366
Total capital assets, being depreciated	8,814,826	(14,091)	-	8,800,735
<i>Governmental Activities capital assets, net</i>	\$ 12,212,443	\$ 3,274,981	\$ -	\$ 15,487,424
<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	2,026,043	104,661	-	2,130,704
Total accumulated depreciation	2,026,043	104,661	-	2,130,704
<i>Business-Type Activities capital assets, net</i>	\$ 2,160,362	\$ (104,661)	\$ -	\$ 2,055,701

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

Governmental Activities:	
General Government	\$ 20,307
Fire Protection	88,735
Highways and Streets	134,571
Recreation	47,445
Seniors and Senior Center	3,902
Education	340,873
Total Depreciation Expense	
Governmental Activities	\$ 635,833
Business-Type Activities:	
WPCA	\$ 104,661

**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, 2023, the outstanding balances between funds were:

Due from:	Due to:	Total
General Fund	Education Grants Fund	\$ 31,875
Miscellaneous Grant Fund	General Fund	5,500
General Fund	Miscellaneous Grant Fund	16,938
		\$ 54,313

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, 2023 were as follows:

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

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable:					
General Obligation Bonds	\$ 8,750,000	\$ -	\$ 264,000	\$ 8,486,000	\$ 479,000
Unamortized Premium	542,070	-	42,800	499,270	26,277
Total Bonds Payable	9,292,070	-	306,800	8,985,270	505,277
Equipment Financing Notes	710,000	-	136,815	573,185	139,360
Compensated Absences	351,745	-	26,018	325,727	5,109
OPEB Liability	1,258,022	-	183,387	1,074,635	-
Net Pension Liability	599,601	587,640	-	1,187,241	-
Total	\$ 12,211,438	\$ 587,640	\$ 653,020	\$ 12,146,058	\$ 649,746

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, 2023 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, 2023</u>
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	486,000
					<u>\$ 8,486,000</u>

**Bonds Authorized and Unissued**

At June 30, 2023, 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>
2024	\$ 479,000	\$ 229,819	\$ 708,819
2025	479,000	205,231	684,231
2026	479,000	186,949	665,949
2027	479,000	168,667	647,667
2028	474,000	150,484	624,484
2029-2033	2,316,000	519,016	2,835,016
2034-2038	2,100,000	276,150	2,376,150
2039-2043	1,680,000	69,195	1,749,195
Total	<u>\$ 8,486,000</u>	<u>\$ 1,805,511</u>	<u>\$ 10,291,511</u>

Interest paid and expensed on G.O. bonds for the year ended June 30, 2023 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, 2023</u>
Fire Truck and Accessories	2022	\$ 710,000	1.860%	8/26/2026	<u>\$ 573,185</u>

Annual debt service requirements on equipment financing notes as of June 30, 2023 are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 573,185</u>	<u>\$ 26,899</u>	<u>\$ 600,084</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, 2023 are as follows:

	General Fund	Capital Nonrecurring Fund	Town Aid Road Fund	Miscellaneous Town Grant Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ 1,100	\$ 1,100
<b>Restricted for:</b>						
General Government	\$ -	\$ -	\$ -	\$ 19,658	\$ 2,711	\$ 22,369
Public Works	-	-	742,950	-	-	742,950
Town Clerk Documents	47,377	-	-	-	-	47,377
Small Cities Loans	-	-	-	296,341	-	296,341
Education	-	-	-	-	452,510	452,510
Senior and Senior Center	-	-	-	-	10,166	10,166
Capital	-	165,240	-	-	-	165,240
Total Restricted	<u>\$ 47,377</u>	<u>\$ 165,240</u>	<u>\$ 742,950</u>	<u>\$ 315,999</u>	<u>\$ 465,387</u>	<u>\$ 1,736,953</u>
<b>Committed to:</b>						
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	-	6,302,859	-	-	-	6,302,859
Total Committed	<u>\$ -</u>	<u>\$ 6,302,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,302,859</u>
<b>Assigned:</b>						
Encumbrances- Education	\$ 89,015	\$ -	\$ -	\$ -	\$ -	\$ 89,015
Capital	-	1,035,175	-	-	-	1,035,175
Total Assigned	<u>\$ 89,015</u>	<u>\$ 1,035,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,190</u>
Unassigned:	<u>\$ 4,053,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,053,892</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](http://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**  
Notes to the Financial Statements

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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. 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%, nor more than 50%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

*Pre-Retirement Death Benefit:* The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

*Contributions:* Per Connecticut General Statutes 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, 2023 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$261,502. Covered payroll for the Town for the year ended June 30, 2023 was approximately \$3,169,725.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 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

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

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>13,651,803</u>
Total	\$	<u>13,651,803</u>

The net pension liability was measured as of June 30, 2023, 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, 2023, the Town recognized benefits expense and contribution revenue of \$1,076,350 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,319,462 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, 2022, 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

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut 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%	5.40%
Developed Market Intl. Stock Fund	11.00%	6.40%
Emerging Market Intl. Stock Fund	9.00%	8.60%
Core Fixed Income Fund	13.00%	0.80%
Emerging Market Debt Fund	5.00%	3.80%
High Yield Bond Fund	3.00%	3.40%
Real Estate Fund	19.00%	5.20%
Private Equity	10.00%	9.40%
Private Credit	5.00%	6.50%
Alternative Investments	3.00%	3.10%
Liquidity Fund	2.00%	-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](http://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

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*Early Retirement:* Members must have 5 years of continuous or 15 years of active noncontinuous service. Benefits are calculated on the basis of average final compensation and service to 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, 2023 the Town reports a total liability of \$1,187,241 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, 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, 2022, the Town's proportion was 0.35%.

For the year ended June 30, 2023, the Town recognized pension expense of \$258,333. As of June 30, 2023, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Town contributions subsequent to the measurement date	\$ 139,082	\$ -
Difference between projected and actual earnings	174,747	-
Difference between expected and actual experience	89,211	50,115
Change in proportional share	70,321	33,712
Total	<u>\$ 473,361</u>	<u>\$ 83,827</u>

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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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:

2024	\$ 34,128
2025	52,503
2026	42,220
2027	<u>121,601</u>
	<u>\$ 250,452</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

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

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, 2022 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>
Global Equity	37.00%	6.90%
Public Credit	2.00%	2.90%
Core Fixed Income	13.00%	0.40%
Liquidity Fund	1.00%	-0.40%
Risk Mitigation	5.00%	0.10%
Private Equity	15.00%	11.20%
Private Credit	10.00%	6.20%
Real Estate	10.00%	6.30%
Infra. & Natural Resources	<u>7.00%</u>	7.70%
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	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net Pension Liability as of June 30, 2023	\$ 1,625,762	\$ 1,187,241	\$ 816,032

**Defined Contribution Retirement Plan**

The Town sponsors a Section 457 public employee defined contribution plan for Town employees. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan covers all eligible Town employees. The Pension Committee makes recommendations for Plan provisions, which are approved by the Board of Selectmen. The Town submits all contributions directly to a third-party administrator who holds the assets in trust for the individual employees; therefore, this plan is not included in the Town's financial statements. The plan does not issue stand-alone financial statements.

**Plan Provisions**

Any employee hired since January 1, 1999, shall become a participant in the Plan, but must execute a participation agreement and defer a minimum amount of \$600 annually. Participants' interest in their contribution, rollovers and Town contributions are full vested at all times. Employees under the M.E.U.I agreement receive up to 5% matched contribution based on employee contribution.

The total employer contributions made during the year ended June 30, 2023, was \$25,621.



**TOWN OF LISBON, CONNECTICUT**  
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**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 \$38,176 and the teacher’s retirement board subsidy was \$5,940.

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, 2022, 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 \$1,074,635 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

*Actuarial Assumptions and Other Inputs:* The total OPEB liability was determined based upon a July 1, 2022 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	3.65%
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-2021.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

**Changes in the Total OPEB Liability:**

	Total OPEB Liability
Balance at 6/30/22	\$ 1,258,022
Changes for the year:	
Service Cost	29,212
Interest	27,330
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	7,869
Changes in Assumptions or other Inputs	(203,682)
Benefit Payments	(44,116)
Net Changes	(183,387)
Balance at 6/30/23	\$ 1,074,635

*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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 1,205,334	\$ 1,074,635	\$ 964,168

*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	\$ 934,651	\$ 1,074,635	\$ 1,242,231

**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the Town recognized OPEB expense of (\$18,906). As of June 30, 2023, 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	\$ 7,633	\$ 848,986
Change of assumptions	369,977	212,274
Total	\$ 377,610	\$ 1,061,260

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

2024	\$ (69,508)
2025	(69,508)
2026	(69,508)
2027	(69,508)
2028	(69,508)
Thereafter	(336,110)
Total	\$ (683,650)

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**Connecticut Teachers' Retirement System - OPEB**

*Plan Description* - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://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 \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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.

*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 \$58,164.

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.

*Administrative Expenses* – Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

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	3.54%
Prior Measurement Date	2.16%

The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate

Measurement Date	3.53%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.17%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031
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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 evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

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

**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%	-0.98%	1.12%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		1.50%	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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 2027 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	\$ 1,028,144	\$ 1,195,585	\$ 1,423,992

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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

	1% Decrease (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
Net OPEB liability	\$ 1,444,520	\$ 1,195,585	\$ 1,000,487

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 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>1,195,585</u>
Total	<u>\$ 1,195,585</u>

The net OPEB liability was measured as of June 30, 2022, 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, 2023, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$15,224 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$72,067 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

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**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, 2023 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. 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.

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.

**TOWN OF LISBON, CONNECTICUT**  
Notes to the Financial Statements

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**NOTE 14 – PRIOR PERIOD RESTATEMENT**

The Town made adjustments to the opening balances of the cafeteria fund to reflect necessary corrections. An adjustment was made related to the purchase of fire apparatus and related escrow account. As of July 1, 2022, the Town made the following reporting change: the Cafeteria Fund fund balance increased \$29,651 and the Capital Nonrecurring Fund fund balance increased \$165,232.

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:

	<u>Governmental Activities</u>	<u>Governmental Funds</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>
Net position/fund balance as reported at June 30, 2022	\$ 14,544,066	\$ 14,977,080	\$ 10,160,015	\$ 117,467
Recognize escrow account reclassified from fixed assets and related interest income earned	6	165,232	165,232	-
Corrections relating to prior year	<u>29,651</u>	<u>29,651</u>	<u>-</u>	<u>29,651</u>
Net position/fund balance as restated at July 1, 2022	<u>\$ 14,573,723</u>	<u>\$ 15,171,963</u>	<u>\$ 10,325,247</u>	<u>\$ 147,118</u>

**NOTE 15 – SUBSEQUENT EVENTS**

On December 14, 2023, the Town issued General Obligation Bonds of \$4,180,000. The bonds bear annual interest ranging from 4% to 5% with the first principal and interest payment due in August 2024.



**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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>REVENUES</b>				
<b>Property Taxes</b>				
Property Taxes	\$ 10,349,195	\$ 10,349,195	\$ 10,521,317	\$ 172,122
Benefit Assessment - WPCA	-	-	13,420	13,420
<b>Total Property Taxes</b>	<u>10,349,195</u>	<u>10,349,195</u>	<u>10,534,737</u>	<u>185,542</u>
<b>Intergovernmental</b>				
<b>Education</b>				
Education Cost Sharing	2,899,516	2,899,516	2,878,253	(21,263)
Other Educational Grants	11,235	11,235	1,300	(9,935)
<b>Total Education</b>	<u>2,910,751</u>	<u>2,910,751</u>	<u>2,879,553</u>	<u>(31,198)</u>
<b>Other</b>				
Pequot Funds	11,287	11,287	11,287	-
Municipal Stabilization Grant	139,316	139,316	139,316	-
Other Grants	3,683	3,683	9,328	5,645
<b>Total Other</b>	<u>154,286</u>	<u>154,286</u>	<u>159,931</u>	<u>5,645</u>
<b>Tax Relief</b>				
Veterans	2,500	2,500	2,979	479
Totally Disabled	450	450	480	30
Payment in Lieu of Taxes - State Property	5,674	5,674	52,771	47,097
<b>Total Tax Relief</b>	<u>8,624</u>	<u>8,624</u>	<u>56,230</u>	<u>47,606</u>
<b>Total Intergovernmental</b>	<u>3,073,661</u>	<u>3,073,661</u>	<u>3,095,714</u>	<u>22,053</u>
<b>Local Revenues</b>				
<b>Fees</b>				
Land Fees	20,000	20,000	20,225	225
Preservation Fees	-	-	1,158	1,158
TC Farm Fund MERS	-	-	1,181	1,181
Planning and Zoning Fees	7,000	7,000	5,445	(1,555)
Miscellaneous Fees	1,000	1,000	4,799	3,799
Local Capital Improvement Fees	1,800	1,800	1,897	97
Sports License Fees	100	100	90	(10)
Dog License Fees	1,000	1,000	1,367	367
<b>Total Fees</b>	<u>30,900</u>	<u>30,900</u>	<u>36,162</u>	<u>5,262</u>
<b>Permits</b>				
Building Permits	85,000	85,000	95,911	10,911
Pistol Permits	2,000	2,000	2,520	520
<b>Total Permits</b>	<u>87,000</u>	<u>87,000</u>	<u>98,431</u>	<u>11,431</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Charges for Services</b>				
Conveyance Tax	\$ 30,000	\$ 30,000	\$ 61,484	\$ 31,484
Copies	7,000	7,000	6,489	(511)
Total Charges for Services	<u>37,000</u>	<u>37,000</u>	<u>67,973</u>	<u>30,973</u>
<b>Wheelabrator</b>				
Contract Fee	417,500	417,500	417,500	-
Host Community Royalties	105,000	105,000	95,156	(9,844)
Total Wheelabrator	<u>522,500</u>	<u>522,500</u>	<u>512,656</u>	<u>(9,844)</u>
<b>Other</b>				
Telecommunications Property	8,000	8,000	9,024	1,024
Recreation Committee Program Fees	33,000	33,000	27,379	(5,621)
Senior Van Donation Box	400	400	538	138
Miscellaneous	-	-	51,821	51,821
Encumbrance Credit	-	-	93	93
Refunds	-	-	151	151
Total Other	<u>41,400</u>	<u>41,400</u>	<u>89,006</u>	<u>47,606</u>
<b>Total Local Revenues</b>	<u>718,800</u>	<u>718,800</u>	<u>804,228</u>	<u>85,428</u>
<b>Investment Income</b>	<u>15,000</u>	<u>15,000</u>	<u>215,145</u>	<u>200,145</u>
<b>Total Revenues</b>	<u>14,156,656</u>	<u>14,156,656</u>	<u>14,649,824</u>	<u>493,168</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
<b>Selectmen's Office</b>				
First Selectman's Salary	53,990	53,990	53,990	-
Second Selectman's Salary	5,816	5,816	5,815	1
Third Selectman's Salary	5,816	5,816	5,815	1
Bookkeeper's Salary	38,298	38,298	38,298	-
Secretary/Clerk's Salary	47,768	47,768	47,767	1
Selectmens' Supplies	3,000	3,000	3,000	-
Supplies and Expenses	3,000	3,000	2,740	260
Total Selectmen's Office	<u>157,688</u>	<u>157,688</u>	<u>157,425</u>	<u>263</u>
<b>Town Clerk's Office</b>				
Town Clerk's Salary	53,206	56,676	56,676	-
Assistant Town Clerk's Salary	24,544	23,545	23,544	1
Records Management Service	13,000	13,000	12,988	12
Supplies and Expenses	6,000	6,000	5,849	151
Vital Statistics	1,500	1,500	483	1,017
Document Preservation Grant	1	1	-	1
Total Town Clerk's Office	<u>98,251</u>	<u>100,722</u>	<u>99,540</u>	<u>1,182</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Tax Collector's Office</b>				
Tax Collector's Salary	\$ 45,216	\$ 45,216	\$ 45,215	\$ 1
Tax Clerk's Wages	7,918	7,918	7,099	819
Contracted Service	3,096	3,096	3,096	-
Computer Management/Support	5,824	5,824	5,822	2
On-line Bill Pay	1,392	1,392	1,391	1
Tax Refunds	4,000	4,000	3,767	233
Supplies and Expense	4,250	4,250	4,250	-
Delinquent Motor Vehicle tax Fee	-	-	-	-
Total Tax Collector's Office	<u>71,696</u>	<u>71,696</u>	<u>70,640</u>	<u>1,056</u>
<b>Assessor's Office</b>				
Assessor's Salary	53,415	53,415	53,414	1
Assessor's Clerk Salary	15,434	12,934	8,311	4,623
Tax Mapping	7,000	7,000	7,000	-
Computer Maintenance/Support	17,191	17,191	17,096	95
Supplies and Expenses	4,375	6,875	6,754	121
Personal Property Audit	-	-	-	-
Total Assessor's Office	<u>97,415</u>	<u>97,415</u>	<u>92,575</u>	<u>4,840</u>
<b>Treasurer's Office</b>				
Treasurer's Salary	21,372	21,372	21,371	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	<u>22,572</u>	<u>22,572</u>	<u>22,371</u>	<u>201</u>
<b>Board of Finance</b>				
Auditor	19,650	19,650	19,650	-
Supplies and Expenses	1,310	1,310	1,141	169
Total Board of Finance	<u>20,960</u>	<u>20,960</u>	<u>20,791</u>	<u>169</u>
<b>Planning and Zoning</b>				
Purchased Services	60,000	60,000	51,406	8,594
Supplies and Expenses	5,000	5,000	4,804	196
Total Planning and Zoning	<u>65,000</u>	<u>65,000</u>	<u>56,210</u>	<u>8,790</u>
<b>Zoning Board of Appeals</b>				
Supplies and Expenses	<u>2,500</u>	<u>2,500</u>	<u>128</u>	<u>2,372</u>
<b>Board of Tax Review</b>				
Salaries	1,050	1,050	1,050	-
Supplies and Expenses	250	250	143	107
Total Board of Tax Review	<u>1,300</u>	<u>1,300</u>	<u>1,193</u>	<u>107</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Conservation Committee</b>				
Enforcement Officer	\$ 7,500	\$ 7,500	\$ 1,783	\$ 5,717
Supplies and Expenses	1,800	1,800	638	1,162
Total Conservation Committee	<u>9,300</u>	<u>9,300</u>	<u>2,421</u>	<u>6,879</u>
<b>Historic District Study Committee</b>				
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>
<b>Recycling Committee</b>				
Purchased Services	56,229	67,829	67,461	368
Supplies	100	100	-	100
Total Recycling Committee	<u>56,329</u>	<u>67,929</u>	<u>67,461</u>	<u>468</u>
<b>Registrars of Voters</b>				
Democratic Registrar's Salary	9,374	9,374	9,373	1
Republican Registrar's Salary	9,374	9,374	9,373	1
Purchased Services	2,100	855	420	435
Supplies and Expense	34,000	35,245	35,245	-
Democratic Deputy Registrar	300	300	300	-
Republican Deputy Registrar	300	300	300	-
Total Registrars of Voters	<u>55,448</u>	<u>55,448</u>	<u>55,011</u>	<u>437</u>
<b>Clerk to the Boards</b>				
Clerk to the Boards	11,500	11,500	11,310	190
Supplies and Expenses	600	600	343	257
Total Clerk to the Boards	<u>12,100</u>	<u>12,100</u>	<u>11,653</u>	<u>447</u>
<b>Non-Allocated Expenditures</b>				
Employee Insurance	310,681	312,283	312,283	-
Social Security and Medicare	65,297	65,297	62,329	2,968
Municipal Education	4,000	4,000	3,346	654
Unemployment Compensation	4,000	-	-	-
Union Related Contingency	5,600	6,550	6,550	-
Pension	500	500	-	500
Deferred Compensation	-	25,400	25,621	(221)
Town Share Retirement Compensation	100,648	95,385	90,549	4,836
Employee Retirement Accrued Liability	2,500	2,500	2,340	160
Town Counsel	50,000	41,209	21,836	19,373
Town Engineer	70,000	66,500	62,480	4,020
Insurance and Bonding	230,000	224,500	207,399	17,101
Payroll Service	6,000	6,000	5,291	709
Consulting Fees/Contracted Services	55,000	55,000	46,607	8,393
Town Hall Utilities	27,000	24,664	19,953	4,711

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Non-Allocated Expenditures (Continued)</b>				
Town Hall Maintenance	\$ 22,000	\$ 22,000	\$ 21,560	\$ 440
Town Hall Equipment Maintenance	1,500	1,500	910	590
Town Hall Computer	9,500	9,500	8,743	757
Town Hall Copier Maintenance	2,000	2,000	1,906	94
Town Hall Postage	10,000	10,000	8,087	1,913
Town Hall Supplies and Expense	3,250	3,250	3,198	52
Advertising and Communications	3,000	3,000	2,884	116
Walking Weekend	150	150	150	-
Donations	1,650	1,650	1,400	250
Auditors Contracted Services	1,000	1,000	-	1,000
<b>Total Non-Allocated Expenditures</b>	<u>985,276</u>	<u>983,838</u>	<u>915,422</u>	<u>68,416</u>
<b>Town Memberships</b>				
Town Memberships	<u>108,411</u>	<u>108,411</u>	<u>107,968</u>	<u>443</u>
<b>Other Protection and Prevention</b>				
Building Inspector Wages	27,500	26,541	25,851	690
Animal Control Officer's Salary	13,485	13,485	13,485	-
Zoning Enforcement Wages	10,000	10,000	9,924	76
Building Inspector Supplies and Expenses	2,500	3,459	3,277	182
Dog Damages	1	1	-	1
ZEO Supplies and Expenses	<u>500</u>	<u>500</u>	<u>488</u>	<u>12</u>
<b>Total Other Protection and Prevention</b>	<u>53,986</u>	<u>53,986</u>	<u>53,025</u>	<u>961</u>
<b>Health and Welfare</b>				
Public Health Nursing	400	400	-	400
Health Department	29,456	29,456	29,456	-
Sewer Line Fees	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>Total Health and Welfare</b>	<u>30,356</u>	<u>30,356</u>	<u>29,456</u>	<u>900</u>
<b>Total General Government</b>	<u>1,848,590</u>	<u>1,861,223</u>	<u>1,763,290</u>	<u>97,933</u>
<b>Fire Protection</b>				
Lisbon Volunteer Fire Department	129,858	129,858	129,858	-
Lisbon Emergency Response, LLC	-	-	-	-
LVFD SCBA's	4,000	4,000	1,130	2,870
Hydrant Rental	47,000	47,000	43,000	4,000
Recruitment/Retention	17,547	17,547	17,547	-
Fire Marshal's Salary	9,282	6,287	2,313	3,974
Fire Marshal Supplies and Expense	3,000	3,000	1,340	1,660
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	<u>3,000</u>	<u>3,000</u>	<u>2,964</u>	<u>36</u>
<b>Total Fire Protection</b>	<u>216,237</u>	<u>213,242</u>	<u>200,702</u>	<u>12,540</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, 2023

	<u>Budgeted Amounts</u>		<b>Actual</b>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>	<b>Budgetary Basis</b>	
<b>Police Protection</b>				
Resident State Trooper Contract	\$ 186,500	\$ 186,500	\$ 160,332	\$ 26,168
Trooper's Supplies and Expenses	3,000	5,995	4,658	1,337
Resident State Trooper Overtime	10,000	10,000	4,510	5,490
<b>Total Police Protection</b>	<u>199,500</u>	<u>202,495</u>	<u>169,500</u>	<u>32,995</u>
<b>Highways and Streets</b>				
Highway Department Salaries	270,692	270,692	266,165	4,527
Street Lighting	30,000	24,036	22,236	1,800
Contracted Services	50,000	50,000	48,325	1,675
Town Garage Utilities	42,000	61,899	60,860	1,039
Town Equipment and Trucks	90,000	99,291	97,558	1,733
Highway Department Supplies	8,000	8,000	7,971	29
Road Repair and Maintenance	49,500	49,500	41,674	7,826
General Road Repair	20,000	20,000	15,135	4,865
Town Garage Maintenance	18,500	7,546	4,082	3,464
Sanitation	30,000	29,355	21,992	7,363
<b>Total Highways and Streets</b>	<u>608,692</u>	<u>620,319</u>	<u>585,998</u>	<u>34,321</u>
<b>Seniors and Senior Center</b>				
Senior Coordinator's Salary	50,076	59,201	59,201	-
Van Driver's Salary	25,077	25,077	25,072	5
Senior Meal Site Wages	16,608	15,673	15,672	1
Senior Center Coverage Wages	4,800	5,800	5,786	14
Senior Citizen's Services	3,500	2,500	2,065	435
Senior Center Utilities	16,000	16,000	15,128	872
Senior Center Maintenance	25,000	25,000	24,606	394
Senior Van Maintenance	1,500	1,500	929	571
Senior Coordinator Supplies	1,000	1,000	600	400
Senior Center Supplies	1,200	1,200	951	249
Senior Center Copier Expense	1,500	1,500	1,452	48
<b>Total Seniors and Senior Center</b>	<u>146,261</u>	<u>154,451</u>	<u>151,462</u>	<u>2,989</u>
<b>Recreation</b>				
Special Events	60,000	60,000	27,911	32,089
Recreation Purchased Services	13,000	13,000	11,172	1,828
Recreation Supplies	1,015	1,015	648	367
Recreation Maintenance of Municipal Rec Fields	2,500	2,500	81	2,419
Lisbon Meadows Park	5,500	5,500	-	5,500
<b>Total Recreation</b>	<u>82,015</u>	<u>82,015</u>	<u>39,812</u>	<u>42,203</u>
<b>Education</b>				
Board of Education	10,179,667	10,179,667	10,170,041	9,626

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Capital Outlay</b>				
Capital Improvements	\$ 23,000	\$ 23,000	\$ 17,606	\$ 5,394
Equipment, Furniture, Fixtures	-	-	3,000	(3,000)
<b>Total Capital Outlay</b>	23,000	23,000	20,606	2,394
<b>Debt Service</b>				
Principal, General Obligation Bond	210,000	210,000	210,000	-
Principal, Hoydilla Property	54,000	54,000	54,000	-
Principal, Fire Truck Lease	136,815	136,815	136,815	-
Interest, General Obligation Bond	268,778	268,778	269,032	(254)
Interest, Hoydila Property	18,418	18,418	18,489	(71)
Interest, Fire Truck Lease	13,206	13,206	13,206	-
<b>Total Debt Service</b>	701,217	701,217	701,542	(325)
<b>Total Expenditures</b>	14,005,179	14,037,629	13,802,953	234,676
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	151,477	119,027	846,871	727,844
<b>Other Financing Sources and (Uses)</b>				
Appropriation from Fund Balance	-	32,450	-	(32,450)
Transfers In	-	-	-	-
Transfers Out	-	-	(110,000)	(110,000)
<b>Total Other Financing Sources and (Uses)</b>	-	32,450	(110,000)	(142,450)
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis</b>	\$ 151,477	\$ 151,477	736,871	\$ 585,394
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			1,091,574	
Expenditures from Teachers' Retirement and OPEB			(1,091,574)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			235,344	
Expenditures from Excess Cost Grant			(235,344)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(194,538)	
Encumbrance Credit			(93)	
Current Year Encumbrances			89,015	
Change in Accrued Payroll:				
Board of Education			(33,321)	
General Government			(18,843)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis</b>			\$ 579,091	

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, 2023

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**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.

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.264%	0.253%	0.250%	0.255%	0.250%	0.251%	0.251%	0.197%	0.197%
Town's Portion of Net Pension Liability	\$ 807,241	\$ 599,601	\$ 981,013	\$ 941,320	\$ 954,953	\$ 414,874	\$ 492,619	\$ 269,858	\$ 202,758
Town's Covered Payroll	\$ 743,848	\$ 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	108.52%	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	68.71%	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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 139,082	\$ 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	139,082	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	\$ 743,848	\$ 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	18.70%	14.56%	13.84%	12.17%	10.38%	11.91%	11.38%	11.31%	11.13%

**Notes to Schedule**

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset valuation method	5-year smoothed market
Single equivalent amortization period	20 years
Inflation	2.50%
Salary Increases	3.50%-10.00%
Investment rate of return	7.00% net of investment related expense

\*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 Nine Fiscal Years\*

**Schedule of Proportionate Share of Net Pension Liability**

	2023	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%	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	13,651,803	11,339,930	14,317,940	13,030,038	10,046,917	10,663,253	11,249,813	8,517,731	7,872,936
<b>Total</b>	<b>\$ 13,651,803</b>	<b>\$ 11,339,930</b>	<b>\$ 14,317,940</b>	<b>\$ 13,030,038</b>	<b>\$ 10,046,917</b>	<b>\$ 10,663,253</b>	<b>\$ 11,249,813</b>	<b>\$ 8,517,731</b>	<b>\$ 7,872,936</b>
Town's covered payroll	\$ 3,169,725	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	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	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 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 Six Fiscal Years\*

<b>Schedule of Proportionate Share of Net OPEB Liability</b>	2023	2022	2021	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	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>1,195,585</u>	<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>
<b>Total</b>	<u>\$ 1,195,585</u>	<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>\$ 3,169,725</u>	<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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	9.46%	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 Six Fiscal Years\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 29,212	\$ 50,124	\$ 47,481	\$ 67,666	\$ 59,080	\$ 60,760
Interest	27,330	60,194	36,845	61,488	61,674	55,622
Differences Between Expected and Actual Experience	7,869	(669,361)	544	(429,213)	(22,655)	(5,334)
Changes of Assumptions	(203,682)	186,319	11,577	263,276	69,404	(53,609)
Benefit Payments	(44,116)	(67,537)	(35,587)	(19,682)	(16,221)	(15,423)
<b>Net Change in Total OPEB Liability</b>	<u>(183,387)</u>	<u>(440,261)</u>	<u>60,860</u>	<u>(56,465)</u>	<u>151,282</u>	<u>42,016</u>
<b>Total OPEB Liability - Beginning</b>	<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>	<u>1,500,590</u>
<b>Total OPEB Liability - Ending*</b>	<u>\$ 1,074,635</u>	<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>
<b>Covered Payroll</b>	\$ 3,424,493	\$ 3,344,231	\$ 2,951,432	\$ 2,876,639	\$ 3,063,360	\$ 2,985,731
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	31.38%	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, 2023
Valuation Date	July 1, 2022
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, 2023

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS		Total
	Cafeteria Fund	After School Child Care Fund	Shooting Stars Fund	Education Grants Fund	Student Activity Fund	Ducharme Trust Fund	Palmer Fund	Preston Learned Fund		
<b>Assets</b>										
Cash and Cash Equivalents	\$ 108,830	\$ 76,777	\$ 5,926	\$ 71,950	\$ 49,161	\$ 111,469	\$ 699	\$ 3,112	\$ 427,924	
Investments	-	-	4,251	-	-	-	-	-	4,251	
Receivables, Net	46,704	9,257	-	12,330	-	-	-	-	68,291	
Other Assets	17,704	-	-	-	-	-	-	-	17,704	
Due from Other Funds	-	-	-	31,875	-	-	-	-	31,875	
<b>Total Assets</b>	<b>\$ 173,238</b>	<b>\$ 86,034</b>	<b>\$ 10,177</b>	<b>\$ 116,155</b>	<b>\$ 49,161</b>	<b>\$ 111,469</b>	<b>\$ 699</b>	<b>\$ 3,112</b>	<b>\$ 550,045</b>	
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Accounts Payable and Accrued Items	\$ 1,463	\$ 3,456	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,930	
Unearned Revenues Due to Other Funds	-	-	-	78,628	-	-	-	-	78,628	
<b>Total Liabilities</b>	<b>1,463</b>	<b>3,456</b>	<b>11</b>	<b>78,628</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,558</b>	
<b>Fund Balances:</b>										
Nonspendable	-	-	-	-	-	-	100	1,000	1,100	
Restricted	171,775	82,578	10,166	37,527	49,161	111,469	599	2,112	465,387	
Committed	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	
<b>Total Fund Balances</b>	<b>171,775</b>	<b>82,578</b>	<b>10,166</b>	<b>37,527</b>	<b>49,161</b>	<b>111,469</b>	<b>699</b>	<b>3,112</b>	<b>466,487</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 173,238</b>	<b>\$ 86,034</b>	<b>\$ 10,177</b>	<b>\$ 116,155</b>	<b>\$ 49,161</b>	<b>\$ 111,469</b>	<b>\$ 699</b>	<b>\$ 3,112</b>	<b>\$ 550,045</b>	

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, 2023

	SPECIAL REVENUE FUNDS						PERMANENT FUNDS			Total
	After School Child Care Fund	Shooting Stars Fund	Education Grants Fund	Student Activity Fund	Ducharme Trust Fund	Palmer Fund	Preston Learned Fund			
<b>Revenues</b>										
Intergovernmental Revenues	\$ 291,935	-	\$ 666,426	-	\$ -	-	-	\$ -	-	\$ 958,361
Charges for Services	57,526	20,683	71,716	31,363	-	-	-	-	-	297,636
Interest Income	-	4	-	16	-	-	3	-	-	23
Other Revenue	-	-	32,684	14,715	37,469	-	-	-	-	84,868
Total Revenues	<u>349,461</u>	<u>20,687</u>	<u>770,826</u>	<u>46,094</u>	<u>37,469</u>	-	-	-	<u>3</u>	<u>1,340,888</u>
<b>Expenditures</b>										
General Government	-	-	-	-	-	-	-	-	-	-
Seniors and Senior Center	-	18,969	-	-	-	-	-	-	-	18,969
Education	324,804	115,795	738,532	25,998	-	-	-	-	-	1,205,129
Total Expenditures	<u>324,804</u>	<u>18,969</u>	<u>738,532</u>	<u>25,998</u>	-	-	-	-	-	<u>1,224,098</u>
Excess/(Deficiency) of Revenues Over Expenditures	24,657	1,718	32,294	20,096	37,469	-	-	-	3	116,790
<b>Other Financing Sources/(Uses)</b>										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	24,657	1,718	32,294	20,096	37,469	-	-	-	3	116,790
Fund Balances at Beginning of Year, Restated	147,118	82,025	5,233	29,065	74,000	699	3,109	699	3,109	349,697
Fund Balances at End of Year	<u>\$ 171,775</u>	<u>\$ 82,578</u>	<u>\$ 37,527</u>	<u>\$ 49,161</u>	<u>\$ 111,469</u>	<u>\$ 699</u>	<u>\$ 3,112</u>	<u>\$ 699</u>	<u>\$ 3,112</u>	<u>\$ 466,487</u>



**TOWN OF LISBON, CONNECTICUT**  
Schedule of Debt Limitation  
June 30, 2023

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year	\$ 9,598,507
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled - Prior Fiscal Year	451
Base	<u>\$ 9,598,958</u>

	General Purposes (2.25 x base)	Schools (4.50 x base)	Sewers (3.75 x base)	Urban Renewal (3.25 x base)	Pension Deficit (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	\$ 21,597,656	\$ 43,195,311	\$ 35,996,093	\$ 31,196,614	\$ 28,796,874
Indebtedness:					
Bonds Payable	8,486,000	-	-	-	-
Total Indebtedness	8,486,000	-	-	-	-
Debt Limitation in Excess of Debt*	\$ 13,111,656	\$ 43,195,311	\$ 35,996,093	\$ 31,196,614	\$ 28,796,874

\*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$67,189,549.

**TOWN OF LISBON, CONNECTICUT**  
 Schedule of Property Taxes Levied, Collected, and Outstanding  
 For the Year Ended June 30, 2023

List of 10/1:	Outstanding July 1, 2022	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year			Transfers to Suspense	Outstanding June 30, 2023	
			Additions	Deductions		Taxes	Interest	Liens			Total
2021	\$ 117,865	\$ 10,466,244	\$ 18,016	\$ 28,020	\$ 10,456,240	\$ 10,315,855	\$ 32,447	\$ 140	\$ 10,348,442	\$ -	\$ 140,385
2020	57,430	-	172	2,691	115,346	71,354	17,280	668	89,302	-	43,992
2019	15,319	-	481	2,084	55,827	26,805	9,456	336	36,597	18,098	10,924
2018	2,445	-	-	-	15,319	12,551	3,459	144	16,154	-	2,768
2017	2,445	-	-	-	2,445	2,445	1,834	24	4,303	-	-
2016	2,445	-	-	-	2,445	2,445	2,274	24	4,743	-	-
2015	944	-	50	-	994	994	23	24	1,041	-	-
	<b>\$ 196,448</b>	<b>\$ 10,466,244</b>	<b>\$ 18,719</b>	<b>\$ 32,795</b>	<b>\$ 10,648,616</b>	<b>10,432,449</b>	<b>66,773</b>	<b>1,360</b>	<b>10,500,582</b>	<b>\$ 18,098</b>	<b>\$ 198,069</b>
Net Grand List - October 1, 2021						Total Suspense Collections		-		10,196	
Tax Rate: 22.23 mills						Total Collections		<b>\$ 71,322</b>		<b>\$ 10,510,778</b>	

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, 2023

	Beginning Fund Balance	Current Year Appropriations	Internal Fund Transfers	Current Year Expenditures	Current Year Revenues	Ending Fund Balance
<b>Restricted Fund Balance:</b>						
PNC Equipment for Fire Truck	\$ 165,232	-	\$ -	\$ -	\$ 8	\$ 165,240
<b>Total Restricted Fund Balance</b>	<u>165,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>165,240</u>
<b>Committed Fund Balance:</b>						
Bundy Hill Road Bridge	\$ 337,897	\$ -	\$ -	\$ (360)	\$ -	\$ 337,537
1 South Burham Highway	54,500	-	-	-	-	54,500
Open Space Fees	157,400	-	-	-	-	157,400
Capital Projects	363,054	30,000	-	-	-	393,054
Plan of Conservation and Development	195,028	10,000	-	-	-	205,028
Salt Shed Construction	235,000	15,000	-	-	-	250,000
Public and Safety Vehicles	250,104	50,000	-	(65,828)	-	234,276
Revaluation	71,090	-	-	(10,855)	-	60,235
Land Purchases	72,345	5,000	-	-	-	77,345
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	-	-	-	-	-	-
Fire Station	7,686,600	-	-	(3,224,864)	-	4,461,736
<b>Total Committed Fund Balance</b>	<u>9,494,766</u>	<u>110,000</u>	<u>-</u>	<u>(3,301,907)</u>	<u>-</u>	<u>6,302,859</u>
<b>Assigned Fund Balance:</b>						
Ford F550 Truck	1,000	-	-	-	-	1,000
LCS Oil Tank Removal	284,894	-	-	-	-	284,894
School Window Project	122,922	-	-	-	-	122,922
Undesignated	256,433	-	-	-	369,926	626,359
<b>Total Assigned Fund Balance</b>	<u>665,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,926</u>	<u>1,035,175</u>
<b>Total Fund Balance</b>	<u>\$ 10,325,247</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ (3,301,907)</u>	<u>\$ 369,934</u>	<u>\$ 7,503,274</u>

See accountant's report.



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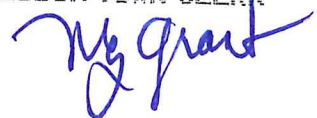
# TOWN OF LISBON, CONNECTICUT

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Federal Single Audit

For the Year Ended June 30, 2023

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RCV LISBON TOWN CLERK



**TOWN OF LISBON, CONNECTICUT**

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For the Year Ended June 30, 2023

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

To the Board of Finance  
Town of Lisbon, Connecticut

We have audited, 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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Connecticut (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item (2023-001) that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **Town of Lisbon's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Lisbon's response to the findings identified in our audit and described in the accompanying schedule of findings and questions costs. Town of Lisbon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response. (2023-001)

## **Purpose of this Report**

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



King, King & Associates, CPAs  
Winsted, CT  
February 12, 2024





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Board of Finance  
Town of Lisbon, Connecticut

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Lisbon, CT's ("Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on the compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

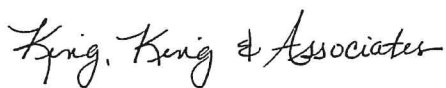
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 12, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



King, King & Associates, CPAs  
Winsted, CT  
February 12, 2024

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL AL NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
<b>United States Department of Agriculture</b>				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	29,321
National School Lunch Program	10.555	12060-SDE64370-20560	-	105,721
National School Lunch Program -School Equipment	10.579	12060-SDE64370-22386	-	12,774
National School Lunch Program - USDA Commodities	10.555	N/A	-	15,154
			-	162,970
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	12060-SDE64370-29802	-	628
State Administrative Expense for School Nutrition	10.560	12060-SDE64370-23126	-	20,250
<b>Total United States Department of Agriculture</b>			-	183,848
<b>United States Department of Education</b>				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	-	66,425
Special Education Cluster (IDEA):				
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	-	10,262
COVID-19 - ARP IDEA 619	84.173X	12060-SDE64370-29684	-	1,959
COVID-19 - Special Education Stipend	84.027	12060-SDE64370-20977	-	183,143
COVID-19 - ARP IDEA 611	84.027X	12060-SDE64370-23083	-	1,522
			-	196,886
Title II - Improving Teacher Quality Grants	84.367	12060-SDE64370-20858	-	7,868
Title IV - Student Support and Academic Enrichment	84.424	12060-SDE64370-22854	-	12,052
Education Stabilization Fund Cluster:				
COVID-19 - Elementary & Secondary School Emergency Relief Fund (ESSER)	84.425D	12060-SDE64370-29571	-	103,560
COVID-19 - ARP - Elementary & Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	12060-SDE64370-29636	-	106,510
			-	210,070
<i>Direct:</i>				
Rural Education Achievement Program	84.358	N/A	-	31,842
<b>Total United States Department of Education</b>			-	525,143

See notes to schedule.

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL AL NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
<b>United States Department of the Treasury</b>				
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>				
COVID - 19 - American Rescue Plan Act - School Readiness Enrollment Grants	21.027	12060-OEC64845-28227	-	8,160
<i>Passed Through the State of Connecticut Department of Education:</i>				
COVID - 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	12060-SDE64370-28105	-	111,820
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
COVID - 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	12060-OPM20600-29669	-	453,312
<b>Total United States Department of the Treasury</b>			-	<u>573,292</u>
<b>United States Department of Homeland Security</b>				
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	-	875
<b>Total United States Department of Homeland Security</b>			-	<u>875</u>
<b>United States Election Assistance Commission</b>				
<i>Passed Through the State of Connecticut Secretary of the State:</i>				
Help America Vote Act	90.401	12060-SOS12500-21465	-	1,000
<b>Total United States Election Assistance Commission</b>			-	<u>1,000</u>
<b>Total Expenditures of Federal Awards</b>			-	<u>\$ 1,284,158</u>

See notes to schedule.

**TOWN OF LISBON, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

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**Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the Town of Lisbon, Connecticut ("Town") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

**Summary of Significant Accounting Policies**

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when the related fund liability is incurred, if measurable.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Noncash Awards**

Donated commodities in the amount of \$15,154 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. This amount represents the market value of commodities received.

**Indirect Costs**

The Town of Lisbon has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

We audited the financial statements of the Town of Lisbon, Connecticut as of and for the year ended June 30, 2023, and issued our unmodified report thereon dated February 12, 2024.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes     No
- Significant deficiency(ies) identified? \_\_\_\_\_  Yes    \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes     No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes     No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes    \_\_\_\_\_  None Reported

We have issued an unmodified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 516(a) of the Uniform Guidance?

\_\_\_\_\_ Yes     No

**Identification of Major Programs**

21.027 Coronavirus State and Local Fiscal Recovery Funds

**Dollar Threshold**

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

**Low-Risk Auditee**

The Town of Lisbon, Connecticut did not qualify as a low-risk auditee.

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated February 12, 2024, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated significant deficiencies described below as finding 2023-001.

**FINDING 2023-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Criteria**

The student activities, child care, cafeteria, and grants funds should be reconciled appropriately and on a timely basis.

**Condition**

During testing, we found multiple immaterial items that required adjustments in multiple funds. Student activities subledger of funds did not total to the bank balance and had some negative balances for individual funds. Child care fund had reconciling discrepancies noted in the ledger that were not identified and resolved. The cafeteria fund has a prior period adjustment due to adjustments made necessary to correct prior year differences. The grants fund continues to have old outstanding receivables and deferred revenues that should be returned or reconciled with the state.

**Context**

The audit process detected errors and necessary adjustments in the financial records of the BOE funds.

**Effect**

Misstatements could occur that are material to the financial statements.

**Cause**

The Board of Education had a material weakness in the previous year and have addressed some of the issues, but remaining issues still need to be corrected timely.

**Recommendation**

We recommend Board of Education properly reconcile all funds on a timely basis.



**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Views of Responsible Officials and Planned Corrective Actions**

The Business Office will reconcile with the person responsible for each student activity account on a quarterly basis. Any discrepancies will be addressed and rectified. The negative balances from the previous year's audit will be addressed and corrected in this fiscal year.

The grants fund will be reconciled with the Town on a quarterly basis by the Business Office. Any overpayments by the State are billed to the Board of Education, and we in turn issue a payment to the State for repayment of funds.

Childcare funds are reconciled through QuickBooks. The Business Office will work with the Program Director to resolve any discrepancies in a timely manner.

The Superintendent will work with the Director of Food Services to monitor the cafeteria account on a monthly basis.

**III. FEDERAL AWARD - FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported relating to federal award programs.

**TOWN OF LISBON, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Prior Year Material Weakness**

**Finding 2022-001 – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

This finding has been reduced to a significant deficiency.

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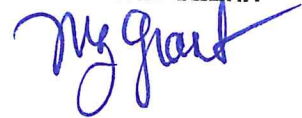
# TOWN OF LISBON, CONNECTICUT

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State Single Audit

For the Year Ended June 30, 2023

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# TOWN OF LISBON, CONNECTICUT

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

To the Board of Finance  
Town of Lisbon, Connecticut

We have audited, 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 the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Connecticut (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item (2023-001) that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **Town of Lisbon Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Lisbon's response to the findings identified in our audit and described in the accompanying schedule of findings and questions costs. Town of Lisbon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response. (2023-001)

## **Purpose of this Report**

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



King, King & Associates, CPAs  
Winsted, CT  
February 12, 2024



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

To the Board of Finance  
Town of Lisbon, CT

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Town of Lisbon, CT's (Town) compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2023. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of the report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on the compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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



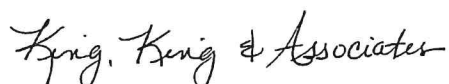
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 12, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



King, King & Associates, CPAs  
Winsted, CT  
February 12, 2024

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
<b>Connecticut State Library</b>		
Historic Document Preservation Grant	12060-CSL66094-35150	\$ 5,500
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	89,573
Town Aid Road Grants - STO	13033-DOT57131-43459	89,573
<b>Office of Early Childhood</b>		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	104,231
Child Care Quality Enhancement	11000-OEC64845-16158	3,881
<b>Department of Housing</b>		
Affordable Housing	12039-DOH46920-40233	7,157
<b>Department of Justice</b>		
Judicial Fines and Fees	34001-JUD95162-40001	3,770
<b>Department of Education</b>		
Healthy Foods Initiative Grant	11000-SDE64370-16212	4,180
School Breakfast Grant	11000-SDE64370-17046	2,662
Child Nutrition State Matching Grant	11000-SDE64370-16211	2,199
Magnet Schools	11000-SDE64370-12632	1,300
Adult Education	11000-SDE64370-17030	12,237
<b>Office of Policy and Management</b>		
Tiered PILOT	11000-OPM20600-17111	4,467
MRSA - Tiered PILOT	12060-OPM20600-35691	1,207
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	480
Municipal Grants-in-aid	12052-OPM20600-43587	3,683
Municipal Revenue Sharing	12060-OPM20600-35458	47,097
Property Tax Relief for Veterans	11000-OPM20600-17024	2,979
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>\$ 386,176</b>
<b>EXEMPT PROGRAMS</b>		
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	\$ 11,287
Municipal Stabilization Grant	11000-OPM20600-17104	139,316
Total Office of Policy and Management		<u>150,603</u>
<b>Department of Education</b>		
Educational Cost Sharing	11000-SDE64370-17041-82010	2,878,253
Excess Cost Student Based and Equity	11000-SDE64370-17047	235,344
Total Department of Education		<u>3,113,597</u>
<b>Total Exempt Programs</b>		<b>3,264,200</b>
<b>Total State Financial Assistance</b>		<b>\$ <u>3,650,376</u></b>

See notes to schedule.

**TOWN OF LISBON, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Lisbon, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2023. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, health and welfare, and recreation.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Lisbon, Connecticut conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

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

***Basis of Accounting***

The financial statements contained in the Town of Lisbon, Connecticut's annual report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

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

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

We audited the financial statements of the Town of Lisbon, Connecticut as of and for the year ended June 30, 2023 and issued our unmodified report thereon dated February 12, 2024.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes    \_\_\_\_\_ No
- Significant deficiency(ies) identified? \_\_\_\_\_  Yes    \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes    \_\_\_\_\_  No

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes    \_\_\_\_\_  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes    \_\_\_\_\_  None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? \_\_\_\_\_ Yes    \_\_\_\_\_  No

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

<b>State Grantor and Program</b>	<b>State Core - CT Number</b>	<b>Expenditures</b>
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 89,573
Town Aid Road - STO	13033-DOT57131-43459	89,573
<b>Office of Policy and Management</b>		
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	4,467
MRSA Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35691	1,207
Municipal Revenue Sharing	12060-OPM20600-35458	47,097

Dollar threshold used to distinguish between type A and type B programs \$ 100,000

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated February 12, 2024, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated significant deficiencies described below as finding 2023-001.

**FINDING 2023-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Criteria**

The student activities, child care, cafeteria, and grants funds should be reconciled appropriately and on a timely basis.

**Condition**

During testing, we found multiple immaterial items that required adjustments in multiple funds. Student activities subledger of funds did not total to the bank balance and had some negative balances for individual funds. Child care fund had reconciling discrepancies noted in the ledger that were not identified and resolved. The cafeteria fund has a prior period adjustment due to adjustments made necessary to correct prior year differences. The grants fund continues to have old outstanding receivables and deferred revenues that should be returned or reconciled with the state.

**Context**

The audit process detected errors and necessary adjustments in the financial records of the BOE funds.

**Effect**

Misstatements could occur that are material to the financial statements.

**Cause**

The Board of Education had a material weakness in the previous year and have addressed some of the issues, but remaining issues still need to be corrected timely.

**Recommendation**

We recommend Board of Education properly reconcile all funds on a timely basis.

**TOWN OF LISBON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Views of Responsible Officials and Planned Corrective Actions**

The Business Office will reconcile with the person responsible for each student activity account on a quarterly basis. Any discrepancies will be addressed and rectified. The negative balances from the previous year's audit will be addressed and corrected in this fiscal year.

The grants fund will be reconciled with the Town on a quarterly basis by the Business Office. Any overpayments by the State are billed to the Board of Education, and we in turn issue a payment to the State for repayment of funds.

Childcare funds are reconciled through QuickBooks. The Business Office will work with the Program Director to resolve any discrepancies in a timely manner.

The Superintendent will work with the Director of Food Services to monitor the cafeteria account on a monthly basis.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported relating to State Financial Assistance Programs.

**TOWN OF LISBON, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Prior Year Material Weakness**

**Finding 2022-001 – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

This finding has been reduced to a significant deficiency.

